

TOTAL S.A.
Form 20-F
March 28, 2013
Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period
from _____ to _____

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 Date of event
requiring this shell company report

Commission file number: 1-10888

TOTAL S.A.

(Exact Name of Registrant as Specified in Its Charter)

Republic of France

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(Jurisdiction of Incorporation or Organization)

2, place Jean Millier

La Défense 6

92400 Courbevoie

France

(Address of Principal Executive Offices)

Patrick de La Chevardière

Chief Financial Officer

TOTAL S.A.

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92400 Courbevoie

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Tel: +33 (0)1 47 44 45 46

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(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class Shares	Name of each exchange on which registered
American Depositary Shares	New York Stock Exchange* New York Stock Exchange

* Not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

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Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

2,365,933,146 Shares, par value €2.50 each, as of December 31, 2012

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).**

Yes No

** This requirement is not currently applicable to the registrant.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

International Financial Reporting Standards as issued by the International

U.S. GAAP

Accounting Standards Board

Other

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Table of Contents**TABLE OF CONTENTS**

	Page
<u>CERTAIN TERMS</u>	iii
<u>ABBREVIATIONS</u>	iv
<u>CONVERSION TABLE</u>	v
Item 1. <u>Identity of Directors, Senior Management and Advisers</u>	1
Item 2. <u>Offer Statistics and Expected Timetable</u>	1
Item 3. <u>Key Information</u>	1
<u>Selected Financial Data</u>	1
<u>Exchange Rate Information</u>	2
<u>Risk Factors</u>	3
Item 4. <u>Information on the Company</u>	11
<u>History and Development</u>	11
<u>Business Overview</u>	12
<u>Other Matters</u>	57
Item 4A. <u>Unresolved Staff Comments</u>	81
Item 5. <u>Operating and Financial Review and Prospects</u>	81
Item 6. <u>Directors, Senior Management and Employees</u>	98
<u>Directors and Senior Management</u>	98
<u>Compensation</u>	108
<u>Corporate Governance</u>	128
<u>Employees and Share Ownership</u>	139
Item 7. <u>Major Shareholders and Related Party Transactions</u>	143
Item 8. <u>Financial Information</u>	145
Item 9. <u>The Offer and Listing</u>	151
Item 10. <u>Additional Information</u>	152
Item 11. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	165
Item 12. <u>Description of Securities Other than Equity Securities</u>	166
Item 13. <u>Defaults, Dividend Arrearages and Delinquencies</u>	167
Item 14. <u>Material Modifications to the Rights of Security Holders and Use of Proceeds</u>	167
Item 15. <u>Controls and Procedures</u>	167
Item 16A. <u>Audit Committee Financial Expert</u>	168
Item 16B. <u>Code of Ethics</u>	168
Item 16C. <u>Principal Accountant Fees and Services</u>	168
Item 16D. <u>Exemptions from the Listing Standards for Audit Committees</u>	168
Item 16E. <u>Purchases of Equity Securities by the Issuer and Affiliated Purchasers</u>	169
Item 16F. <u>Change in Registrant's Certifying Accountant</u>	169
Item 16G. <u>Corporate Governance</u>	169

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Item 16H.	<u>Mine Safety Disclosure</u>	172
Item 17.	<u>Financial Statements</u>	173
Item 18.	<u>Financial Statements</u>	173
Item 19.	<u>Exhibits</u>	173

Table of Contents

Basis of Presentation

Financial information included in this Annual Report is presented according to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and IFRS as adopted by the European Union (EU) as of December 31, 2012.

Statements Regarding Competitive Position

Unless otherwise indicated, statements made in Item 4. Information on the Company referring to TOTAL's competitive position are based on the Company's estimates, and in some cases rely on a range of sources, including investment analysts' reports, independent market studies and TOTAL's internal assessments of market share based on publicly available information about the financial results and performance of market participants.

Additional Information

This Annual Report on Form 20-F reports information primarily regarding TOTAL's business, operations and financial information relating to the fiscal year ended December 31, 2012. For more recent updates regarding TOTAL, you may inspect any reports, statements or other information TOTAL files with the United States Securities and Exchange Commission (SEC). All of TOTAL's SEC filings made after December 31, 2001, are available to the public at the SEC website at <http://www.sec.gov> and from certain commercial document retrieval services. See also Item 10. Additional Information Documents on Display.

Table of Contents

CERTAIN TERMS

Unless the context indicates otherwise, the following terms have the meanings shown below:

acreage	The area, expressed in acres, over which TOTAL has interests in exploration or production.
ADRs	American Depositary Receipts evidencing ADSs.
ADSs	American Depositary Shares representing the shares of TOTAL S.A.
barrels	Barrels of crude oil, condensates, NGL or bitumen.
Company	TOTAL S.A.
condensates	Condensates are a mixture of hydrocarbons that exist in a gaseous phase at original reservoir temperature and pressure, but that, when produced, exist in a liquid phase at surface temperature and pressure. Condensates are sometimes referred to as C5+.
crude oil	Crude oil is a mixture of compounds (mainly pentanes and heavier hydrocarbons) that exists in a liquid phase at original reservoir temperature and pressure and remains liquid at atmospheric pressure and ambient temperature. Crude oil or oil are sometimes used as generic terms to designate crude oil plus condensates plus NGL.
Depositary	The Bank of New York Mellon.
Depositary Agreement	The depositary agreement pursuant to which ADSs are issued, a copy of which is attached as Exhibit 1 to the registration statement on Form F-6 (Reg. No. 333-172005) filed with the SEC on February 1, 2011.
Group	TOTAL S.A. and its subsidiaries and affiliates. The terms TOTAL and Group are used interchangeably.
hydrocracker	A refinery unit which uses a catalyst and extraordinarily high pressure, in the presence of surplus hydrogen, to shorten molecules.
liquids	Liquids consist of crude oil, bitumen, condensates and NGL.
LNG	Liquefied natural gas.

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LPG	Liquefied petroleum gas is a mixture of hydrocarbons, the principal components of which are propane and butane, in a gaseous state at atmospheric pressure, but which is liquefied under moderate pressure and ambient temperature. LPG is included in NGL.
NGL	Natural gas liquids (NGL) are a mixture of light hydrocarbons that exist in the gaseous phase at atmospheric pressure and are recovered as liquids in gas processing plants; NGL include very light hydrocarbons (ethane, propane and butane).
oil and gas	Generic term which includes all hydrocarbons (<i>e.g.</i> , crude oil, condensates, NGL, bitumen and natural gas).
project	As used in this report, project may encompass different meanings, such as properties, agreements, investments, developments, phases, activities or components, each of which may also informally be described as a project . Such use is for convenience only and is not intended as a precise description of the term project as it relates to any specific governmental law or regulation.
proved reserves	Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions,

Table of Contents

operating methods, and government regulations, prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The full definition of proved reserves that we are required to follow in presenting such information in our financial results and elsewhere in reports we file with the SEC is found in Rule 4-10 of Regulation S-X under the U.S. Securities Act of 1933, as amended (including as amended by the SEC Modernization of Oil and Gas Reporting Release No. 33-8995 of December 31, 2008).

proved developed reserves

Proved developed oil and gas reserves are proved reserves that can be expected to be recovered (i) through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and (ii) through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well. The full definition of developed reserves that we are required to follow in presenting such information in our financial results and elsewhere in reports we file with the SEC is found in Rule 4-10 of Regulation S-X under the U.S. Securities Act of 1933, as amended (including as amended by the SEC Modernization of Oil and Gas Reporting Release No. 33-8995 of December 31, 2008).

proved undeveloped reserves

Proved undeveloped oil and gas reserves are proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. The full definition of undeveloped reserves that we are required to follow in presenting such information in our financial results and elsewhere in reports we file with the SEC is found in Rule 4-10 of Regulation S-X under the U.S. Securities Act of 1933, as amended (including as amended by the SEC Modernization of Oil and Gas Reporting Release No. 33-8995 of December 31, 2008).

steam cracker

A petrochemical plant that turns naphtha and light hydrocarbons into ethylene, propylene, and other chemical raw materials.

TOTAL

TOTAL S.A. and its subsidiaries and affiliates. We use such term interchangeably with the term Group. When we refer to the parent holding company alone, we use the term TOTAL S.A. or the Company.

trains

Facilities for converting, liquefying, storing and off-loading natural gas.

ERMI

ERMI is an indicator intended to represent the refining margin after variable costs for a theoretical complex refinery located around Rotterdam in Northern Europe that processes a mix of crude oil and other inputs commonly supplied to this region to produce and market the main refined products at prevailing prices in the region.

turnarounds

Temporary shutdowns of facilities for maintenance, overhaul and upgrading.

ABBREVIATIONS

b barrel
 cf cubic feet
 boe barrel of oil equivalent
 t metric ton
 m³ cubic meter
 /d per day
 /y per year

k thousand
 M million
 B billion
 W watt
 GWh gigawatt-hour
 TWh terawatt-hour
 Wp watt peak

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Btu British thermal unit

iv

Table of Contents**CONVERSION TABLE**

1 acre	= 0.405 hectares	
1 b	= 42 U.S. gallons	
1 boe	= 1 b of crude oil	= 5,434 cf of gas in 2012 ^(a)
		= 5,447 cf of gas in 2011
		= 5,478 cf of gas in 2010
1 b/d of crude oil	= approximately 50 t/y of crude oil	
1 Bm ³ /y	= approximately 0.1 Bcf/d	
1 m ³	= 35.3147 cf	
1 kilometer	= approximately 0.62 miles	
1 ton	= 1 t	= 1,000 kilograms (approximately 2,205 pounds)
1 ton of oil	= 1 t of oil	= approximately 7.5 b of oil (assuming a specific gravity of 37° API)
1 Mt of LNG	= approximately 48 Mcf of gas	
1 Mt/y LNG	= approximately 131 Mcf/d	

^(a) Natural gas is converted to barrels of oil equivalent using a ratio of cubic feet of natural gas per one barrel. This ratio is based on the actual average equivalent energy content of TOTAL's natural gas reserves during the applicable periods, and is subject to change. The tabular conversion rate is applicable to TOTAL's natural gas reserves on a group-wide basis.

Table of Contents

Cautionary Statement Concerning Forward-Looking Statements

TOTAL has made certain forward-looking statements in this document and in the documents referred to in, or incorporated by reference into, this Annual Report. Such statements are subject to risks and uncertainties. These statements are based on the beliefs and assumptions of the management of TOTAL and on the information currently available to such management. Forward-looking statements include information concerning forecasts, projections, anticipated synergies, and other information concerning possible or assumed future results of TOTAL, and may be preceded by, followed by, or otherwise include the words "believes", "expects", "anticipates", "intends", "plans", "targets", "estimates" or similar expressions.

Forward-looking statements are not assurances of results or values. They involve risks, uncertainties and assumptions. TOTAL's future results and share value may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results and values are beyond TOTAL's ability to control or predict. Except for its ongoing obligations to disclose material information as required by applicable securities laws, TOTAL does not have any intention or obligation to update forward-looking statements after the distribution of this document, even if new information, future events or other circumstances have made them incorrect or misleading.

You should understand that various factors, certain of which are discussed elsewhere in this document and in the documents referred to in, or incorporated by reference into, this document, could affect the future results of TOTAL and could cause results to differ materially from those expressed in such forward-looking statements, including:

- material adverse changes in general economic conditions or in the markets served by TOTAL, including changes in the prices of oil, natural gas, refined products, petrochemical products and other chemicals;
- changes in currency exchange rates and currency devaluations;
- the success and the economic efficiency of oil and natural gas exploration, development and production programs, including, without limitation, those that are not controlled and/or operated by TOTAL;
- uncertainties about estimates of changes in proven and potential reserves and the capabilities of production facilities;
- uncertainties about the ability to control unit costs in exploration, production, refining and marketing (including refining margins) and chemicals;
- changes in the current capital expenditure plans of TOTAL;
- the ability of TOTAL to realize anticipated cost savings, synergies and operating efficiencies;
- the financial resources of competitors;
- changes in laws and regulations, including tax and environmental laws and industrial safety regulations;
- the quality of future opportunities that may be presented to or pursued by TOTAL;
- the ability to generate cash flow or obtain financing to fund growth and the cost of such financing and liquidity conditions in the capital markets generally;
- the ability to obtain governmental or regulatory approvals;
- the ability to respond to challenges in international markets, including political or economic conditions (including national and international armed conflict) and trade and regulatory matters (including actual or proposed sanctions on companies that conduct business in certain countries);
- the ability to complete and integrate appropriate acquisitions, strategic alliances and joint ventures;
- changes in the political environment that adversely affect exploration, production licenses and contractual rights or impose minimum drilling obligations, price controls, nationalization or expropriation, and regulation of refining and marketing, chemicals and power generating activities;
- the possibility that other unpredictable events such as labor disputes or industrial accidents will adversely affect the business of TOTAL; and
- the risk that TOTAL will inadequately hedge the price of crude oil or finished products.

For additional factors, you should read the information set forth under Item 3. Risk Factors, Item 4. Information on the Company - Other Matters, Item 5. Operating and Financial Review and Prospects and Item 11. Quantitative and Qualitative Disclosures About Market Risk.

Table of Contents**ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS**

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION**SELECTED FINANCIAL DATA**

The following table presents selected consolidated financial data for TOTAL on the basis of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and IFRS as adopted by the European Union for the years ended December 31, 2012, 2011, 2010, 2009 and 2008. The historical consolidated financial statements of TOTAL for these periods, from which the financial data presented below for such periods are derived, have been audited by Ernst & Young Audit and KPMG S.A., independent registered public accounting firms, and the Company's auditors. All such data should be read in conjunction with the Consolidated Financial Statements and the Notes thereto included elsewhere herein.

SELECTED CONSOLIDATED FINANCIAL DATA

(M€ , except share and per share data)	2012	2011	2010	2009	2008
INCOME STATEMENT DATA					
Revenues from sales	182,229	166,550	140,476	112,153	160,331
Net income, Group share	10,694	12,276	10,571	8,447	10,590
Earnings per share	4.74	5.46	4.73	3.79	4.74
Fully diluted earnings per share	4.72	5.44	4.71	3.78	4.71
CASH FLOW STATEMENT DATA					
Cash flow from operating activities	22,462	19,536	18,493	12,360	18,669
Total expenditures	22,943	24,541	16,273	13,349	13,640
BALANCE SHEET DATA					
Total assets	171,829	164,049	143,718	127,753	118,310
Non-current financial debt	22,274	22,557	20,783	19,437	16,191
Non-controlling interests	1,281	1,352	857	987	958
Shareholders' equity - Group share	72,912	68,037	60,414	52,552	48,992
Common shares	5,915	5,909	5,874	5,871	5,930
DIVIDENDS					
Dividend per share (euros)	€2.34 ^(a)	€2.28	€2.28	€2.28	€2.28
Dividend per share (dollars)	\$3.05 ^{(a)(b)}	\$2.97	\$3.15	\$3.08	\$3.01
COMMON SHARES^(c)					
Average number outstanding of common shares €2.50 par value (shares undiluted)	2,255,801,563	2,247,479,529	2,234,829,043	2,230,599,211	2,234,856,551
Average number outstanding of common shares €2.50 par value (shares diluted)	2,266,635,745	2,256,951,403	2,244,494,576	2,237,292,199	2,246,658,542

^(a) Subject to approval by the shareholders' meeting on May 17, 2013.

^(b)

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Estimated dividend in dollars includes the first quarterly interim dividend of \$0.73 paid in September 2012 and the second quarterly interim dividend of \$0.78 paid in December 2012, as well as the third quarterly interim dividend of €0.59 payable in March 2013 (ADR-related payment in April 2013) and the proposed final dividend of €0.59 payable in June 2013 (ADR-related payment in July 2013), both converted at a rate of \$1.30/€.

^(c) *The number of common shares shown has been used to calculate per share amounts.*

Table of Contents**EXCHANGE RATE INFORMATION**

For information regarding the effects of currency fluctuations on TOTAL's results, see Item 5. Operating and Financial Review and Prospects.

Most currency amounts in this Annual Report on Form 20-F are expressed in euros (euros or €) or in U.S. dollars (dollars or \$). For the convenience of the reader, this Annual Report on Form 20-F presents certain translations into dollars of certain euro amounts.

The following table sets out the average dollar/euro exchange rates expressed in dollars per €1.00 for the years indicated, based on an average of the daily European Central Bank (ECB) reference exchange rate. Such rates are used by TOTAL in preparation of its Consolidated Statement of Income and Consolidated Statement of Cash Flow in its Consolidated Financial Statements. No representation is made that the euro could have been converted into dollars at the rates shown or at any other rates for such periods or at such dates.

DOLLAR/EURO EXCHANGE RATES

Year	Average Rate
2008	1.4708
2009	1.3948
2010	1.3257
2011	1.3920
2012	1.2848

The table below shows the high and low dollar/euro exchange rates for the three months ended December 31, 2012, and for the first three months of 2013, based on the daily ECB reference exchange rates published during the relevant month expressed in dollars per €1.00.

DOLLAR/EURO EXCHANGE RATES

Period	High	Low
September 2012	1.3095	1.2568
October 2012	1.3120	1.2877
November 2012	1.2994	1.2694
December 2012	1.3302	1.2905
January 2013	1.3550	1.3012
February 2013	1.3644	1.3077
March 2013 ^(a)	1.3090	1.2910

^(a) Through March 25, 2013.

The ECB reference exchange rate on March 25, 2013, for the dollar against the euro was \$1.2935/€.

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⁽¹⁾ For the period 2008 – 2012, the averages of the ECB reference exchange rates expressed in dollars per €1.00 on the last business day of each month during the relevant year are as follows: 2008 – 1.47; 2009 – 1.40; 2010 – 1.32; 2011 – 1.40; and 2012 – 1.29.

Table of Contents**RISK FACTORS**

The Group and its businesses are subject to various risks relating to changing competitive, economic, political, legal, social, industry, business and financial conditions. These conditions, along with TOTAL's approaches to managing certain of these risks, are described below and discussed in greater detail elsewhere in this Annual Report, particularly under the headings Item 4. Information on the Company Other Matters, Item 5. Operating and Financial Review and Prospects and Item 11. Quantitative and Qualitative Disclosures About Market Risk.

Our operating results and future rate of growth are exposed to the effects of changing commodity prices.

Prices for oil and natural gas historically have fluctuated widely due to many factors over which we have no control. These factors include:

- global and regional economic and political developments in resource-producing regions, particularly in the Middle East, Africa and South America;
- global and regional supply and demand;
- the ability of the Organization of Petroleum Exporting Countries (OPEC) and other producing nations to influence global production levels and prices;
- prices of unconventional energies as well as changes in the valorization of oil sands, which may affect our realized prices, notably under our long-term gas sales contracts, and asset valuations, notably in North America;
- cost and availability of new technology;
- governmental regulations and actions;
- global economic and financial market conditions;
- war or other conflicts;
- changes in demographics, including population growth rates and consumer preferences; and
- adverse weather conditions (such as hurricanes) that can disrupt supplies or interrupt operations of our facilities.

Substantial or extended declines in oil and natural gas prices would adversely affect our results of operations by reducing our profits. For the year 2013, we estimate that a decrease of \$1.00 per barrel in the average annual price of Brent crude would have the effect of reducing our annual adjusted net operating income from the Upstream segment by approximately €0.110 billion (calculated with a base case exchange rate of \$1.30 per €1.00 and a Brent price of \$100 per barrel). In addition to the adverse effect

on revenues, margins and profitability from any fall in oil and natural gas prices, a prolonged period of low prices or other indicators could lead to a review of the Group's properties and oil and natural gas reserves. Such review would reflect the Company's view based on estimates, assumptions and judgments and could result in a reduction in the Group's reported reserves and/or a charge for impairment that could have a significant effect on our results in the period in which it occurs. Lower oil and natural gas prices over prolonged periods may also reduce the economic viability of projects planned or in development, negatively impact our asset sale program and reduce our liquidity, thereby decreasing our ability to finance capital expenditures and/or causing us to cancel or postpone investment projects. If we are unable to follow through with investment projects, our opportunities for future revenue and profitability growth would be reduced, which could materially impact our financial condition.

However, in a high oil and gas price environment, we can experience significant increases in cost and fiscal take, and, under some production-sharing contracts, our entitlement to reserves could be reduced. Higher prices can also reduce demand for our products.

Our downstream earnings are primarily dependent upon the supply and demand for refined products and the associated margins on refined product sales, with the impact of changes in oil and gas prices on downstream earnings being dependent upon the speed at which the prices of refined products adjust to reflect movements in oil and gas prices.

Our long-term profitability depends on cost effective discovery, acquisition and development of new reserves; if we are unsuccessful, our results of operations and financial condition would be materially and adversely affected.

A significant portion of our revenues and the majority of our operating income are derived from the sale of oil and gas that we extract from underground reserves developed as part of our Upstream business. The development of oil and gas fields, the construction of facilities and the drilling of production or injection wells is capital intensive, requires advanced technology and, due to difficult environmental challenges, cost projections are uncertain. In order for this Upstream business

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to continue to be profitable, we need to replace depleted reserves with new proved reserves. Furthermore, we need to accomplish such replacement in a manner that allows subsequent production to be economically viable. However, our ability to discover or

Table of Contents

acquire and develop new reserves successfully is uncertain and can be negatively affected by a number of factors, including:

the geological nature of oil and gas fields, notably unexpected drilling conditions, including pressure or irregularities in geological formations;
the risk of dry holes or failure to find expected commercial quantities of hydrocarbons;
equipment failures, fires, blow-outs or accidents;
our inability to develop or deploy new technologies that permit access to previously inaccessible fields;
our inability to anticipate market changes in a timely manner;
adverse weather conditions;
compliance with both anticipated and unanticipated governmental requirements, including U.S. and EU regulations that may give a competitive advantage to companies not subject to such regulations;
shortages or delays in the availability or delivery of appropriate equipment;
industrial action;
competition from publicly held and state-run oil and gas companies for the acquisition and development of assets and licenses;
increased taxes and royalties, including retroactive claims; and
problems with legal title.

Any of these factors could lead to cost overruns and impair our ability to make discoveries and acquisitions or complete a development project, or to make production economical. It is impossible to guarantee that new reserves of oil and gas will be discovered in sufficient quantities to replace our reserves currently being developed, produced and marketed. Furthermore, some of these factors may also affect our projects and facilities further down the oil and gas chain. If we fail to develop new reserves cost-effectively on an ongoing basis, our results of operations, including profits, and our financial condition, would be materially and adversely affected.

Our oil and gas reserves data are only estimates, and subsequent downward adjustments are possible. If actual production from such reserves is lower than current estimates indicate, our results of operations and financial condition would be negatively impacted.

Our proved reserves figures are estimates reflecting applicable reporting regulations as they may evolve. Proved reserves are those reserves which, by analysis of geosciences and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs and under

existing economic conditions, operating methods and government regulations prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. Reserves are estimated by teams of qualified, experienced and trained geoscientists, petroleum engineers and project engineers, who rigorously review and analyze in detail all available geosciences and engineering data (e.g., seismic, electrical logs, cores, fluids, pressures, flow rates, facilities parameters). This process involves making subjective judgments, including with respect to the estimate of hydrocarbons initially in place, initial production rates and recovery efficiency, based on available geological, technical and economic data. Consequently, estimates of reserves are not exact measurements and are subject to revision. In addition, they may be negatively impacted by a variety of factors that are beyond our control and that could cause such estimates to be adjusted downward in the future, or cause our actual production to be lower than our currently reported proved reserves indicate. The main such factors include:

a decline in the price of oil or gas, making reserves no longer economically viable to exploit and therefore not classifiable as proved;
an increase in the price of oil or gas, which may reduce the reserves to which we are entitled under production sharing and risked service contracts and other contractual terms;
changes in tax rules and other government regulations that make reserves no longer economically viable to exploit; and
the actual production performance of our reservoirs.

Our reserves estimates may therefore require substantial downward revisions to the extent our subjective judgments prove not to have been conservative enough based on the available geosciences and engineering data, or our assumptions regarding factors or variables that are beyond our control prove to be incorrect over time. Any downward adjustment would indicate lower future production amounts, which could adversely affect our results of operations, including profits as well as our financial condition.

Our production growth depends on the delivery of our major development projects.

Our targeted production growth relies heavily on the successful execution of our major development projects, which are complex and capital-intensive. These major projects are subject to a number of challenges, including:

negotiations with partners, governments, suppliers, customers and others;

Table of Contents

cost overruns and delays related to the availability of skilled labor or delays in manufacturing and delivery of critical equipment, or shortages in the availability of such equipment;
unforeseen technical difficulties that could delay project startup or cause unscheduled project downtime;
the actual performance of the reservoir and natural field decline; and
timely issuance or renewal of permits and licenses by government agencies.

Poor delivery of any major project that underpins production or production growth could adversely affect our financial performance.

Many of our projects are conducted by equity affiliates. This may reduce our degree of control, as well as our ability to identify and manage risks.

A significant and growing number of our projects are conducted by equity affiliates. In cases where a company in which the Group holds an interest is not the operator, it may have limited influence over, and control of, the behavior, performance and costs of the partnership, its ability to manage risks may be limited and it may, nevertheless, be pursued by regulators or claimants in the event of an incident. Additionally, the partners of the Group (particularly local partners in developing countries) may not be able to meet their financial or other obligations to the projects, which may threaten the viability of a given project, and they may not have the financial capacity to fully indemnify us in the event of an incident.

We have significant production and reserves located in politically, economically and socially unstable areas, where the likelihood of material disruption of our operations is relatively high.

A significant portion of our oil and gas production and reserves is located in countries outside of the Organisation for Economic Co-operation and Development (OECD). In recent years, a number of these countries have experienced varying degrees of one or more of the following: economic instability, political volatility, civil war, violent conflict, social unrest and actions of terrorist groups. Any of these conditions alone or in combination could disrupt our operations in any of these regions, causing substantial declines in production. In Africa, which represented 31% of our 2012 combined liquids and gas production, certain of the countries in which we have production have recently suffered from some of these conditions, including Nigeria, where we had in 2012 our highest hydrocarbon production, and Libya. The Middle East, which represented 21% of our 2012 combined liquids and gas production, has recently suffered increased political volatility in connection with violent conflict and

social unrest, including Syria, where European Union (EU) economic sanctions have prohibited us from producing oil and gas, and Yemen. In South America, which represented 8% of our 2012 combined liquids and gas production, certain of the countries in which we have production have recently suffered from some of the above-mentioned conditions, including Argentina and Venezuela. In addition, uncertainties surrounding enforcement of contractual rights in these regions may adversely impact our results. Furthermore, in addition to current production, we are also exploring for and developing new reserves in other regions of the world that are historically characterized by political, social and economic instability, such as the Caspian Sea region where we have large projects currently underway. The occurrence and magnitude of incidents related to economic, social and political instability are unpredictable. It is possible that they could have a material adverse impact on our production and operations in the future and/or cause certain investors to reduce their holdings of TOTAL's securities.

TOTAL, like other major international energy companies, has a geographically diverse portfolio of reserves and operational sites, which allows it to conduct its business and financial affairs so as to reduce its exposure to political and economic risks. However, there can be no assurance that such events will not have a material adverse impact on the Group.

Our operations throughout emerging countries are subject to intervention by the governments of these countries, which could have an adverse effect on our results of operations.

We have significant exploration and production activities, and in some cases refining, marketing or chemicals operations, in developing countries whose governmental and regulatory framework is subject to unexpected change and where the enforcement of contractual rights is uncertain. In addition, our exploration and production activity in such countries is often done in conjunction with state-owned entities, for example as part of a joint venture, where the state has a significant degree of control. In recent years, in various regions globally, we have seen governments and state-owned enterprises exercising greater authority and imposing more stringent conditions on companies pursuing exploration and production activities in their respective countries, increasing the costs and uncertainties of our business operations, which is a trend we expect to continue. Potential increasing intervention by governments in such countries can take a wide variety of forms, including:

the award or denial of exploration and production interests;

Table of Contents

the imposition of specific drilling obligations;
 price and/or production quota controls and export limits;
 nationalization or expropriation of our assets;
 unilateral cancellation or modification of our license or contract rights;
 increases in taxes and royalties, including retroactive claims;
 the renegotiation of contracts;
 payment delays; and
 currency exchange restrictions or currency devaluation.

Imposition of any of these factors by a host government in a developing country where we have substantial operations, including exploration, could cause us to incur material costs or cause our production or value of our assets to decrease, potentially having a material adverse effect on our results of operations, including profits.

For example, the Nigerian government has been contemplating new legislation to govern the petroleum industry which, if passed into law, could have an impact on our existing and future activities in that country through increased taxes and/or costs of operation and could adversely affect our financial returns from projects in that country.

Ethical misconduct or breaches of applicable laws by our employees could expose us to criminal and civil penalties and be damaging to our reputation and shareholder value.

Our Code of Conduct, which applies to all of our employees, defines our commitment to integrity, compliance with all applicable legal requirements, high ethical standards and the behaviors and actions we expect of our businesses and people wherever we operate (for additional information on our Code of Conduct, see Item 4. Other Matters – Fair operating procedures). Ethical misconduct or non-compliance with applicable laws and regulations, including non-compliance with anti-bribery, anticorruption and other applicable laws, by us, our partners, agents or others that act on our behalf, could expose TOTAL and our employees to criminal and civil penalties and could be damaging to our reputation and shareholder value. In addition to such penalties, a monitor is likely to be appointed to review the Group’s compliance and internal control procedures and may, if need be, recommend improvements of such procedures. Refer to Item 8. Legal or arbitration proceedings – Iran for an overview of the investigation since 2003 by the SEC and Department of Justice (DoJ) concerning the pursuit of business in Iran by certain oil companies, including TOTAL.

At this point, the Company considers that the resolution of this matter is not expected to have a significant impact on the Group’s financial situation or its future planned operations.

We are exposed to risks related to the safety and security of our operations.

We engage in a broad scope of activities, which include drilling, oil and gas production, processing, transportation, refining and petrochemical activities, storage and distribution of petroleum products and production of base and specialty chemicals, and involve a wide range of operational risks. These risks include explosions, fires, accidents, equipment failures, leakage of toxic products, emissions or discharges into the air, water or soil, and related environmental and health risks. We also face risks once production is discontinued, because our activities require environmental site remediation. In the transportation area, the type of risk depends not only on the hazardous nature of the products transported, but also on the transportation methods used (mainly maritime, river-maritime, pipelines, rail and road), the volumes involved and the sensitivity of the regions through which the transport passes (quality of infrastructure, population density, environment). Acts of terrorism against our plants and offices, pipelines, transportation or computer systems could severely disrupt businesses and operations and could cause harm to people and property damage.

Like most industrial groups, TOTAL is concerned by reports of occupational illnesses, particularly those caused by past exposure of the Group’s employees to asbestos. Asbestos exposure has been subject to close monitoring at all of the Group’s business segments. As of December 31, 2012, the Group estimates that the ultimate cost of all pending or future asbestos-related claims is not likely to have a material impact on the Group’s financial position.

Certain segments or activities face specific additional risks. Our Upstream segment activities face risks related to the physical characteristics of oil or gas fields. These risks include eruptions of oil or gas, discovery of hydrocarbon pockets with abnormal pressure, crumbling of well openings, leaks that can harm the environment and explosions or fires. These events, which may cause injury, death or environmental damage, can also damage or destroy oil or gas wells as well as equipment and other property, lead to a disruption of the Group’s operations or reduce its production. In addition, since exploration and production activities may take place on sites that are ecologically sensitive (for example, in tropical forests or in a

Table of Contents

marine environment), each site requires a risk-based approach to avoid or minimize the impact on human health, flora and fauna, the ecosystem and biodiversity. In certain situations where a Group entity is not the operator, the Group may have reduced influence and control over third parties, which may limit the Group's ability to manage and control these risks. The activities of our Refining & Chemicals and Marketing & Services segments also entail additional health, safety and environmental risks related to the overall life cycle of the products manufactured, as well as the raw materials used in the manufacturing process, such as catalysts, additives and monomers. These risks can arise from the intrinsic characteristics of the products involved (flammability, toxicity, or long-term environmental impacts such as greenhouse gas emissions), their use (including by customers), emissions and discharges resulting from their manufacturing process, and from recycling or disposing of materials and wastes at the end of their useful life.

Contracts signed by the Group's entities may provide for indemnification obligations, either by the Group's entities in favor of third-parties or by third-parties for the Group's entities' benefit, if, for example, an event occurs leading to death, personal injury, property damage or discharge of hazardous materials into the environment. With respect to joint ventures the assets of which are operated by an entity of the Group, contractual terms generally provide that this entity assumes liability for damages caused by its gross negligence or willful misconduct. With respect to joint ventures in which an entity of the Group has an interest but the assets of which are operated by others, contractual terms generally provide that the operator assumes liability for damages caused by its gross negligence or willful misconduct. All other liabilities of these types of joint ventures are generally assumed by the partners in proportion to their respective ownership interests. With respect to third-party providers of goods and services, the amount and nature of the liability assumed by the third party depends on the context and may be limited by contract. With respect to the Group's customers, the Group's entities seek to ensure that their products meet applicable specifications and abide by all applicable consumer protection laws. Failure to do so could lead to personal injury, environmental harm, regulatory violations and loss of customers, and could negatively impact the Group's results of operations, financial condition and reputation.

Crisis management systems are necessary to respond effectively to emergencies and to avoid potential disruptions in our business and operations.

We have crisis management plans in place to deal with emergencies, such as the leak in the Elgin field in the North Sea (see Item 4. Other Matters Environmental protection Accident risk). If we do not respond to such emergencies in an appropriate manner, our business and operations could be severely disrupted. We also have implemented business continuity plans in order to continue or resume operations following a shutdown or incident (see Item 4. Other Matters Management). An inability to timely restore or replace critical capacity could prolong the impact of any disruption and could have a material adverse effect on our business and operations.

While our insurance coverage is in line with industry practice, we are not insured against all possible risks.

We maintain insurance to protect us against the risk of damage to Group property and/or business disruption to our main refining and petrochemical sites. In addition, we also maintain worldwide third-party liability insurance coverage for all of our subsidiaries. Our insurance and risk management policies are described under Item 4. Other Matters Insurance and risk management . While we believe our insurance coverage is in line with industry practice and sufficient to cover normal risks in our operations, we are not insured against all possible risks. In the event of a major environmental disaster, for example, our liability may exceed the maximum coverage provided by our third-party liability insurance. The loss we could suffer in the event of such a disaster would depend on all the facts and circumstances and would be subject to a whole range of uncertainties, including legal uncertainty as to the scope of liability for consequential damages, which may include economic damage not directly connected to the disaster. The Group cannot guarantee that it will not suffer any uninsured loss and there can be no assurance, particularly in the case of a major environmental disaster or industrial accident, that such loss would not have a material adverse effect on the Group.

We are subject to stringent environmental, health and safety laws in numerous countries and may incur material costs to comply with these laws and regulations.

Our workforce and the public are exposed to risks inherent to our operations that potentially could lead to loss of life, injuries, property damage or environmental damage and could result in regulatory action and legal liability against entities of the Group and damage to our reputation.

Table of Contents

We incur, and will continue to incur, substantial expenditures to comply with increasingly complex laws and regulations aimed at protecting worker health and safety and the natural environment.

These expenditures include:

- costs incurred to prevent, control, eliminate or reduce certain types of air and water emissions, including those costs incurred in connection with government action to address climate change;
- remedial measures related to environmental contamination or accidents at various sites, including those owned by third parties;
- compensation of persons claiming damages caused by our activities or accidents;
- increased production costs or costs related to changes in product specifications or sales; and
- costs related to the decommissioning of drilling platforms and other facilities.

If our financial reserves prove inadequate, such expenditures could have a material effect on our results of operations and our financial position.

Furthermore, in countries where we operate or plan to operate, the introduction of new laws and regulations, stricter enforcement or new interpretations of existing laws and regulations or the imposition of tougher license requirements may also cause the Group's entities to incur higher costs resulting from actions taken to comply with such laws and regulations, including:

- modifying operations;
- installing pollution control equipment;
- implementing additional safety measures; and
- performing site clean-ups.

As a further result of the introduction of any new laws and regulations or other factors, we could also be compelled to curtail, modify or cease certain operations or implement temporary shutdowns of facilities, which could diminish our productivity and materially and adversely impact our results of operations, including profits.

All TOTAL entities monitor legal and regulatory developments in order to remain in compliance with local and international rules and standards for the assessment and management of industrial and environmental risks. With regard to the permanent shutdown of an activity, the Group's environmental contingencies and asset retirement obligations are addressed in the *Asset retirement obligation* and *Provisions for environmental contingencies* sections of the Group's Consolidated Balance Sheet (see Note 19 to the Consolidated Financial Statements). Future expenditures related to asset retirement obligations are accounted for in accordance

with the accounting principles described in Note 1Q to the Consolidated Financial Statements.

Laws and regulations related to climate change and its physical effects may adversely affect our businesses.

Growing public concern in a number of countries over greenhouse gas emissions and climate change, as well as stricter regulations in this area, could adversely affect the Group's businesses and product sales, increase its operating costs and reduce its profitability.

More of our future production is expected to come from unconventional sources in order to help meet the world's growing demand for energy. Since energy intensity of oil and gas production from unconventional sources can be higher than that of production from conventional sources, the CO₂ emissions produced by the Group's activities may increase. Therefore, we may incur additional costs from delayed projects or reduced production from certain projects.

In addition, our business operates in varied locales where the potential physical impacts of climate change, including changes in weather patterns, are highly uncertain and may adversely impact the results of our operations.

We face foreign exchange risks that could adversely affect our results of operations.

Our business faces foreign exchange risks because a large percentage of our revenues and cash receipts are denominated in dollars, the international currency of petroleum sales, while a significant portion of our operating expenses and income taxes accrue in euros and other currencies. Movements between the dollar and euro or other currencies may adversely affect our business by negatively impacting our booked revenues and income, and may also result in significant translation adjustments that impact our shareholders' equity.

We are exposed to trading risks that could adversely affect our business.

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Our trading business is particularly sensitive to market risk and more specifically to price risk as a consequence of the volatility of oil prices, to liquidity risk (inability to buy or sell oil cargoes at quoted prices) and to performance risk (counterparty does not fulfill its contractual obligations). We use various instruments such as futures, forwards, swaps and options on organized markets or over-the-counter markets to hedge against fluctuations in the price of crude oil, refined products, natural gas, power, coal, emissions and freight-rates. Although we believe we have established appropriate risk management procedures, large market fluctuations may adversely affect our business and results of operations and make it more difficult to optimize revenues from our oil and gas production and to obtain favorable pricing to supply our refineries.

Table of Contents

Disruption of our critical IT services or breaches of information security could adversely affect our operations.

Our businesses depend heavily on the reliability and security of our information technology (IT) systems. If the integrity of our IT systems were compromised due to, for example, technical failure or cyber attack, our business operations and assets could sustain serious damage, material intellectual property could be divulged and, in some cases, personal injury, environmental harm and regulatory violations could occur potentially having a material adverse effect on our results of operations, including profits.

We have activities in certain countries that are targeted by economic sanctions under relevant U.S. and EU laws, and if our activities are not conducted in accordance with the relevant conditions, we could be sanctioned or otherwise penalized.

The United States has adopted various laws and regulations designed to restrict trade with Cuba, Iran, Sudan and Syria, and the U.S. Department of State has identified these countries as state sponsors of terrorism. The European Union (EU) has similar restrictions with respect to Iran and Syria. A violation of these laws or regulations could result in criminal and material financial penalties, including being prohibited from transacting in U.S. dollars. We currently have limited marketing and trading activities in Cuba and a limited presence in Iran and Syria (for more information, see Item 4. Other Matters Cuba, Iran and Syria). Since the independence of South Sudan on July 9, 2011, TOTAL is no longer present in Sudan.

With respect to Iran, the United States has adopted a number of measures since 1996 that provide for the possible imposition of sanctions against non-U.S. companies engaged in certain activities in and with Iran, especially in Iran s energy sector. The United States first adopted legislation in 1996 authorizing sanctions against non-U.S. companies doing business in Iran and Libya (the Iran and Libya Sanctions Act, referred to as ILSA). In 2006, ILSA was amended to concern only business in Iran (then renamed the Iran Sanctions Act, referred to as ISA). Pursuant to ISA, which as described below has since been amended and expanded, the President of the United States is authorized to initiate an investigation into the activities of non-U.S. companies in Iran s energy sector and the possible imposition of sanctions against persons found, in particular, to have knowingly made investments of \$20 million or more in any 12-month period in the petroleum sector in Iran. In May 1998, the U.S. government waived the application of ISA sanctions for TOTAL s investment in the South Pars gas field. This

waiver, which has not been modified since it was granted, does not address any of TOTAL s other activities in Iran. In each of the years since the passage of ILSA and until 2007, TOTAL made investments in Iran in excess of \$20 million (excluding the investments made as part of the development of South Pars). Since 2008, TOTAL s position has consisted essentially in being reimbursed for its past investments as part of buyback contracts signed between 1995 and 1999 with respect to permits on which the Group is no longer the operator. Since 2011, TOTAL has had no production in Iran.

ISA was amended in July 2010 by the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010 (CISADA), which expanded both the list of activities with Iran that could lead to sanctions and the list of sanctions available. In particular, CISADA authorized sanctions for knowingly providing refined petroleum products above certain monetary thresholds to Iran and for providing goods, services, technology, information or support that could directly and significantly either facilitate Iran s domestic production of refined petroleum products or contribute to Iran s ability to import refined petroleum products. Investments in the petroleum sector commenced prior to the adoption of CISADA appear to remain subject to the pre-amended version of ISA. The new sanctions added by CISADA would be available with respect to new investments in the petroleum sector or any other sanctionable activity occurring on or after July 1, 2010.

Prior to CISADA s enactment, TOTAL discontinued potentially sanctionable sales of refined petroleum products to Iran. On September 30, 2010, the U.S. State Department announced that the U.S. government, pursuant to the Special Rule provision of ISA added by CISADA that allows it to avoid making a determination of sanctionability under ISA with respect to any party that provides certain assurances, would not make such a determination with respect to TOTAL. The U.S. State Department further indicated at that time that, as long as TOTAL acts in accordance with its commitments, TOTAL will not be regarded as a company of concern for its past Iran-related activities.

Since the applicability of the Special Rule to TOTAL was announced by the U.S. State Department, the United States has imposed a number of additional measures targeting activities in Iran. On November 21, 2011, President Obama issued Executive Order 13590, which authorized sanctions for knowingly, on or after November 21, 2011, selling, leasing, or providing to Iran goods, services, technology or support above certain monetary thresholds that could directly and significantly contribute to the maintenance or expansion of Iran s ability to develop petroleum resources located in Iran, or domestic

Table of Contents

production of petrochemical products. TOTAL does not conduct activities in Iran that could be sanctionable under Executive Order 13590. In any event, there is no provision in Executive Order 13590 that modifies the aforementioned Special Rule , and the U.S. State Department issued guidance that completion of existing contracts is not sanctionable under Executive Order 13590.

On July 30, 2012, President Obama issued Executive Order 13622, which authorized sanctions for, amongst other activities, (i) knowingly, on or after July 30, 2012, engaging in a significant transaction for the purchase or acquisition of petroleum, petroleum products or petrochemical products from Iran, and (ii) materially assisting, sponsoring or providing financial, material, or technological support for, or goods or services in support of, the National Iranian Oil Company, the Naftiran Intertrade Company, or the Central Bank of Iran. There is no provision in Executive Order 13622 that modifies the aforementioned Special Rule . In addition, Executive Order 13622 contains an exception for the Shah Deniz gas field pipeline project, in which we (10%) and Naftiran Intertrade Company (NICO) (10%) participate, to supply natural gas from the Shah Deniz gas field in Azerbaijan to Europe and Turkey. We do not conduct activities targeted by Executive Order 13622.

On August 10, 2012, President Obama signed into law the Iran Threat Reduction and Syria Human Rights Act of 2012 (ITRSHRA), which, amongst other things, amended ISA and CISADA. ITRSHRA, like CISADA before it, expanded both the list of activities with Iran that could lead to sanctions and the list of sanctions available. Amongst other things, ITRSHRA authorized sanctions for (i) provision to Iran of goods, services, technology, information or support above a certain market value that could directly and significantly facilitate the maintenance or expansion of Iran s domestic production of refined petroleum products, including any direct and significant assistance with the construction, modernization, or repair of petroleum refineries or infrastructure directly associated with petroleum refineries, (ii) participation in a joint venture established on or after January 1, 2002 with respect to the development of petroleum resources outside of Iran where either the Government of Iran is a substantial partner or investor or where the joint venture could enhance Iran s ability to develop petroleum resources in Iran, and (iii) owning, operating, controlling or insuring a vessel used to transport crude oil from Iran to another country. ITRSHRA also contains an exception for the Shah Deniz gas field project. We do not conduct activities targeted by ITRSHRA.

ITRSHRA also added a new Section 13(r) to the Securities Exchange Act of 1934, as amended (Exchange Act), which requires us to disclose whether TOTAL or any of its

affiliates has engaged during the calendar year in certain Iran-related activities, including those targeted under ISA, without regard to whether such activities are sanctionable under ISA, and any transaction or dealing with the Government of Iran that is not conducted pursuant to a specific authorization of the U.S. government (see Item 4. Other Matters Iran). Section 13(r) also requires us to file a separate notice to the United States Securities and Exchange Commission (SEC) concerning any Section 13(r)-related disclosure provided in our annual report. Following receipt of this notice, the SEC must transmit a report to the President and Congress, and the President must initiate an investigation and make a sanctions determination within 180 days after initiating the investigation. We believe that our Iran-related activities required to be disclosed by Section 13(r) are not sanctionable.

Also with regard to Iran, France and the EU have adopted measures, based on United Nations Security Council resolutions, which restrict the movement of certain individuals and goods to or from Iran as well as certain financial transactions with Iran, in each case when such individuals, goods or transactions are related to nuclear proliferation and weapons activities or likely to contribute to their development. In July and October 2010, the European Union adopted new restrictive measures regarding Iran. Among other things, the supply of key equipment and technology in the following sectors of the oil and gas industry in Iran are prohibited: refining, liquefied natural gas, exploration and production. The prohibition extends to technical assistance, training and financial assistance in connection with such items. Extension of loans or credit to, acquisition of shares in, entry into joint ventures with or other participation in enterprises in Iran (or Iranian-owned enterprises outside of Iran) engaged in any of the targeted sectors also is prohibited. Moreover, with respect to restrictions on transfers of funds and on financial services, any transfer of at least €40,000 or equivalent to or from an Iranian individual or entity shall require a prior authorization of the competent authorities of the EU Member States. We conduct our activities in compliance with these EU measures.

On January 23, 2012, the Council of the European Union prohibited the purchase, import and transport of Iranian oil and petroleum and petrochemical products by European persons and by entities constituted under the laws of an EU Member State. Prior to that date, TOTAL had ceased these now-prohibited activities.

With respect to Syria, the EU adopted measures in May 2011 with criminal and financial penalties that prohibit the supply of certain equipment to Syria, as well as certain financial and asset transactions with respect to a list of

Table of Contents

named individuals and entities. These measures apply to European persons and to entities constituted under the laws of an EU Member State. In September 2011, the EU adopted further measures, including, notably, a prohibition on the purchase, import or transportation from Syria of crude oil and petroleum products. Since early September 2011, the Group ceased to purchase hydrocarbons from Syria. On December 1, 2011, the EU extended sanctions against, among others, three state-owned Syrian oil firms, including General Petroleum Corporation, TOTAL's co-contracting partner in PSA 1988 (Deir Es Zor licence) and the Tabiyeh contract. The U.S. also has various measures regarding Syria. Since early December 2011, the Group has ceased its activities that contribute to oil and gas production in Syria.

The U.S. Treasury Department's Office of Foreign Assets Control (referred to as "OFAC") administers and enforces economic sanctions programs, some of which are based on the United Nations Security Council resolutions referred to above, against targeted foreign countries, territories, entities and individuals (including those engaged in activities related to terrorism or the proliferation of weapons of mass destruction and other threats to the national security, foreign policy or economy of the United States). The activities that are restricted depend on the sanctions program and targeted country or parties, and civil and/or criminal penalties, imposed on a per transaction basis, can be substantial. These OFAC sanctions generally apply to U.S. persons and activities taking place in the United States

or that are otherwise subject to U.S. jurisdiction. Sanctions administered by OFAC target, among others, Cuba, Iran, Sudan and Syria. TOTAL does not believe that these sanctions are applicable to any of its activities in the OFAC-targeted countries.

In addition, many U.S. states have adopted legislation requiring state pension funds to divest themselves of securities in any company with active business operations in Iran, and state contracts not to be awarded to such companies. State insurance regulators have adopted similar initiatives relating to investments by insurance companies in companies doing business with the Iranian oil and gas, nuclear, and defense sectors. If our presence in Iran were determined to fall within the prohibited scope of these laws, and we were not to qualify for any available exemptions, certain U.S. institutions holding interests in TOTAL may be required to sell their interests. If significant, sales of securities resulting from such laws and/or regulatory initiatives could have an adverse effect on the prices of TOTAL's securities.

We continue to closely monitor legislative and other developments in France, the EU and the United States in order to determine whether our limited activities or presence in sanctioned or potentially sanctioned jurisdictions could subject us to the application of sanctions. We cannot assure that current or future regulations or developments will not have a negative impact on our business or reputation.

ITEM 4. INFORMATION ON THE COMPANY

HISTORY AND DEVELOPMENT

TOTAL S.A., a French *société anonyme* (limited company) incorporated in France on March 28, 1924, together with its subsidiaries and affiliates, is the fifth largest publicly-traded integrated international oil and gas company in the world⁽¹⁾.

With operations in more than 130 countries, TOTAL has activities in every sector of the oil industry: in the upstream (oil and gas exploration, development and production, liquefied natural gas) and downstream (refining, petrochemicals, specialty chemicals, marketing and the trading and shipping of crude oil and petroleum products). In addition, TOTAL has equity stakes in coal mines and operates in the power generation and renewable energy sectors. TOTAL began its Upstream operations in the Middle East in 1924. Since that time, the Company has

grown and expanded its operations worldwide. In early 1999, the Company acquired control of PetroFina S.A. (hereafter referred to as "PetroFina" or "Fina") and in early 2000, the Company acquired control of Elf Aquitaine S.A. (hereafter referred to as "Elf Aquitaine" or "Elf").

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The Company's corporate name is TOTAL S.A. Its registered office is 2, place Jean Millier, La Défense 6, 92400 Courbevoie, France. Its telephone number is +33 (0)1 47 44 45 46.

TOTAL S.A. is registered in France at the Nanterre Trade Register under the registration number 542 051 180. The length of the life of the Company is 99 years from March 22, 2000, unless it is dissolved or extended prior to such date.

11

⁽¹⁾ *Based on market capitalization (in dollars) as of December 31, 2012.*

Table of Contents**BUSINESS OVERVIEW**

TOTAL's worldwide operations in 2012 were conducted through three business segments: Upstream, Refining & Chemicals and Marketing & Services. The table below gives

information on the geographic breakdown of TOTAL's activities and is taken from Note 5 to the Consolidated Financial Statements included elsewhere herein.

(M€)	France	Rest of Europe	North America	Africa	Rest of world	Total
2012						
Non-Group sales ^(a)	45,981	103,862	17,648	17,921	14,649	200,061
Property, plant and equipment, intangible assets, net	4,560	17,697	15,220	24,999	19,714	82,190
Capital expenditures	1,589	4,406	3,148	7,274	6,526	22,943
2011						
Non-Group sales ^(a)	42,626	81,453	15,917	15,077	29,620	184,693
Property, plant and equipment, intangible assets, net	5,637	15,576	14,518	23,546	17,593	76,870
Capital expenditures	1,530	3,802	5,245	5,264	8,700	24,541
2010						
Non-Group sales ^(a)	36,820	72,636	12,432	12,561	24,820	159,269
Property, plant and equipment, intangible assets, net	5,666	14,568	9,584	20,166	13,897	63,881
Capital expenditures	1,062	2,629	3,626	4,855	4,101	16,273

^(a) Non-Group sales from continuing operations.

UPSTREAM SEGMENT

TOTAL's Upstream segment includes the activities of Exploration & Production and Gas & Power. The Group has exploration and production activities in more than fifty countries and produces oil or gas in approximately thirty countries. Gas & Power conducts activities downstream from production related to natural gas, liquefied natural gas

(LNG) and liquefied petroleum gas (LPG), as well as power generation and trading, and other activities. Effective July 1, 2012, the Upstream segment no longer includes the activities of New Energies, which are now reported with Marketing & Services. As a result, certain information has been restated according to the new organization.

Exploration & Production

Exploration and development

TOTAL's Upstream segment aims at continuing to combine long-term growth and profitability at the level of the best in the industry.

TOTAL evaluates exploration opportunities based on a variety of geological, technical, political and economic factors (including taxes and license terms), and on projected oil and gas prices. Discoveries and extensions of existing fields accounted for approximately 77% of the 2,016 Mboe added to the Upstream segment's proved reserves during the three-year period ended December 31, 2012 (before deducting production and sales of reserves in place and adding any acquisitions of reserves in place during this period). The remaining 23% comes from revisions of previous estimates. The level of revisions during this three-year period was significantly impacted by the effects of the increase of the reference oil price (from \$59.91/b in 2009 to \$111.13/b in 2012 for Brent crude) and the decrease of the U.S. onshore gas price (from \$4.21/MBtu in 2011 to \$2.85/MBtu in 2012 for Henry Hub), which together induced a substantial negative revision.

In 2012, the exploration investments of consolidated subsidiaries amounted to €2,634 million (including exploration bonuses included in the unproved property acquisition costs). Exploration investments were made primarily in Angola, the United Kingdom, the United States, Norway, Iraq, Nigeria, Brazil, Malaysia, the Republic of Congo and French Guiana. In 2011, the exploration investments of consolidated subsidiaries amounted to €1,629 million (including exploration bonuses included in the unproved property acquisition costs). The main exploration investments were made in Norway, the United Kingdom, Angola, Brazil, Azerbaijan, Indonesia, Brunei, Kenya, French Guiana and Nigeria. In 2010, the exploration investments of consolidated subsidiaries amounted to €1,472 million (including exploration bonuses included in the unproved property acquisition costs) notably in Angola, Norway, Brazil, the United Kingdom, the United States, Indonesia, Nigeria and Brunei.

The Group's consolidated Exploration & Production subsidiaries' development investments amounted to €14 billion in 2012, primarily in Angola, Norway, Canada,

Table of Contents

Australia, Nigeria, the United Kingdom, Gabon, Kazakhstan, Indonesia, the Republic of the Congo, the United States and Russia. The Group's consolidated Exploration & Production subsidiaries' development investments amounted to €10 billion in 2011, primarily in Angola, Nigeria, Norway, Kazakhstan, the United Kingdom, Australia, Canada, Gabon, Indonesia, the Republic of the Congo, the United States and Thailand. The Group's consolidated Exploration & Production subsidiaries' development investments amounted to €8 billion in 2010, mostly in Angola, Nigeria, Kazakhstan, Norway, Indonesia, the Republic of the Congo, the United Kingdom, the United States, Canada, Thailand, Gabon and Australia.

Reserves

The definitions used for proved, proved developed and proved undeveloped oil and gas reserves are in accordance with the United States Securities & Exchange Commission (SEC) Rule 4-10 of Regulation S-X as amended by the SEC Modernization of Oil and Gas Reporting release issued on December 31, 2008. Proved reserves are estimated using geological and engineering data to determine with reasonable certainty whether the crude oil or natural gas in known reservoirs is recoverable under existing regulatory, economic and operating conditions.

TOTAL's oil and gas reserves are consolidated annually, taking into account, among other factors, levels of production, field reassessments, additional reserves from discoveries and acquisitions, disposal of reserves and other economic factors. Unless otherwise indicated, any reference to TOTAL's proved reserves, proved developed reserves, proved undeveloped reserves and production reflects the Group's entire share of such reserves or such production. TOTAL's worldwide proved reserves include the proved reserves of its consolidated subsidiaries as well as its proportionate share of the proved reserves of equity affiliates. For further information concerning changes in TOTAL's proved reserves for the years ended December 31, 2012, 2011 and 2010, see Supplemental Oil and Gas Information (Unaudited).

The reserves estimation process involves making subjective judgments. Consequently, estimates of reserves are not exact measurements and are subject to revision under well-established control procedures.

The reserves booking process requires, among other things:

- internal peer reviews of technical evaluations to ensure that the SEC definitions and guidance are followed; and
- that management makes significant funding commitments towards the development of the reserves prior to booking.

For further information regarding the preparation of reserves estimates, see Supplemental Oil and Gas Information (Unaudited).

Proved reserves

In accordance with the amended Rule 4-10 of Regulation S-X, proved reserves for the years ended on or after December 31, 2009, are calculated using a 12-month average price determined as the unweighted arithmetic average of the first-day-of-the-month price for each month of the relevant year unless prices are defined by contractual arrangements, excluding escalations based upon future conditions. The reference prices for 2012, 2011 and 2010 were, respectively, \$111.13/b, \$110.96/b, and \$79.02/b for Brent crude.

As of December 31, 2012, TOTAL's combined proved reserves of oil and gas were 11,368 Mboe (51% of which were proved developed reserves). Liquids (crude oil, condensates, natural gas liquids and bitumen) represented approximately 50% of these reserves and natural gas the remaining 50%. These reserves were located in Europe (mainly in Norway and the United Kingdom), in Africa (mainly in Angola, Gabon, Libya, Nigeria and the Republic of the Congo), in the Americas (mainly in Canada, Argentina and Venezuela), in the Middle East (mainly in Qatar, the United Arab Emirates and Yemen), and in Asia (mainly in Australia, Kazakhstan and Russia).

As of December 31, 2011, TOTAL's combined proved reserves of oil and gas were 11,423 Mboe (53% of which were proved developed reserves). Liquids (crude oil, condensates, natural gas liquids and bitumen) represented approximately 51% of these reserves and natural gas the remaining 49%. These reserves were located in Europe (mainly in Italy, Norway and the United Kingdom), in Africa (mainly in Angola, Gabon, Libya, Nigeria and the Republic of the Congo), in the Americas (mainly in Canada, the United States, Argentina and Venezuela), in the Middle East (mainly in Qatar, the United Arab Emirates and Yemen), and in Asia (mainly in Australia, Indonesia, Kazakhstan and Russia).

As of December 31, 2010, TOTAL's combined proved reserves of oil and gas were 10,695 Mboe (53% of which were proved developed reserves). Liquids (crude oil, condensates, natural gas liquids and bitumen) represented approximately 56% of these reserves and natural gas the remaining 44%. These reserves were located in Europe (mainly in Norway and the United Kingdom), in Africa (mainly in Angola, Gabon, Libya, Nigeria and the Republic of the Congo), in the Americas (mainly in Canada, the United States, Argentina and Venezuela), in the Middle East (mainly in Qatar, the United Arab Emirates and Yemen), and in Asia (mainly in Australia, Indonesia, Kazakhstan and Russia).

Table of Contents

Congo), in the Americas (mainly in Canada, the United States, Argentina and Venezuela), in the Middle East (mainly in Qatar, the United Arab Emirates and Yemen), and in Asia (mainly in Indonesia and Kazakhstan).

Sensitivity to oil and gas prices

Changes in the price used as a reference for the proved reserves estimation result in non-proportionate inverse changes in proved reserves associated with production sharing and risked service contracts (which together represent approximately 25% of TOTAL's reserves as of December 31, 2012). Under such contracts, TOTAL is entitled to a portion of the production, the sale of which is meant to cover expenses incurred by the Group. As oil prices increase, fewer barrels are necessary to cover the same amount of expenses. Moreover, the number of barrels retrievable under these contracts may vary according to criteria such as cumulative production, the rate of return on investment or the income-cumulative expenses ratio. This decrease is partly offset by an extension of the duration over which fields can be produced economically. However, the increase in reserves due to extended field life resulting from higher prices is generally less than the decrease in reserves under production sharing or risked service contracts due to such higher prices. As a result, higher prices lead to a decrease in TOTAL's reserves.

Furthermore, changes in the price used as a reference for the proved reserves estimation impact the volume of royalties in Canada and thus TOTAL's share of proved reserves.

Lastly, for any type of contract, a decrease of the reference price of petroleum products may involve a significant reduction of proved reserves.

Production

For the full year 2012, average daily oil and gas production was 2,300 kboe/d compared to 2,346 kboe/d in 2011. Liquids accounted for approximately 53% and natural gas for approximately 47% of TOTAL's combined liquids and natural gas production in 2012.

The table on the next page sets forth by geographic area TOTAL's average daily production of liquids and natural gas for each of the last three years.

Consistent with industry practice, TOTAL often holds a percentage interest in its fields rather than a 100% interest,

with the balance being held by joint venture partners (which may include other international oil companies, state-owned oil companies or government entities). TOTAL frequently acts as operator (the party responsible for technical production) on acreage in which it holds an interest. See the table Presentation of production activities by geographic area on the following pages for a description of TOTAL's producing assets.

As in 2011 and 2010, substantially all of the liquids production from TOTAL's Upstream segment in 2012 was marketed by the Trading & Shipping division of TOTAL's Refining & Chemicals segment (see the table Business Overview Trading & Shipping Trading's crude oil sales and supply and refined products sales).

The majority of TOTAL's natural gas production is sold under long term contracts. However, its North American production, and part of its production from the United Kingdom, Norway and Argentina, is sold on the spot market. The long-term contracts under which TOTAL sells its natural gas usually provide for a price related to, among other factors, average crude oil and other petroleum product prices, as well as, in some cases, a cost-of-living index. Though the price of natural gas tends to fluctuate in line with crude oil prices, a slight delay may occur before changes in crude oil prices are reflected in long-term natural gas prices. Due to the interaction between the contract price of natural gas and crude oil prices, contract prices are not usually affected by short-term market fluctuations in the spot price of natural gas.

Some of TOTAL's long-term contracts, notably in Argentina, Indonesia, Nigeria, Norway, Qatar and Russia, specify the delivery of quantities of natural gas that may or may not be fixed and determinable. Such delivery commitments vary substantially, both in duration and in scope, from contract to contract throughout the world. For example, in some cases, contracts require delivery of natural gas on an as-needed basis, and, in other cases, contracts call for the delivery of varied amounts of natural gas over different periods of time. Nevertheless, TOTAL estimates the fixed and determinable quantity of gas to be delivered over the period 2013-2015 to be 4,070 Bcf. The Group expects to satisfy most of these obligations through the production of its proved reserves of natural gas, with, if needed, additional sourcing from spot market purchases (see Supplemental Oil and Gas Information (Unaudited)).

Table of Contents**PRODUCTION BY REGION**

	2012			2011			2010		
	Liquids kb/d	Natural gas Mcf/d	Total kboe/d	Liquids kb/d	Natural gas Mcf/d	Total kboe/d	Liquids kb/d	Natural gas Mcf/d	Total kboe/d
Africa	574	705	713	517	715	659	616	712	756
Algeria	6	90	23	16	94	33	25	87	41
Angola	172	44	179	128	39	135	157	34	163
Cameroon				2	1	3	9	2	9
Gabon	54	19	57	55	17	58	63	20	67
Libya	62		62	20		20	55		55
Nigeria	173	521	279	179	534	287	192	542	301
The Congo, Republic of	107	31	113	117	30	123	115	27	120
North America	25	246	69	27	227	67	30	199	65
Canada ^(a)	12		12	11		11	10		10
United States	13	246	57	16	227	56	20	199	55
South America	59	682	182	71	648	188	76	569	179
Argentina	12	394	83	14	397	86	14	381	83
Bolivia	3	124	27	3	118	25	3	94	20
Colombia	1	23	6	5	27	11	11	34	18
Trinidad & Tobago	4	70	16	4	47	12	3	2	3
Venezuela	39	71	50	45	59	54	45	58	55
Asia-Pacific	27	1,089	221	27	1,160	231	28	1,237	248
Australia		29	5		25	4		6	1
Brunei	2	54	12	2	56	13	2	59	14
China		7	1						
Indonesia	16	605	132	18	757	158	19	855	178
Myanmar		127	16		119	15		114	14
Thailand	9	267	55	7	203	41	7	203	41
CIS	27	909	195	22	525	119	13	56	23
Azerbaijan	4	64	16	4	57	14	3	54	13
Russia	23	845	179	18	468	105	10	2	10
Europe	197	1,259	427	245	1,453	512	269	1,690	580
France	2	58	13	5	69	18	5	85	21
The Netherlands	1	184	33	1	214	38	1	234	42
Norway	159	622	275	172	619	287	183	683	310
United Kingdom	35	395	106	67	551	169	80	688	207
Middle East	311	990	493	317	1,370	570	308	1,185	527
United Arab Emirates	233	70	246	226	72	240	207	76	222
Iran							2		2
Iraq	6		6						
Oman	24	61	37	24	62	36	23	55	34
Qatar	38	560	139	44	616	155	49	639	164
Syria				11	218	53	14	130	39
Yemen	10	299	65	12	402	86	13	285	66
Total production	1,220	5,880	2,300	1,226	6,098	2,346	1,340	5,648	2,378
Including production share of equity affiliates	308	1,635	611	316	1,383	571	300	781	444
Algeria				10	3	10	19	4	20
Colombia				4		4	7		7
Venezuela	38	7	40	44	7	45	45	6	46
United Arab Emirates	225	61	237	219	62	231	199	66	212
Oman	23	60	34	22	62	34	22	55	32
Qatar	7	364	74	8	382	78	8	367	75
Russia	15	844	171	9	465	95			
Yemen		299	55		402	74		283	52

^(a) The Group's production in Canada consists of bitumen only. All of the Group's bitumen production is in Canada.

Table of Contents**PRESENTATION OF PRODUCTION ACTIVITIES BY REGION**

The table below sets forth, by country, TOTAL's producing assets, the year in which TOTAL's activities commenced, the Group's interest in each asset and whether TOTAL is operator of the asset.

TOTAL's producing assets as of December 31, 2012 ^(a)			
	Year of entry into the country	Operated (Group share in %)	Non-operated (Group share in %)
Algeria	1952		
Angola	1953	Girassol, Jasmim, Rosa, Dalia, Pazflor (Block 17) (40.00%)	Tin Fouye Tabankort (35.00%) Cabinda Block 0 (10.00%) Kuito, BBLT, Tombua-Landana (Block 14) (20.00%) Oombo (Block 3/91) (50.00%)
Gabon	1928	Anguille (100.00%) Anguille Nord Est (100.00%) Anguille Sud-Est (100.00%) Atora (40.00%) Avocette (57.50%) Ayol Marine (100.00%) Baliste (50.00%) Barbier (100.00%) Baudroie Marine (50.00%) Baudroie Nord Marine (50.00%) Coucal (57.50%) Girelle (100.00%) Gonelle (100.00%) Grand Anguille Marine (100.00%) Grondin (100.00%) Hylia Marine (75.00%) Lopez Nord (100.00%)	

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		Mandaros (100.00%)	
		M Boumba (100.00%)	
		Mérou Sardine Sud (50.00%)	
		Pageau (100.00%)	
		Port Gentil Océan (100.00%)	
		Port Gentil Sud Marine (100.00%) Tchengue (100.00%)	
		Torpille (100.00%)	
		Torpille Nord Est (100.00%)	
Libya	1959		Rabi Kounga (47.50%) zones 15, 16 & 32 (75.00%)(b)
			zones 70 & 87 (75.00%)(b)
			zones 129 & 130 (30.00%)(b)
			zones 130 & 131 (24.00%)(b)
Nigeria	1962	OML 58 (40.00%)	
		OML 99 Amenam-Kpono (30.40%)	
		OML 100 (40.00%)	
		OML 102 (40.00%)	OML 102-Ekanga (40.00%)
		OML 130 (24.00%)	
		OML 138 (20.00%)	
			Shell Petroleum Development Company (SPDC 10.00%)
The Congo, Republic of	1928	Kombi-Likalala-Libondo (65.00%)	OML 118 - Bonga (12.50%)
		Moho Bilondo (53.50%)	
		Nkossa (53.50%)	
		Nsoko (53.50%)	
		Sendji (55.25%)	
		Tchendo (65.00%)	
		Tchibeli-Litanzi-Loussima (65.00%) Tchibouela (65.00%)	
		Yanga (55.25%)	Loango (50.00%)
			Zatchi (35.00%)

Table of Contents

	Year of entry into the country	Operated (Group share in %)	Non-operated (Group share in %)
Canada	1999		Surmont (50.00%)
United States	1957		Several assets in the Barnett Shale area (25.00%)(c) Several assets in the Utica Shale area (25.00%)(c) Chinook (33.33%) Tahiti (17.00%)
Argentina	1978	Aguada Pichana (27.27%) Aries (37.50%) Cañadon Alfa Complex (37.50%) Carina (37.50%) Hidra (37.50%) San Roque (24.71%)	Sierra Chata (2.51%) San Alberto (15.00%) San Antonio (15.00%) Itaú (41.00%) Angostura (30.00%)
Bolivia	1995		PetroCedeño (30.323%) Yucal Placer (69.50%)
Trinidad & Tobago	1996		Several assets in UJV GLNG (27.50%)(d)
Venezuela	1980		South Sulige (49.00%)
Australia	2005		
Brunei	1986	Maharaja Lela Jamalulalam (37.50%)	
China	2006		
Indonesia	1968	Bekapai (50.00%) Handil (50.00%) Peciko (50.00%) Sisi-Nubi (47.90%) South Mahakam (50.00%) Tambora (50.00%) Tunu (50.00%)	Badak (1.05%) Nilam-gas and condensates (9.29%)

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Myanmar	1992	Yadana (31.24%)	Nilam-oil (10.58%)
Thailand	1990		Bongkot (33.33%)
Azerbaijan	1996		Shah Deniz (10.00%)
Russia	1991	Kharyaga (40.00%)	Several fields through the participation in Novatek (15.34%)
France	1939	Lacq (100.00%)	
		Meillon (100.00%)	
		Pécorade (100.00%)	
		Lagrave (100.00%)	
		Lanot (100.00%)	

Table of Contents

	Year of entry into the country	Operated (Group share in %)	Non-operated (Group share in %)
Norway	1965	Atla (40.00%) Skirne (40.00%)	Åsgard (7.68%) Ekofisk (39.90%) Eldfisk (39.90%) Embla (39.90%) Gimle (4.90%) Glitne (21.80%) Gungne (10.00%) Heimdal (16.76%) Huldra (24.33%) Islay (5.51%)(e) Kristin (6.00%) Kvitebjørn (5.00%) Mikkel (7.65%) Morvin (6.00%) Oseberg (14.70%) Oseberg East (14.70%) Oseberg South (14.70%) Sleipner East (10.00%) Sleipner West (9.41%) Snøhvit (18.40%) Tor (48.20%) Troll I (3.69%) Troll II (3.69%) Tune (10.00%) Tyrhans (23.18%)

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			Vale (24.24%)
			Vilje (24.24%)
			Visund (7.70%)
			Visund South (7.70%)
			Yttergryta (24.50%)
The Netherlands	1964	F6a gaz (55.66%)	
		F6a huile (65.68%)	
		F15a Jurassic (38.20%)	
		F15a/F15d Triassic (32.47%)	
		F15d (32.47%)	
		J3a (30.00%)	
		K1a (40.10%)	
		K1b/K2a (54.33%)	
		K2c (54.33%)	
		K3b (56.16%)	
		K3d (56.16%)	
		K4a (50.00%)	
		K4b/K5a (36.31%)	
		K5b (45.27%)	
		K6/L7 (56.16%)	
		L1a (60.00%)	
		L1d (60.00%)	
		L1e (55.66%)	
		L1f (55.66%)	
		L4a (55.66%)	
		L4d (55.66%)	
			E16a (16.92%)
			E17a/E17b (14.10%)
			J3b/J6 (25.00%)
			Q16a (6.49%)

Table of Contents

	Year of entry into the country	Operated (Group share in %)	Non-operated (Group share in %)
United Kingdom	1962	Alwyn North, Dunbar, Ellon, Grant, Nuggets (100.00%) Elgin-Franklin (EFOG 46.17%)(f) Forvie Nord (100.00%) Glenelg (49.47%) Islay (94.49%)(e) Jura (100.00%) West Franklin (EFOG 46.17%)(f)	Bruce (43.25%) Markham unitized fields (7.35%) Keith (25.00%)
U.A.E.	1939	Abu Dhabi-Abu Al Bu Khoosh (75.00%)	Abu Dhabi offshore (13.33%)(g) Abu Dhabi onshore (9.50%)(h) GASCO (15.00%) ADGAS (5.00%) Halfaya (18.75%)(i)
Iraq	1920		Various fields onshore (Block 6) (4.00%)(j)
Oman	1937		Mukhaizna field (Block 53) (2.00%)(k)
Qatar	1936	Al Khalij (100.00%)	North Field-Bloc NF Dolphin (24.50%) North Field-Bloc NFB (20.00%) North Field-Qatargas 2 Train 5 (16.70%)
Syria	1988	Deir Ez Zor (Al Mazraa, Atalla North, Jafra, Marad, Qahar, Tabiyeh) (100.00%)(l)	
Yemen	1987	Kharir/Atuf (Block 10) (28.57%)	Various fields onshore (Block 5) (15.00%)

(a) The Group's interest in the local entity is approximately 100% in all cases except for Total Gabon (58.28%) and certain entities in Abu Dhabi and Oman (see notes b through l below).

(b) TOTAL's stake in the foreign consortium.

(c) TOTAL's interest in the joint venture with Chesapeake.

(d) TOTAL's interest in the unincorporated Joint Venture

(e) The field of Islay extends partially in Norway. Total E&P UK holds a 94.49% interest and Total E&P Norge holds a 5.51% interest.

(f) TOTAL has a 46.17% indirect interest in Elgin Franklin through its interest in EFOG.

(g) Through ADMA (equity affiliate), TOTAL has a 13.33% interest and participates in the operating company, Abu Dhabi Marine Operating Company.

(h) Through ADPC (equity affiliate), TOTAL has a 9.50% interest and participates in the operating company, Abu Dhabi Company for Onshore Oil Operation.

(i) TOTAL has an interest of 18.75% in the consortium.

(j) TOTAL has a direct interest of 4.00% in Petroleum Development Oman LLC, operator of Block 6, in which TOTAL has an indirect interest of 4.00% via Pohol (equity affiliate). TOTAL also has a 5.54% interest in the Oman LNG facility (trains 1 and 2), and an indirect participation of 2.04% through OLNGL in Qalhat LNG (train 3).

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^(k) TOTAL has a direct interest of 2.00% in Block 53.

^(l) Operated by DEZPC, which is 50% owned by TOTAL and 50% owned by GPC. Following the extension of European Union sanctions against Syria on December 1, 2011, TOTAL has ceased its activities that contribute to oil and gas production in Syria. For further information on U.S and European restrictions relevant to TOTAL's activities in Syria, see Item 3. Key information Risk Factors .

Africa

In 2012, TOTAL's production in Africa was 713 kboe/d, representing 31% of the Group's overall production, compared to 659 kboe/d in 2011 and 756 kboe/d in 2010.

In **Algeria**, TOTAL's production was 23 kboe/d in 2012, compared to 33 kboe/d in 2011 and 41 kboe/d in 2010. These declines in production were mainly due to the sale in July 2011 of TOTAL's 48.83% share in CEPESA. All of the Group's production in Algeria now comes from the Tin Fouyé Tabenkort (TFT) field (35%). TOTAL also has stakes of 37.75% and 47% in the Timimoun and Ahnet gas development projects, respectively.

On the TFT field, plateau production was maintained at 170 kboe/d.

Pursuant to the ALNAFT national agency approval, at end 2010, of the development plan, the Timimoun group, operator of the development and the exploitation of the field, has been created. The answers for the main tendering for the construction of the facility are being processed. A 3D seismic survey has started at year end 2012. Commercial gas production is scheduled to start up by the end of 2016, with anticipated plateau production of 1.6 Bm³/y (160 Mcf/d).

Under the Ahnet project, the technical section of a development plan was submitted to the authorities in

Table of Contents

July 2011. Discussions are underway with the project partners and the authorities. The anticipated plateau production is 4 Bm³/y (400 Mcf/d) as from the end of 2017.

In **Angola**, the Group's production was 179 kboe/d in 2012, compared with 135 kboe/d in 2011 and 163 kboe/d in 2010. Production comes mainly from Blocks 0, 14 and 17. Highlights of 2010 to 2012 included the launch of the CLOV project in August 2010, the start-up of production on Pazflor in August 2011, several discoveries on Blocks 15/06 and 17/06 and, finally, the acquisition of interests in Blocks 25, 39 and 40 in the Kwanza basin.

Deep-offshore Block 17 (40%, operator) is TOTAL's principal asset in Angola. It is composed of four major zones: Girassol, Dalia, Pazflor, which are all in production, and CLOV, which is currently being developed.

Production on Pazflor, which comprises the Perpetua, Zinia, Hortensia and Acacia fields and which started in August 2011, was 196 kb/d in 2012.

The development of CLOV started in 2010 and will result in the installation of a fourth floating production, storage and offloading units (FPSOs) with a production capacity of 160 kb/d. Start-up of production is expected in 2014.

On Block 14 (20%), production on the Tombua-Landana field started in 2009 and adds to production from the Benguela-Belize-Lobito-Tomboco and Kuito fields.

The development of the Lianzi (10%) field was approved in 2012. Located in the offshore unitization zone between Angola and the Republic of Congo, this field will be developed by a connection with the existing Benguela-Belize-Lobito-Tomboco platform (Block 14). Production start-up is expected in 2015.

On Block 0, the development of Mafumeira Sul (10%) was approved by the partners and the authorities. This project is the second phase of the development of the Mafumeira field. The first oil is expected in 2015.

On the ultra-deep offshore Block 32 (30%, operator), exploration work continues and the basic engineering studies are underway for the Kaombo project.

These studies are expected to permit the development of the discoveries made in the southeast portion of the block through two FPSOs with an estimated capacity of 100 kb/d each. The calls for tender have been issued and the final decision on investment should be made in 2013.

On Block 15/06 (15%), the development of a first production hub including the discoveries located in the northwest portion of the block began in early 2012. TOTAL has operations on exploration Blocks 33 (55%, operator), 17/06 (30%, operator), 25 (35%, operator), 39 (15%) and 40 (50%, operator). The Group plans to drill for pre-salt targets in Blocks 25, 39 and 40.

TOTAL is also developing in LNG through the Angola LNG project (13.6%), which includes a gas liquefaction plant near Soyo. The plant will be supplied in particular by the gas associated with production from Blocks 0, 14, 15, 17 and 18. Construction work is now complete and start-up is expected mid-2013.

In **Cameroon**, TOTAL finalized in April 2011 the sale of its entire 75.8% stake in its Upstream subsidiary Total E&P Cameroun. Since that time, the Group no longer owns any exploration or production assets in the country. Production was 3 kboe/d in 2011 and 9 kboe/d in 2010.

In **Côte d'Ivoire**, TOTAL is active in four deep offshore exploration licenses.

TOTAL is the operator of the CI-100 (60%) license and, since February 2012, the CI-514 (54%) license and also holds, since February 2012, a stake in the CI-515 (45%) and CI-516 (45%) licenses. A comprehensive 3D seismic survey was conducted on the CI-100 license, and the first exploration drilling started at the beginning of January 2013. The 2,000 km² license is located approximately 100 km southeast of Abidjan in water depths ranging from 1,500 m to 3,100 m.

A 3D seismic survey campaign, covering the whole of the three licenses CI-514, CI-515 and CI-516, was completed in December 2012. The data are currently being interpreted.

In **Egypt**, TOTAL signed a concession agreement in 2010 and became operator of Block 4 (East El Burullus Offshore). In January 2013, TOTAL sold a 40% interest in Block 4, but continues to operate this license with a 50% stake. The license, located in the Nile river basin where a number of gas discoveries have been made, covers a 4-year initial exploration period and includes a commitment to carrying out 3D seismic work and drilling exploration wells. Following the 3,374 km² 3D seismic survey shot in 2011, drilling is under preparation and should start in 2013.

In **Gabon**, the Group's production was 57 kboe/d in 2012 compared to 58 kboe/d in 2011 and 67 kboe/d in 2010. The Group's exploration and production activities in Gabon are mainly carried out by Total Gabon⁽¹⁾, one of the Group's oldest subsidiaries in sub-Saharan Africa.

Under the Anguille field redevelopment project, the AGM North platform, from which twenty-one additional

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(1) Total Gabon is a Gabonese company whose shares are listed on Euronext Paris. TOTAL holds 58.28%, the Republic of Gabon holds 25% and the public float is 16.72%.

Table of Contents

development wells are to be drilled, was installed in January 2012. The drilling campaign started early in the second quarter of 2012 and production from this platform, which should represent 20 kboe/d, is expected to start in 2013.

On the deep-offshore Diaba license, Total Gabon, the operator, sold off in June 2012 part of its interest, which now stands at 42.5%. A 6,000 km² 3D seismic survey was shot, processed and interpreted in 2010. Initial exploration drilling is planned for the first half of 2013.

Total Gabon farmed into the onshore Mutamba-Iroru (50%), DE7 (30%), and Nziembou (20%) exploration licenses in 2010. Following negative exploration drilling on license DE7, Total Gabon relinquished the license in 2011. After reprocessing the existing seismic data, the Nguongui-updip well was drilled on the Mutamba-Iroru license in 2012 and revealed the presence of hydrocarbons. The commercial viability of this discovery will be investigated further. A 2D seismic survey was made on the Nziembou license in 2012, and an exploration well is due to be drilled in 2014.

In **Kenya**, TOTAL acquired in September 2011 a 40% stake in five offshore licenses in the Lamu basin (L5, L7, L11a, L11b and L12), representing a total surface area of more than 30,600 km² in water depths ranging from 100 m to 3,000 m. Following a 3,500 km² 3D seismic survey in the initial exploration period, 25% of the surface area of the five blocks has been relinquished and the decision was made to drill two exploration wells in 2013 on Blocks L7 and L11b. In June 2012, the Group also acquired the L22 offshore license (100%, operator), located in the same basin and covering a surface area of more than 10,000 km² in water depths ranging from 2,000 m to 3,500 m.

In **Libya**, the Group's production was 62 kb/d in 2012, compared to 20 kb/d in 2011 and 55 kb/d in 2010. TOTAL is present in the following contract zones: 15, 16 & 32 (75%⁽¹⁾), 70 & 87 (75%⁽¹⁾), 129 & 130 (30%⁽¹⁾), 130 & 131 (24%⁽¹⁾), and Block NC 191 (100%⁽¹⁾, operator).

In 2012, production recovered the level preceding the events of 2011 in the country that had caused the interruption of production in late February 2011.

In offshore zones 15, 16 and 32, production resumed in September 2011 and quickly reached its former level. The drilling of two wells is expected to start in the second quarter of 2013.

In onshore zones 70 and 87, production resumed in January 2012. It gradually ramped back up to plateau

level. In addition, the Group is continuing the development of the Dahra and Garian fields, where production is expected to start at the beginning of 2014.

In onshore zones 129, 130 and 131, production resumed in October 2011. A return to plateau level production occurred in 2012. The seismic campaign started before the events and will be pursued in 2013.

In the onshore Murzuk basin, following a successful appraisal well drilled on the discovery made on a portion of Block NC 191, a development plan was submitted to the authorities in 2009. After the interruption related to the events of 2011 in the country, discussions with the authorities have restarted.

In **Madagascar**, TOTAL acquired in 2008 a 60% stake in the Bemolanga 3102 license (operator) to appraise the license's oil sand accumulations. The exploitation of oil sand accumulations is no longer a consideration, TOTAL is focusing on exploration for conventional hydrocarbons. The conventional exploration of the block is expected to continue in 2013 with a 2D seismic survey following the approval of an additional two-year extension by the local authorities of the exploration phase.

In **Mauritania**, TOTAL has exploration operations on the Ta7 and Ta8 licenses (60%, operator) located in the Taoudenni basin. In January 2012, TOTAL acquired interests in two exploration licenses (90%, operator): Block C9 in ultra-deep offshore, and Block Ta29 onshore in the Taoudenni basin.

Following a 2D seismic survey shot in 2011 on license Ta7, a well has been prepared and drilling operations started in February 2013.

On the Ta8 license, drilling of the exploration well ended in 2010. Results from the well were disappointing.

A 900 km² 2D seismic shot was taken on Block Ta29 in 2012.

On Block C9, a 3D seismic campaign started at the end of January 2013.

In **Morocco**, an authorization of recognition was awarded in December 2011 to TOTAL and the ONHYM (National Bureau of Petroleum and Mines) for an offshore zone of 100,000 km². In the 2012, the Group led geological studies and realized a seabed survey. In December 2012, the authorization of recognition was extended by one year and 3D seismic survey shot of 5,000 km² started at the end of 2012.

⁽¹⁾ TOTAL's stake in the foreign consortium.

Table of Contents

In **Mozambique**, TOTAL acquired a 40% stake in the contract to share the production of the offshore Blocks 3 and 6 in September 2012. Located in the prolific Rovuma basin, these two blocks cover a total surface area of 15,250 km² in water depths ranging from 0 m to 2,500 m. An exploration well was drilled in 2012. The results are currently being analyzed.

In **Nigeria**, the Group's production was 279 kboe/d in 2012, compared to 287 kboe/d in 2011 and 301 kboe/d in 2010. This level of production makes of Nigeria the first contributing country for the productions of the Group in 2012. TOTAL has been present in Nigeria since 1962. It operates seven production licenses (OML) out of the thirty-eight in which it has a stake, and two exploration licenses (OPL) out of the five in which it has a stake. TOTAL is also the operator of the exploration Block 1 in the Joint Development Zone (JDZ administered jointly by Nigeria and São Tomé and Príncipe). The Group is also active in LNG through Nigeria LNG and the Brass LNG project. Regarding recent variations in the mining fields:

In November 2012, TOTAL announced the signing of an agreement to sell its 20% stake in Block OML 138, which includes the Usan field. The agreement is subject to approval by the relevant authorities.

In 2011, TOTAL (operator) increased its stake from 45.9% to 48.6% in Block 1 of the JDZ.

The divestment of the 10% Group's stakes held through the joint venture operated by Shell Petroleum Development Company (SPDC) in Blocks OML 26 and 42 was finalized in 2011, and in Blocks OML 30, 34 and 40 in 2012. Blocks OML 4, 38 and 41 were sold in 2010.

TOTAL owns 15% of the Nigeria LNG gas liquefaction plant, located on Bonny Island, with an overall LNG capacity of 22Mt/y.

With respect to the Brass LNG gas liquefaction plant project (17%), preliminary work continued in 2012 prior to launching the construction of two trains, each with a capacity of 5 Mt/y. Calls for tenders for the construction of the plant and loading facilities are underway.

TOTAL continues its efforts to strengthen its ability to supply gas to the LNG projects in which it owns a stake and to meet the growing domestic demand for gas:

As part of its joint venture with the Nigerian National Petroleum Company (NNPC), TOTAL pursued the project to increase the gas production capacity of the OML 58 license (40%, operator) from 370 Mcf/d to 550 Mcf/d. The second phase of this project will be the development of additional reserves. A drilling incident on OML 58 in late March 2012 resulted in the facilities being stopped. The incident

was resolved and production gradually ramped up as of June 2012. The facilities were stopped again and secured in October 2012 due to exceptionally high rainfall. Production resumed in November 2012.

On the OML 112/117 licenses (40%), TOTAL continued development studies in 2012 for the Ima gas field.

On the OML 99 license (40%, operator), engineering work is underway to develop the Ikike field, where production is expected to start in 2016 (estimated capacity: 55 kboe/d).

On the OML 102 license (40%, operator), TOTAL continues to develop the Ofon phase 2 project, which was launched in 2011, with an expected capacity of 60 kboe/d and production start-up scheduled end of 2014. In 2011, the Group also discovered Etisong North, located 15 km of the currently-producing Ofon field. The exploration campaign continued in 2012 with the drilling of the Eben well, which is also south of Ofon. The positive results produced by this well further enhance the appeal of the future Etisong-Eben development hub as a satellite of the Ofon field.

On the deep water acreage, TOTAL drilled three exploration wells in 2012: Obo and Enitimi on JDZ block 1, and Owowo West on OPL 223. Results are under study.

On the OML 130 license (24%, operator), the Akpo field reached plateau production of 225 kboe/d in 2010. The Group is actively working on the Egina field (capacity of 200 kboe/d), for which a development plan has been approved by the relevant authorities. Calls for tender are underway and the contracts should be signed in the second quarter of 2013.

On the OML 138 license (20%, operator), TOTAL started production on the Usan offshore field in February 2012 (180 kb/d, capacity of the FPSO), which reached a level of 120 kboe/d at the end of 2012. As described above, on November 2012, TOTAL signed an agreement on the sale of its 20% stake in Block OML 138. This agreement is subject to approval by the relevant authorities, expected in 2013.

The production that is not operated by the Group in Nigeria comes mainly from the SPDC association, in which TOTAL holds a 10% stake. Gas production by the SPDC association in 2011 remained strong due to the contribution made by the Gbaran-Ubie project, which started up in 2010. However, the sharp increase of oil bunkering in 2012 had an impact on onshore production, as well as on the integrity of the facilities and the environment. TOTAL also holds a 12.5% interest in the Shell Nigeria Exploration and Production Company (SNEPCO) association, which operates notably on the OML 118 license. On this license, the

Table of Contents

Bonga field contributed approximately 15 kboe/d to the Group's production in 2012.

On the operated deep water acreage, the Bonga Northwest development project was progressed in 2012 on the OML 118 licence (12.5%).

In **Uganda**, TOTAL finalized in February 2012 its farm-in for an interest of 33.33% covering the EA-1, EA-1A and EA-2 licenses as well as the new Kanywataba license and the Kingfisher production license. All of these licenses are located in the Lake Albert region, where oil resources have already been discovered.

TOTAL is the operator of EA-1 and EA-1A and a partner on the other licenses. TOTAL and its partners are embarking on an exploration and appraisal program from 2012 onwards.

The Kanywataba exploration well was drilled in June 2012 and produced negative results. The license expired in August 2012 and was returned to the authorities.

The EA-1A license expired in February 2013, following a campaign of several exploration drillings.

On the appraisal license EA-1, a campaign of appraisal wells, production tests and a 3D seismic survey are planned for 2012-2014. Five development plans will be submitted to the authorities before the end of 2013 (Ngiri, Jobi-Rii, Mpyo, Gunya and Jobi East).

On the appraisal license EA-2, the campaign of appraisal wells and production tests started in 2012 will continue in 2013. Several development plans will be submitted to the authorities before the end of 2013 (Waraga, Kasamene, Wahrindi, Kigogole, Ngege, Ngara and Nsoga).

The development plan of the EA-3 production license of the Kingfisher field was finalized by the operator in November 2012 and submitted to the authorities for approval.

In the **Republic of Congo**, the Group's production was 113 kboe/d in 2012, compared to 123 kboe/d in 2011 and 120 kboe/d in 2010.

The development of the Lianzi field (26.75%) was approved in 2012. Located in the offshore unitization zone between Angola and the Republic of Congo, this field will be developed by a tieback to the existing Benguela-Belize-Lobito-Tomboco platform (Block 14 in Angola). Production start-up is expected in 2015.

The Moho Bilondo offshore field (53.5%, operator), reached plateau production of 90 kboe/d in mid-2010. The field has now started its decline. The existence of additional resources in the southern portion of the license was confirmed in 2010, creating the prospects for additional development of the

existing facilities (Phase 1b). The basic engineering studies were finished in 2012.

A series of agreements on the contractual and fiscal conditions applicable to the Moho Bilondo license were signed with the authorities in July 2012 and approved by a law passed in October 2012, triggering the development of the northern portion of the license, the potential of which was bolstered by appraisal and exploration wells drilled in 2008 and 2009 (Moho North project). The basic engineering studies were finished in 2012.

The Phase 1b and Moho North projects have been launched in March 2013, with production start-up planned in 2015 and 2016 respectively. The estimated production capacities are about 140 kboe/d in 2017 (Phase 1b 40 kboe/d, Moho Nord 100 kboe/d).

Production on Libondo (65%, operator), which is part of the Kombi-Likalala-Libondo operating license, started up in March 2011. Plateau production reached 12 kboe/d in 2011. A substantial portion of the equipment was sourced locally in Pointe-Noire through the redevelopment of a construction site that had been idle for several years.

In the **Democratic Republic of the Congo**, following the Presidential decree approving TOTAL's entry in 2011 as operator with a 60% interest in Block III of the Graben Albertine, the exploration permit was issued in January 2012 by the Minister of Hydrocarbons for a period of three years and subsequently extended by an additional year due to the postponement of the works resulting from the general security situation in the eastern part of the country. This block is located in the Lake Albert region. TOTAL acquired an additional 6.66% of this block in March 2012. The prospecting program is limited to the northern portion of the license, which is outside the Virunga park. A helicopter acquisition of gravimetric and magnetic data was completed in August 2012.

In the **Republic of South Sudan**, TOTAL holds an interest in Block B and is working with state authorities to resume exploration activities on this zone. Since the independence of the Republic of South Sudan on July 9, 2011, TOTAL is no longer present in Sudan.

North America

In 2012, TOTAL's production in North America was 69 kboe/d, representing 3% of the Group's overall production, compared to 67 kboe/d in 2011 and 65 kboe/d in 2010.

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In **Canada**, TOTAL signed in March 2011 a partnership with Suncor related to the Fort Hills and Joslyn mining

Table of Contents

projects and the Voyageur upgrader. This partnership allows TOTAL to reorganize around two major hubs the different oil sands assets that it has acquired over the last few years: on the one hand, a Steam Assisted Gravity Drainage (SAGD) hub focused on Surmont's (50%) ongoing development and, on the other hand, a mining and upgrading hub, which includes the TOTAL-operated Joslyn (38.25%) and Suncor-operated Fort Hills (39.2%) mining projects and the Suncor-operated Voyageur upgrader (49%) project. The Group also has a 50% stake in the Northern Lights mining project (operator) and 100% of a number of oil sands leases acquired through several auction sales. The Group's production was 12 kboe/d in 2012, compared to 11 kboe/d in 2011 and 10 kboe/d in 2010.

On the Surmont lease, gross commercial production in SAGD mode of the first development phase in 2012 was around 25 kboe/d of bitumen from forty well pairs. The operator plans to drill additional wells in 2013 and to continue to convert the activation method on the existing wells from gas lift to electric submersible pump (ESP) in order to improve production. In addition, a project to debottleneck the steam has been initiated which will allow to increase the production of Phase 1.

In early 2010, the partners of the project decided to launch the construction of the second development phase. The goal of production start-up from Surmont Phase 2 has been set for 2015 and overall production capacity from the field is expected to increase to 130 kboe/d. In April 2011, the authorities issued a license permitting production (phases 1 and 2) of up to 136 kboe/d.

The Joslyn license is expected to be exploited using mining techniques. After the public hearings in 2010 and the 2011 provincial and federal Canadian authorities approval for a project of 100 kboe/d, the engineering studies including a review of the design to optimize the production of the Joslyn North Mine project are underway. On-site preliminary works were launched (surface waters drainage and civil engineering).

TOTAL closed in September 2010 the acquisition of UTS and its main asset: a 20% stake in the Fort Hills lease. In 2011, as part of their partnership, TOTAL acquired from Suncor an additional 19.2% stake in the lease, thereby increasing its stake to 39.2%. The pre-project studies and site preparation work are underway. The Fort Hills mining project has already been approved by the authorities for a first development phase with a capacity of 180 kboe/d. After the completion of the pre-project studies in June 2012, the basic engineering studies are now in progress, with a final decision on investment expected for 2013. Some contracts for detailed engineering works have already been awarded.

TOTAL also acquired in December 2010 a 49% interest in the Voyageur upgrader project, which is operated by Suncor, located in the Canadian province of Alberta and intended to upgrade bitumen from the Fort Hills and Joslyn mines. In 2012, the estimate of this project's cost and the evolution of North American oil markets modified its strategic and economic perspectives. As a consequence, the partners, TOTAL and Suncor, launched a joint strategic review of the development plan for the Voyageur upgrader. This detailed review included, notably, the optimization of the development plan, production evacuation logistics studies and implications of possible evolutions of the project. Pending the finalization of this review, development spending on the project was minimized during this period and until a joint decision on the future development of this project by both partners, TOTAL and Suncor.

On March 27, 2013, TOTAL entered into an agreement for the sale to Suncor Energy Inc. of its 49% interest in the Voyageur upgrader project. The mining developments of Fort Hills and Joslyn are not affected by this transaction and continue according to the production evacuation logistics studies jointly conducted with Suncor (see Item 8. Significant changes).

The Group also holds a 50% stake in the Northern Lights project, which is expected to be developed through mining techniques.

In the **United States**, the Group's production was 57 kboe/d in 2012, compared to 56 kboe/d in 2011 and 55 kboe/d in 2010.

In the Gulf of Mexico:

The deep-offshore Tahiti oil field (17%) reached peak production of 135 kboe/d in 2009. Phase 2, which was launched in September 2010, comprises drilling four injection wells and two producing wells. The injection of water, which attempts to limit the decline of the wells, started in February 2012. The second producing well is currently being drilled.

The Chinook 4 well in the deep offshore Chinook project (33.33%) started production in the third quarter of 2012. More drilling operations are planned, including one well underway (Chinook 5).

The TOTAL (40%) Cobalt (60%, operator) alliance's exploratory drilling campaign was launched in 2009 and the drilling of the first three wells produced disappointing results. This

Table of Contents

campaign was interrupted due to the U.S. government's moratorium on deep offshore drilling operations in 2010 and resumed in 2012 with the drilling of the Ligurian 2 and North Platte wells. A significant discovery of oil was made in the latter in December 2012. Appraisal works are planned.

In 2010, the Group disposed of its equity stakes in the Matterhorn and Virgo operated fields.

Following the signature of an agreement in late 2009, a joint venture was set up with Chesapeake to produce shale gas in the Barnett Shale Basin in Texas. Under this joint venture, TOTAL owns 25% of Chesapeake's portfolio in the area. In 2011, approximately 300 additional wells were drilled, enabling gas production to reach 1.4 Bcf/d at the end of 2011. Following the drop in gas prices in the United States, drilling activity was sharply reduced in 2012, with around 100 wells being drilled. The hook-up of certain wells drilled in 2011 helped to maintain production in 2012.

At the end of 2011, TOTAL signed an agreement with Chesapeake and EnerVest to enter into a joint venture. Pursuant to the agreement, TOTAL acquired a 25% share in Chesapeake's and EnerVest's liquid-rich area of the Utica shale play in Ohio. More than 100 wells were drilled in 2012 and forty-seven were connected and started producing.

Engineers from TOTAL are assigned to the teams led by Chesapeake.

The Group holds a 50% stake in American Shale Oil LLC (AMSO) to develop *in situ* shale oil technology. The pilot to develop this technology is underway in Colorado.

In March 2012, TOTAL entered a 50/50 joint venture with Red Leaf Resources for the *ex-situ* development of oil shale and agreed to fund a production pilot before any larger-scale development.

In October 2012, TOTAL finalized an agreement to buy about 30,000 additional acres in Colorado and Utah, with a view to developing *in situ* shale oil techniques (AMSO technique) or *ex-situ* techniques (Red Leaf technique).

In Mexico, TOTAL is conducting various studies with state-owned PEMEX under a general technical cooperation agreement renewed in July 2011 for a period of five years.

South America

In 2012, TOTAL's production in South America was 182 kboe/d, representing 8% of the Group's overall production, compared to 188 kboe/d in 2011 and 179 kboe/d in 2010.

In Argentina, where TOTAL has been present since 1978, the Group operated 30%⁽¹⁾ of the country's gas production in 2012. The Group's production was 83 kboe/d in 2012, compared to 86 kboe/d in 2011 and 83 kboe/d in 2010.

In Tierra del Fuego, the Group notably operates the Carina and Aries offshore fields (37.5%). Further to the re-appraisal of the reserves of the Carina field, two additional wells are expected to be drilled from the existing platform. These wells should allow production levels from the facilities operated by the Group in Tierra del Fuego to be maintained at about 615 Mcf/d until the Vega Pleyade field (37.5%, operator) starts up in 2015.

In the Neuquén basin, TOTAL started a drilling campaign in 2011 on its mining licenses in order to assess their shale gas and oil potential. In 2012, this campaign, which started on the Aguada Pichana license (27.3%, operator), was extended to all the blocks operated by the Group: San Roque (24.7%, operator), Rincón la Ceniza and La Escalonada (85%, operator), Aguada de Castro (42.5%, operator), and Pampa de las Yeguas II (42.5%, operator), as well as to the blocks operated by third parties: Cerro Las Minas (40%), Cerro Partido (45%), Rincón de Aranda (45%) and Veta Escondida (45%). The first results of the production tests on the wells drilled during this campaign are positive and analyses are underway. The conventional production continues on the Group's assets in this basin.

In Bolivia, the Group's production, primarily gas, amounted to 27 kboe/d in 2012, compared to 25 kboe/d in 2011 and 20 kboe/d in 2010. TOTAL has stakes in six licenses: three producing licenses, San Alberto and San Antonio (15%) and Block XX Tarija Oeste (41%), and three licenses in the exploration or appraisal phase, Aquio and Ipati (80%, operator) and Rio Hondo (50%).

Production started up in February 2011 on the gas and condensates Itaú field located on Block XX Tarija Oeste; it is routed to the existing facilities of the neighboring San Alberto field. In early 2011, TOTAL decreased its stake to 41% in Block XX Tarija Oeste after divesting 34% and is no longer the operator. The development of phase 2, which was approved by the local authorities in 2011, continued in 2012 and is expected to increase the field's production by 1.5 Mm³/d to 4.5 Mm³/d over the course of 2013.

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(1) Source: Argentinean Ministry of Federal Planning, Public Investment and Services - Energy Secretary.

Table of Contents

In 2004, TOTAL discovered the Incahuasi gas field on the Ipati Block. In 2011, an appraisal well confirmed the extension of the discovery northwards onto the adjacent Aquio Block. TOTAL consequently filed a declaration of commerciality for the Aquio and Ipati Blocks, which was approved by the local authorities in 2011. Additional appraisal work is underway, notably with the drilling of a second well on the Ipati Block, which started in January 2012 with encouraging results. In December 2012, TOTAL submitted to the Bolivian authorities a Phase 1 development plan, including two wells tied to a central processing plant of 6.5 Mm³/d for which calls for tenders have been launched. A third appraisal well should be drilled in 2013 which will be tied back to the Phase 1 project in case of success.

In **Brazil**, TOTAL has equity stakes in three exploration blocks: Blocks BC-2 (41.2%) and BM-C-14 (50%) in the Campos basin, and Block BM-S-54 (20%) in the Santos basin.

The Xerelete field is mainly located on Block BC-2, with an extension on Block BM-C-14. In 2012 TOTAL became the operator of the field. Following seismic reprocessing, a pre-salt prospect was found under the Xerelete discovery made in 2001 at a water depth of 2,400 m. Further to approval by the authorities, TOTAL expects to resume drilling activity on the block at the end of 2013.

On Block BM-S-54, a first well was drilled in the pre-salt at the end of 2010 on the Gato do Mato structure, and a significant oil column was found. Between October 2011 and July 2012, an exploration/delineation campaign was conducted on the block, enabling a second structure (Epitonium) identified on Block BM-S-54 to be drilled, the productivity of the well drilled in 2010 to be tested and an appraisal well to be drilled in the northern part of the Gato do Mato structure. The encouraging results achieved on Gato do Mato are currently being analyzed in order to define the next steps in the appraisal of the field.

In **Colombia**, where TOTAL has had operations since 1973, the Group's production was 6 kboe/d in 2012, compared to 11 kboe/d in 2011 and 18 kboe/d in 2010. The drop in production in 2011 was due in particular to TOTAL's disposal of its interest in CEPISA, which was finalized in July 2011. The drop in production in 2012 was due to the sale in October 2012 of the Group's 100% owned subsidiary, TEPMA BV, which held an interest in the Cusiana field. This operation also involved the disposal of stakes in the OAM and ODC pipelines.

In 2011, TOTAL sold 10% of its stake in the Ocesa oil pipeline, thereby reducing its holding to 5.2%.

Following the discovery of Huron-1 in 2009 on the Niscota (50%) exploration license and a 3D seismic survey of this discovery in 2010, the first appraisal well, Huron-2, also found hydrocarbons and should be tested during the second quarter of 2013. The drilling of a second appraisal well, Huron-3, is in progress. The conceptual development studies have started for a declaration of commerciality in late 2013.

In **French Guiana**, TOTAL owns a 25% stake in the Guyane Maritime license. The license, located about 150 km off the coast, covers an area of approximately 24,100 km² in water depths ranging from 200 m to 3,000 m. At the end of 2011, the authorities extended the research permit until May 31, 2016.

After a 2,500 km² 3D seismic survey of the eastern portion of the block in 2009 and 2010, drilling started in 2011 of the GM-ES-1 well, about 170 km northeast of Cayenne on the Zaedyus prospect, at a water depth of more than 2,000 m. This well revealed two hydrocarbon columns in the gravelly reservoirs.

Two 3D seismic survey campaigns covering a total surface area of more than 5,000 km² were conducted in the center and extreme eastern portions of the block in 2012. The results of the GM-ES-2 appraisal well are disappointing, but they do not call the potential of the license into question. Drilling started on the GM-ES-3 exploration well at the end of 2012, and could be followed by two more exploration wells in 2013 and 2014.

In **Trinidad and Tobago**, where TOTAL has had operations since 1996, the Group's production was 16 kboe/d in 2012, compared to 12 kboe/d in 2011 and 3 kboe/d in 2010. TOTAL holds a 30% stake in the offshore Angostura field located on Block 2C and an 8.5% stake in the adjacent exploration Block 3A. Production started up in May 2011 on Phase 2, which corresponds to the gas development phase. The process to sell the companies owning these two assets was engaged in April 2012, with a sale anticipated in the first half of 2013.

In **Uruguay**, TOTAL acquired Block 14, located about 250 km offshore, in an auction sale in March 2012. The license covers an area of approximately 6,700 km² in water depths ranging from 2,000 m to 3,500 m. Under the terms of the contract to share production, signed in October 2012, TOTAL agreed to conduct a 3D seismic survey of the entire block, which started in November 2012, and to drill one well in the first three-year exploration phase.

In **Venezuela**, where TOTAL has had operations since 1980, the Group's production was 50 kboe/d in 2012, compared to 54 kboe/d in 2011 and 55 kboe/d in 2010. TOTAL has equity stakes in PetroCedeño (30.3%), which produces and upgrades extra heavy oil in the Orinoco Belt,

Table of Contents

in Yucal Placer (69.5%), which produces gas dedicated to the domestic market, and in the offshore exploration Block 4, located in Plataforma Deltana (49%). The development phase of the southern zone of the PetroCedeño field started in the second half of 2011. Pursuant to an amendment to the gas sale contract, a new development phase of the Yucal Placer field, which will boost the production capacity from 100 Mcf/d to 300 Mcf/d, started in June 2012.

Asia-Pacific

In 2012, TOTAL's production in Asia-Pacific was 221 kboe/d, representing 10% of the Group's overall production, compared to 231 kboe/d in 2011 and 248 kboe/d in 2010.

In **Australia**, where TOTAL has held leasehold rights since 2005, the Group owns 30% of the Ichthys project, 27.5% of the Gladstone LNG project and seven offshore exploration licenses, including three that it operates, off the northwest coast in the Browse and Bonaparte basins. The Group's production was 5 kboe/d in 2012, compared to 4 kboe/d in 2011 and 1 kboe/d in 2010.

At the start of 2013, TOTAL acquired an additional 6% in the Ichthys project, increasing its stake to 30%. This project, launched in early 2012, is aimed at the development of the Ichthys gas and condensates field, located in the Browse basin. This development includes a floating platform designed for gas production, treatment and export, an FPSO (with a maximum capacity of 100 kb/d of condensates) to stabilize and export condensates, an 889 km gas pipeline and an onshore liquefaction plant (capacities of 8.4 Mt/y of LNG and 1.6 Mt/y of NGL) located in Darwin. The LNG has already been sold under long-term contracts mainly to Asian buyers. Production start-up is expected at year-end 2016.

In late 2010, TOTAL acquired a 20% stake in the GLNG project, followed by an additional 7.5% stake in March 2011. This integrated gas production, transport and liquefaction project is based on the development of coal gas from the Fairview, Roma, Scotia and Arcadia fields. The final investment decision was made in early 2011 and start-up is expected in 2015. LNG production is expected to eventually reach 7.2 Mt/y. The upstream development of the project and the construction of the pipeline are underway.

Two wells were drilled in 2011 on the WA-403 license (60%, operator). As one well demonstrated the presence of hydrocarbons, additional appraisal work will take place on this block (3D seismic) in the coming years.

At the end of 2012, TOTAL reduced its exposure on the WA-408 license (50%, operator) by disposing of 50% of its stake to partners. Three new exploration wells are planned, the first of which started in December 2012.

In 2012, TOTAL signed an agreement to enter four shale gas exploration licenses in the South Georgina basin in the center of the country. Under the terms of the agreement, TOTAL can increase its stake to 68% and become the operator in the event of development, which remains subject to approval by the authorities.

In **Brunei**, where TOTAL has been present since 1986, the Group operates the offshore Maharaja Lela Jamalulalam gas and condensates field located on Block B (37.5%). The Group's production was 12 kboe/d in 2012, compared to 13 kboe/d in 2011 and 14 kboe/d in 2010. The gas is delivered to the Brunei LNG liquefaction plant.

On Block B, the drilling campaign that started in 2009 continued until 2011. Two of the wells were connected to production facilities in 2010 and 2011. The other wells, which were exploratory, revealed new reserves in the southern portion of the field. A ten-year extension of the mining rights period was granted in December 2011 by the Brunei government, which has allowed a project to be launched to develop new reserves which will bring additional gas production, with deliveries to the Brunei LNG liquefaction plant starting in 2015.

On deep-offshore exploration Block CA1 (54%, operator), formerly Block J, exploration operations that were suspended in May 2003 due to a border dispute between Brunei and Malaysia resumed in September 2010. A new seismic survey started before the summer of 2011 and an initial campaign of three drilling operations started in October 2011. This campaign, which continued until October 2012, was disappointing, despite the identification of some layers containing hydrocarbons. Surveys to re-appraise the block's potential are underway and should result in a new exploration strategy.

In **China**, the Group has had operations since 2006 on the South Sulige Block, located in the Ordos basin in the Inner Mongolia province. Following appraisal work by TOTAL, China National Petroleum Corporation (CNPC) and TOTAL agreed to a development plan pursuant to which CNPC is the operator and TOTAL has a 49% stake.

The authorities gave the operator permission to undertake preliminary development work in the spring of 2011. The first development wells have been drilled and the facilities are presently in the test phase.

TOTAL is discussing with Sinopec a joint study agreement on the potential of the shale gas in a zone of around

Table of Contents

4,000 km² near Nanjing, on which Sinopec plans to conduct seismic and drilling operations. An agreement could be negotiated with the authorities to exploit these unconventional resources at a later stage.

In **Indonesia**, where TOTAL has had operations since 1968, the Group's production was 132 kboe/d in 2012, compared to 158 kboe/d in 2011 and 178 kboe/d in 2010.

TOTAL's operations in Indonesia are primarily concentrated on the Mahakam permit (50%, operator), which covers in particular the Peciko and Tunu gas fields. TOTAL also has a stake in the Sisi-Nubi gas field (47.9%, operator). TOTAL delivers most of its natural gas production to the Bontang LNG plant operated by the Indonesian company PT Badak. The overall capacity of the eight liquefaction trains of the Bontang plant is 22 Mt/y.

In 2012, gas production operated by TOTAL decreased to 1,871 Mcf/d from 2,227 Mcf/d in 2011 due to the maturity of most of the fields on the Mahakam field, which is now in decline. The gas operated and delivered by TOTAL accounted for nearly 79% of Bontang LNG's supply. Operated condensates and oil production from the Handil and Bekapai fields are added to this gas production.

On the Mahakam permit:

On the Tunu field in 2012, additional wells were drilled in the main reservoir and development wells targeted shallow gas reservoirs.

On the Peciko field, Phase 7 drilling, which started in 2009, is continuing.

On South Mahakam, which contains the Stupa, West Stupa and East Mandu condensate gas fields, production started at the end of October 2012. Other development wells are being drilled.

On the Sisi-Nubi field, which began production in 2007, drilling operations continue within the framework of a second phase of development. The gas from Sisi-Nubi is produced through Tunu's processing facilities.

On the Sebuku license (15%), the development of the Ruby gas field started in February 2011. Production start-up is scheduled for the end of 2013, with an estimated capacity of 100 Mcf/d.

On the Sageri exploration Block (50%), the first exploration well (Lempuk-1X), completed in early 2012, produced negative results.

In October 2012, TOTAL acquired a 100% stake in the exploration Block Bengkulu I Mentawai in the offshore Bengkulu basin, southwest of Sumatra.

In October 2012, the Group also acquired a 100% stake in the exploration Block Telen, in the offshore Kutai basin in the East Kalimantan province.

In May 2011, TOTAL acquired a 100% stake in the onshore and offshore exploration Block South West Bird's Head, located in the Salawati basin in the province of West Papua. The preparatory work on the Anggrek Hitam 1 exploration well started at the end of 2012 and drilling start up is planned for April 2013.

In December 2011, the Group signed an agreement for a 18.4% stake in a coal bed methane (CBM) block on Kutai II in East Kalimantan province. This supplements the 50% stake acquired in March 2011 on the similar Kutai Timur Block. The first wells and core drilling operations are planned for 2013.

Finally, TOTAL conducted surveys of several other exploration blocks in which it holds an interest: Amborip VI (24.5%), Arafura Sea (24.5%), Sadang (30%), South East Mahakam (50%, operator), South Mandar (33%) and South Sageri (45%).

In **Malaysia**, TOTAL signed a production sharing agreement in 2008 for the offshore exploration Blocks PM303 and PM324. TOTAL withdrew from the PM303 offshore exploration Block in early 2011 following seismic surveys. Exploration operations continued on Block PM 324 (50%, operator) and the first high-pressure/high-temperature drilling started in October 2011. The drilling continued under difficult technical conditions until September 2012. In geological terms, the results were disappointing. Surveys are underway to continue the appraisal of the block's potential.

TOTAL also signed in November 2010 a new production sharing agreement for the deep offshore exploration Block SK 317 B (85%, operator) located off the state of Sarawak. The interpretation of the 3D seismic data is underway and could result in the drilling of an exploration well in 2013.

In **Myanmar**, the Group's production was 16 kboe/d in 2012, compared to 15 kboe/d in 2011 and 14 kboe/d in 2010. TOTAL is the operator of the Yadana field (31.2%), which is located on offshore Blocks M5 and M6. This field produces gas that is delivered mainly to PTT (the Thai state-owned company) for use in Thai power plants as well as the domestic market via two pipelines that were built and are operated by MOGE, a state-owned company.

In September 2012, TOTAL entered into an agreement to take a 40% share of a production sharing agreement on the M-11 offshore Block in the Martaban basin. The acquisition was approved by the authorities at the start of 2013. The drilling of an exploration well is planned for 2013.

In **Papua New Guinea**, TOTAL acquired in October 2012, subject to the authorities' approval, a 40% stake, in the PPL234 and PPL244 offshore permits, 50% in the PRL10 offshore permit and an option for 35% of the PPL338 and

Table of Contents

PPL339 onshore permits. The program includes the drilling of two exploration wells in 2013.

In the **Philippines**, TOTAL has held a 75% stake in the SC56 license in the southern Sulu Sea since September 2012. The program of operations includes the refurbishment of the oldest seismic lines and a new seismic campaign which was realized at the beginning of year 2013.

In **Thailand**, the Group's production, which was 55 kboe/d in 2012, compared to 41 kboe/d in 2011 and 2010, comes from the Bongkot (33.33%) offshore gas and condensates field. PTT purchases all of the natural gas and condensates production from this field.

In the northern portion of the Bongkot field, new investments are in progress to allow gas demand to be met and plateau production to be maintained:

phase 3J (two well platforms) was launched in late 2010 and started up as scheduled in 2012;
phase 3K (two well platforms) was approved in September 2011 with start-up scheduled for 2013;
phase 3L (two well platforms) was approved in September 2012 with start-up scheduled for 2015; and
the second low-pressure compressor installation phase to increase gas production was completed in the first quarter of 2012.

The southern portion of the field (Greater Bongkot South) is also being developed in several phases. This development is designed to include a processing platform, a residential platform and thirteen production platforms. Production of the first phase (phase 4A), with a capacity of 350 Mcf/d, started in June 2012.

In **Vietnam**, TOTAL holds a 35% stake in the production sharing contract for the offshore 15-1/05 exploration Block following an agreement signed in 2007 with PetroVietnam. TOTAL has put its share up for sale.

In 2009, TOTAL and PetroVietnam signed a production sharing agreement for the onshore Blocks DBSCL-02 and DBSCL-03 (75%, operator). Based on the seismic information obtained in 2009 and 2010, the partners have decided not to continue the exploration work and the license was returned to the authorities when it expired in April 2012.

Commonwealth of Independent States (CIS)

In 2012, TOTAL's production in the CIS was 195 kboe/d, representing 8% of the Group's overall production, compared to 119 kboe/d in 2011 and 23 kboe/d in 2010.

In **Azerbaijan**, where TOTAL has had operations since 1996, on the field of Shah Deniz (10%), production was 16 kboe/d in 2012 and continues to progress regularly from one year to the next since 2010. TOTAL also holds a 10% stake of the South Caucasus Pipeline (SCP) gas pipeline that transports the gas produced in Shah Deniz to the Turkish and Georgian markets. TOTAL also holds a 5% stake of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, which connects Baku and the Mediterranean Sea and evacuates among others the condensates of Shah Deniz's gas.

Gas deliveries to Turkey and Georgia continued throughout 2012, at a lower pace for Turkey due to weaker demand than expected. Conversely, state-owned SOCAR continued to take greater quantities of gas than provided for by the agreement.

Development studies and business negotiations for the sale of additional gas needed to launch a second development phase in Shah Deniz field continued in 2012. In October 2011, SOCAR and Botas, a Turkish state-owned company, signed an agreement on the sale of additional gas volumes and the transfer conditions for volumes intended for the European market. The front end engineering and design (FEED) for the second phase were officially launched at the end of the first quarter of 2012. Negotiations and investigations into the means of transporting the gas from Shah Deniz to Europe are continuing at the same time. The goal is to reach a final decision on the investment in 2013 concerning the second development phase.

In 2009, TOTAL and SOCAR signed an exploration, development and production sharing agreement for a license located on the Absheron Block in the Caspian Sea. TOTAL (40%) is the operator during the exploration phase and a joint operating company will manage operations during the development and production phase. In September 2011, the first exploration well revealed a significant accumulation of gas that was tested in the first quarter of 2012. A discovery and commerciality declaration was filed in June 2012. Operations on the well continued with the drilling of a sidetrack to the north of the structure, which was completed in September 2012 with positive results. The field's development plan is under preparation and will be submitted to SOCAR for approval in the coming years, as required by the production sharing contract.

In **Kazakhstan**, TOTAL has owned since 1992 a 16.81% stake in the North Caspian license, which covers the Kashagan field in particular.

The Kashagan project is expected to develop the field in several phases. The development plan for the first phase (300 kb/d) was approved in February 2004 by the Kazakh authorities, permitting work to begin on the field. The consortium plans a start-up of production in 2013.

Table of Contents

In May 2012, the members of the North Caspian Sea Production Sharing Agreement (NCSPSA) consortium and the Kazakh authorities signed agreements to settle a number of issues regarding the contractual conditions of the first phase.

In November 2012, TOTAL acquired a 75% share in the North and South Nurmunaï onshore exploration blocks. These two blocks cover 14,500 km² and are located in the southwest of the country.

In **Russia**, where TOTAL has had operations through its subsidiary since 1991, the Group's production, which was 179 kboe/d in 2012 compared to 105 kboe/d in 2011 and 10 kboe/d in 2010, comes from the Kharyaga field (40%, operator) and TOTAL's stake in Novatek (15.34%).

In March 2012, the partners in the first development phase of the Shtokman project through Shtokman Development AG (TOTAL, 25%) decided to assess the feasibility of a project focusing exclusively on the production of liquefied natural gas (LNG). An analysis of the Shtokman project revealed that the technical solutions initially chosen to produce 23.7 Gm³/y of gas, half of which to be exported to Europe by pipeline and the other half to be shipped as LNG, involved capital outlay and operational costs that were too high to achieve acceptable profitability. The 2007 agreement between TOTAL and Gazprom expired on July 1, 2012, but technical discussions are ongoing between the two companies in order to agree on an economically viable development.

TOTAL and the Russian company Novatek, listed in Moscow and London, signed a strategic partnership agreement pursuant to which TOTAL acquired a 12.09% stake in Novatek in April 2011, with the intention of both parties for TOTAL to increase its holding to 19.40% within three years. In December 2011, TOTAL increased its stake in Novatek by 2% to 14.09%. Since April 2012, TOTAL has increased its stake in Novatek to reach 15.34% at year-end 2012.

TOTAL and its partner Novatek made the final investment decision to develop the Termokarstovoye field (capacity 65 kboe/d) at the end of 2011. This onshore deposit of gas and condensates is located in the Yamalo-Nenets district. The development and production license for the Termokarstovoye field is owned by ZAO Terneftegas, a joint venture between Novatek (51%) and TOTAL (49%).

In October 2011, TOTAL (20%) and Novatek signed the final agreements for the joint development of the Yamal LNG project. The Yamal LNG project covers the development of the South Tambey gas and condensates field, located on the Yamal Peninsula in the Arctic. The FEED studies were completed at the end of

2012, certain calls for tender have been issued and the final investment decision could be made in 2013.

On the Kharyaga field, work related to the development plan of phase 3 is ongoing. This development plan is intended to maintain plateau production above the 30 kboe/d level reached in late 2009. TOTAL sold 10% of the field to state-owned Zarubezhneft in January 2010, thereby decreasing its interest to 40%.

In 2009, TOTAL signed an agreement setting forth the principles of a partnership with KazMunaiGas (KMG) for the development of the Khvalynskoye gas and condensates field, located offshore in the Caspian Sea on the border between Kazakhstan and Russia, under Russian jurisdiction. Pursuant to this agreement, TOTAL is planning to acquire a 17% share from KMG. This transaction will be subject to approval by the authorities.

In **Tajikistan**, TOTAL signed an agreement in December 2012 with a view to acquiring a 33.3% stake in the Bocktar PSC. This transaction is subject to approval by the authorities.

Europe

In 2012, TOTAL's production in Europe was 427 kboe/d, representing 19% of the Group's overall production, compared to 512 kboe/d in 2011 and 580 kboe/d in 2010.

In **Bulgaria**, the Han Asparuh license (100%, operator), which covers 14,220 km² in the Black Sea, was awarded to TOTAL in July 2012 and a concession agreement was signed in August 2012. TOTAL has agreed to collect the seismic data and to drill two wells during the five-year term of the contract. An agreement to divest 30% stakes to OMV and Repsol was concluded in November 2012. Under the terms of this agreement, OMV will be the operator in the seismic phase and will then hand over the operatorship to TOTAL.

In **Cyprus**, TOTAL is present on two deep offshore exploration licenses for Blocks 10 and 11, which were obtained in the second offshore exploration round launched by the Cypriot government in 2012.

TOTAL signed two production sharing contracts at the beginning of 2013 for these blocks, which extend over 2,572 km² and 2,958 km², respectively, and are located in the southwest of Cyprus, in water depths ranging from 1,000 m to 2,500 m. The exploration of these blocks will begin with seismic surveys.

In **Denmark**, TOTAL has owned since 2010 an 80% stake in and the operatorship for licenses 1/10 (Nordjylland) and 2/10 (Nordsjaelland, formerly Frederoskilde). These onshore licenses, the shale gas potential of which has yet to be assessed, cover areas of 3,000 km² and 2,300 km²,

Table of Contents

respectively. Following geoscience surveys on license 1/10 in 2011, the decision was made to drill a well. Initially planned for 2013, this well is expected to be delayed due to additional environmental studies requested by the local authorities. Geoscience surveys are ongoing on license 2/10.

In **France**, the Group's production was 13 kboe/d in 2012, compared to 18 kboe/d in 2011 and 21 kboe/d in 2010. TOTAL's major assets are the Lacq (100%) and Meillon (100%) gas fields, located in the southwest part of the country.

On the Lacq field, operated since 1957, a carbon capture and storage pilot was commissioned in January 2010. In connection with this project, a boiler has been modified to operate in an oxy-fuel combustion environment and the carbon dioxide emitted is captured and re-injected in the depleted Rousse field. As part of TOTAL's sustainable development policy, this project will allow the Group to assess one of the technological possibilities for reducing carbon dioxide emissions. Most of the objectives of the experiment having been reached, the injection of carbon dioxide, came to an end in the first quarter of 2013.

Agreements were signed in December 2011 for the sale of the Itteville, Vert-le-Grand, Vert-le-Petit, La Croix Blanche, Dommartin Lettrée and Vic-Bilh assets. The operation of these concessions and the production rights were transferred in January 2012. Agreements for the sale of the Lacq, Lagrave and Pécorade assets were also signed in February 2012. These agreements remain subject to approval by the authorities, expected in 2013.

The Montélimar exclusive exploration license, awarded to TOTAL in 2010 to assess, in particular, the shale gas potential of the area, was revoked by the government in October 2011. This revocation stemmed from the law of July 13, 2011, prohibiting the exploration and extraction of hydrocarbons by drilling followed by hydraulic fracturing. The Group had submitted the required report to the government, in which it undertook not to use hydraulic fracturing in light of the current prohibition. An appeal has therefore been filed in December 2011 with the administrative court requesting that the judge cancel the revocation of the license.

In **Italy**, the Tempa Rossa field (75%, operator), discovered in 1989 and located on the unitized Gorgoglione concession (Basilicate region), is one of the Group's principal exploration and production assets in the country. In March 2013, TOTAL finalized an agreement to sell a 25% interest in the Tempa Rossa field. The transfer of interests will take effect after the Italian authorities have approved the transaction.

In 2011, Total Italia acquired an additional 25% stake in the Tempa Rossa field, thereby increasing its share to 75%, as

well as an interest in two exploration licenses. Although preparation work started in early August 2008, the proceedings initiated by the Prosecutor of the Potenza Court against Total Italia led to a freeze in the preparation work (for additional information, see Item 8. Legal or arbitration proceedings Italy). New calls for tenders were launched related to certain contracts that had been cancelled.

Drilling of the Gorgoglione 2 appraisal well that started in June 2010 reached its final depth and was tested in 2012, confirming the results of the previous wells. The final investment decision was made in July 2012, following the approval of the state and regional authorities. The extension plan for the Tarente refinery export system, needed for the development of the Tempa Rossa field, was approved at the end of 2011. Start-up of production is expected in 2016 with a capacity of 55 kboe/d.

In **Norway**, where the Group has had operations since the mid-1960s, TOTAL has equity stakes in ninety-one production licenses on the Norwegian continental shelf, twenty-three of which it operates. In 2012, the Group's production was 275 kboe/d, compared to 287 kboe/d in 2011 and 310 kboe/d in 2010. 90 kboe/d is from the Greater Ekofisk Area located in the southern sector of the North Sea, 106 kboe/d comes from the central and northern portions of the North Sea and 79 kboe/d comes from the Haltenbanken region and the Barents Sea.

In the Norwegian North Sea, where a numerous of development projects have just been launched, the most substantial contribution to the Group's production, for the most part non-operated, comes from the Greater Ekofisk Area (*e.g.*, Ekofisk, Eldfisk, Embla).

Several projects are underway on the Greater Ekofisk Area, located in the south. The Group owns a 39.9% stake in the Ekofisk and Eldfisk fields. The Ekofisk South and Eldfisk 2 projects, each with a capacity of 70 kboe/d, were launched in June 2011 following approval of the development and operation plans by the authorities. The production is scheduled to start in 2014 for Ekofisk South and in 2015 for Eldfisk 2. The project relating to the construction and installation of the new Ekofisk accommodation and field services center platform is now in its third year.

On the Greater Hild Area, located in the north and in which the Group has a 51% stake (operator), the Martin Linge development scheme (capacity of 80 kboe/d, formerly known as Hild) was selected at the end of 2010 and approved by the authorities in 2012, with production start-up scheduled for 2016.

The Islay field, operated by the Group and fully owned by TOTAL, was put into production in April 2012. The Islay field extends on each side of the

Table of Contents

Norwegian/Great Britain border and the Group's interest in the Norwegian part is 5.51%.

A number of successful exploration and appraisal activities were carried out in the North Sea in the 2010-2012 period. These activities have led to the launch of several development projects, some of them are already finalized, others are underway or are expected to be approved soon by the authorities:

- In the central section of the North Sea, on license PL102C (40%, operator), a fast-track development project had been launched for the Atla field (formerly known as David), which was discovered in 2010. Gas production started in October 2012, less than two years after the discovery of the field.
- Gas production on the Beta West field (10%), a satellite of Sleipner, located in the central section of the North Sea, started in April 2011.
- In the Visund area of the Nordic North Sea on license PL120 (7.7%), the Visund South fast-track development project for the Pan/Pandora discoveries was completed in the fourth quarter of 2012. Production started up in November 2012. Visund North, a second fast-track development project, was launched at the end of 2011 to redevelop the northern portion of the Visund field and provide development infrastructure for the nearby exploration prospects and discoveries (Titan) inside the license. Production is scheduled to start at the end of 2013. The authorities approved the extension of the PL20 license (Visund) until the end of 2034.
- The Stjerne project was launched in 2011 to develop the Katla structure discovered in 2009, located on license PL104 (14.7%) south of Oseberg in the Nordic North Sea. Start-up of production is expected in 2013.
- The fast-track development project of the Vigdis North East structure (PL089, sold as part of the 2012 transaction with ExxonMobil described below), which was discovered in 2009 and is located south of Snorre, was launched in 2011.
- A positive appraisal well was drilled in 2010 on the southern slope of the Dagny structure (38%) north of Sleipner. The development project was sanctioned at the end of 2012 and the plan of development and operation (PDO) submitted to the authorities, with an approval expected for mid 2013. Production is scheduled to start in 2017.

In the Norwegian Sea, the Haltenbanken area includes the Tyrihans (23.2%), Linnorm (20%), Mikkel (7.7%) and Kristin (6%) fields as well as the Åsgard (7.7%) field and its satellites Yttergryta (24.5%) and Morvin (6%). Morvin started up in August 2010 as planned, with two producing wells.

The Åsgard sub-sea compression project, which will increase hydrocarbon recovery on the Åsgard and Mikkel fields, was approved by the Norwegian authorities in 2012. All the main contracts have been awarded.

On the Linnorm gas field, the Onyx South exploration well is expected to be drilled in 2013. Gas from Linnorm will be exported from the Nyhamna onshore terminal through a new pipeline (Polarled project).

The Polarled project (5.11%) was sanctioned in December 2012 and the development plan was submitted to the Norwegian authorities in January 2013. The project consists in the installation of a 481 km long pipeline from the Aasta Hansen field to the Nyhamna terminal and in the expansion of the terminal.

In the Barents Sea, LNG production on Snøhvit (18.4%) started in 2007. This project included the development of the Snøhvit, Albatross and Askeladd natural gas fields, and the construction of the associated liquefaction facilities (capacity of 4.2 Mt/y). A project has been launched in 2012 with the objective of improving the performances of the plant.

Several exploration wells were successfully drilled over the 2011-2012 period:

In October 2012, TOTAL drilled a positive exploration well on the Garantiana structure (40%, operator) on license PL554 in the Nordic North Sea. The drilling of additional exploration and appraisal wells in the license is currently under study.

In July 2012, TOTAL announced a major gas and condensate discovery on the King Lear prospect in licenses 146 and 333 in the southern Norwegian North Sea (22.2%). An appraisal well is planned to be drilled in 2014.

In 2011, TOTAL successfully drilled an exploration well on the Alve North structure on license PL127 (50%, operator) near the Norne field.

Preliminary studies have been performed. The data from a new seismic campaign is being interpreted.

In 2011, TOTAL drilled a positive exploration well on the Norvarg structure in the Barents Sea on license PL535 (40%, operator), which was awarded during the twentieth licensing round. The preliminary development studies have been completed and an appraisal well should be drilled in 2013.

Table of Contents

The Group improved its asset portfolio in Norway by obtaining new licenses and divesting a number of non-strategic assets:

In the beginning of 2013, TOTAL obtained eight new licences of which four as operator at the occasion of licensing round APA 2012 (Awards in Predefined Areas). All these licenses are localized in the Norwegian North sea: PL661 (60%, operator), PL662 (60%, operator) and PL667 (50%, operator) in the Ekofisk area, PL675 (40%) and PL676S (20%) in the central part, and PL190B (10%), PL684 (5%) and PL685 (40%, operator) in the north.

In October 2012, TOTAL and ExxonMobil exchanged interests in a range of producing and undeveloped assets already in production or on the verge of being developed. In exchange for its interests in the PL089 license (5.6%) and in the Sygna (2.52%), Staffjord Øst (2.8%) and Snorre (6.18%) fields, TOTAL received the interest held by ExxonMobil in the Oseberg field (4.7%), the Oseberg gas transportation system (4.33%) and the PL029c (100%) and PL029b (30%) licenses, which contain part of the Dagny field. The agreement was finalized and approved by the Norwegian authorities in the fourth quarter of 2012. TOTAL's share of the PL104 license is 14.7% and it holds a 38% stake in the Dagny structure. TOTAL no longer holds a stake in license PL089.

At the beginning of 2012, during licensing round APA 2011, TOTAL obtained eight new licenses including five as operator.

In 2011, TOTAL obtained four new exploration licenses during licensing round APA 2010, including one as operator. The Group also acquired in 2011 a 40% stake and the role of operator of license PL554, north of Visund. The exploration well drilled on this license in 2012 resulted in the discovery of Garantiana.

In June 2011, TOTAL announced that it had signed an agreement for the planned sale of its entire stake in Gassled (6.4%) and the associated entities. The sale became effective at the end of 2011.

In 2010, the Group divested its stake in the Valhall and Hod fields.

In the Netherlands, TOTAL has had natural gas exploration and production operations since 1964 and currently owns twenty-four offshore production licenses, including twenty that it operates, and two offshore exploration licenses, E17c (16.92%) and K1c (30%). The Group's production was 33 kboe/d in 2012, compared to 38 kboe/d in 2011 and 42 kboe/d in 2010.

The L4-D field (55.66%, operator) started production in November 2012.

A 3D seismic survey of several offshore permits covering an area of 3,500 km² was conducted between May and September 2012. The interpretation of the results of this campaign is expected at the end of 2013.

The K4-Z development project (50%, operator) began in 2011. This development is comprised of two sub-sea wells connected to the existing production and transport facilities. Start-up of production is expected in 2013.

The K5-CU development project (49%, operator) was launched in 2009 and production started up in early 2011. This development includes four wells supported by a platform that was installed in 2010 and connected to the K5-A platform by a 15 km gas pipeline.

In late 2010, TOTAL disposed of 18.19% of its equity stake in the NOGAT gas pipeline and decreased its stake to 5%.

In Poland, at the beginning of 2012, TOTAL signed an agreement to acquire a 49% stake in the Chelm and Werbkowice exploration concessions in order to assess their shale gas potential. A well was drilled and tested on the Chelm permit. The results from the well are being analyzed. TOTAL asked the authorities to relinquish the Werbkowice permit in September 2012 since it did not meet expectations.

In the United Kingdom, where TOTAL has had operations since 1962, the Group's production was 106 kboe/d in 2012, compared to 169 kboe/d in 2011 and 207 kboe/d in 2010. About 90% of production comes from operated fields located in two major zones: the Alwyn zone in the northern North Sea, and the Elgin/Franklin zone in the Central Graben. In 2012, the shutdown of the Elgin, Franklin and West Franklin fields due to a gas leak from well G4 in Elgin severely impacted production.

On the Alwyn zone (100%), start-up of satellite fields or new reservoir compartments allowed production to be maintained. Wells N54, N53 and N52 started production in May 2012, September 2011 and February 2010, respectively.

On the Dunbar field (100%), a new drilling survey (Dunbar phase IV) should begin in the middle of 2013 including three work overs and six new wells.

The production on the Islay field (94.49%, gas and condensates) started in April 2012.

In February 2012, TOTAL finalized the divestment of its stake in the Otter field.

Table of Contents

In October 2011, the decision was made to redevelop the Brent South West formation in Alwyn by drilling two wells: one production well, which was started in August 2012, and one water injection well, which is expected to be drilled during the second semester 2013.

In Central Graben, at the end of 2011, TOTAL increased its stake in Elgin Franklin Oil & Gas (EFOG), a company through which it holds a stake in the Elgin and Franklin fields (46.2%, operator), from 77.5% to 100%. Following a gas leak on the Elgin field on March 25, 2012, the production on the Elgin, Franklin and West Franklin fields was stopped and the personnel of the site were evacuated.

In May 2012, TOTAL confirmed that the leak from well G4 had been successfully stopped and at the end of October 2012, well G4 was definitively secured by installing five cement plugs.

The enquiry led by TOTAL permitted the clear identification of the causes of the accident and the definition of new criteria for well integrity to allow the restart of the production of Elgin/Franklin in total security.

The production on the Elgin/Franklin area restarted on March 9, 2013, following the approval of the safety case by the UK Health and Safety Executive (HSE). Production is resuming gradually, and is expected to soon reach close to 70 kboe/d (approximately 30 kboe/d in TOTAL's share), corresponding to approximately 50% of the production potential from the fields.

In order to recover by 2015 the production level that existed before the Elgin incident, a redevelopment project envisaging drilling of new infill wells on Elgin and Franklin is currently under study.

In addition, the West Franklin Phase II development project remains ongoing with production start-up scheduled for 2014.

In addition to Alwyn and the Central Graben, a third area, West of Shetland, is undergoing development. This area covers the Laggan and Tormore fields, in which TOTAL acquired an 80% stake in early 2010.

The decision to develop these two fields was made in March 2010 and production is scheduled to start in 2014 with an expected capacity of 90 kboe/d. The joint development scheme includes:

sub-sea production facilities;

off-gas treatment (gas and condensates) at a plant located near the Sullom Voe terminal in the Shetland Islands, 150 km away; and

a new pipeline connected to the Frigg gas pipeline (FUKA) for the export of gas to the Saint Fergus terminal.

In early 2011, a gas and condensate discovery was made on the Edradour license (75%, operator), near Laggan and Tormore. The development of Edradour East by using the infrastructures in place was decided in the end of December 2012.

In 2010, the Group's stake in the P967 license (operator), which includes the Tobermory gas discovery, increased to 50% from 43.75%. This license is located north of Laggan/Tormore.

TOTAL also holds a stake in three assets operated by other parties: the Bruce (43.25%), Keith (25%), and Markham (7.35%) fields. The Group's stakes in other fields operated by third parties (Seymour, Alba, Armada, Maria, Moira, Mungo/Monan and Everest) were sold off in 2012.

Nine new licenses (three in the Northern North Sea, three in Central Graben and three in West Shetland) were awarded to TOTAL in the twenty-seventh exploration round, the results of which were announced on October 25, 2012.

Middle East

TOTAL's production in the Middle East in 2012 was 493 kboe/d, representing 21% of the Group's overall production, compared to 570 kboe/d in 2011 and 527 kboe/d in 2010.

In the **United Arab Emirates**, where TOTAL has had operations since 1939, the Group's production was 246 kboe/d in 2012, compared to 240 kboe/d in 2011 and 222 kboe/d in 2010. In 2012, the country maintained a steady rhythm of production, which led to a slight increase of TOTAL's share of production. The increase in production in 2011 was mainly due to higher production by Abu Dhabi Company for Onshore Oil Operations (ADCO) and Abu Dhabi Marine (ADMA).

TOTAL holds a 75% stake (operator) in the Abu Al Bu Khoosh field, a 9.5% stake in ADCO, which operates the five major onshore fields in Abu Dhabi, and a 13.3% stake in ADMA, which operates two offshore fields. TOTAL also has a 15% stake in Abu Dhabi Gas Industries (GASCO), which produces NGL and

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condensates from the associated gas produced by ADCO, and a 5% stake in Abu Dhabi Gas Liquefaction Company (ADGAS), which produces LNG, NGL and condensates.

The ADCO license expires in January 2014. In 2012, the Abu Dhabi authorities started the discussions to define the future of ADCO beyond that date.

Table of Contents

In early 2011, TOTAL and IPIC, a government-owned entity in Abu Dhabi, signed a memorandum of understanding (MOU) with a view to developing projects of common interest in the upstream oil and gas sectors. The analyses continue.

The Group has a 24.5% stake in Dolphin Energy Ltd. alongside Mubadala, a company owned by the government of Abu Dhabi, to market gas produced primarily in Qatar to the United Arab Emirates.

The Group also owns 33.33% of Ruwais Fertilizer Industries (FERTIL), which produces urea. FERTIL 2, a new project, was launched in 2009 to build a new granulated urea unit with a capacity of 3,500 t/d (1.2 Mt/y). This project is currently being started and is expected to permit FERTIL to double its production to 2 Mt/y by mid-2013.

In **Iraq**, TOTAL holds an 18.75% stake in the development and production contract of the Halfaya field in the Missan province. Production of phase 1 of the project (capacity of 100 kb/d) started in June 2012 and was 12 kboe/d over the last six months of 2012 (6 kboe/d on average over the year). The definitive development plan (estimated capacity of 535 kb/d) was submitted to the authorities in the beginning of 2013.

In mid-2012, TOTAL finalized the acquisition of a 35% stake in the Safen (TOTAL will become the operator when a discovery is declared) and Harir exploration Blocks (respectively covering 424 km² and 705 km², northeast of Erbil), and a 20% stake in the Taza Block (505 km², southwest of Souleimaniye). The drilling of the Harir 1 well was completed in the beginning of 2013 and the drilling of the Taza 1 well is in progress. Two new wells are scheduled in 2013.

In **Iran**, the Group has had no production since 2010. The 2010 production of 2 kb/d came from remaining payments under buy-back contracts. For additional information, see **Other Matters** Cuba, Iran and Syria .

In **Oman**, the Group's production in 2012 was 37 kboe/d, stable compared to 2011 and 2010. The Group produces oil primarily on Block 6 (4%)⁽¹⁾ as well as on Block 53 (2%)⁽²⁾, and it produces liquefied natural gas through its stake in the Oman LNG (5.54%)/Qalhat LNG (2.04%) liquefaction plant⁽³⁾, which has a capacity of 10.5 Mt/y.

In **Qatar**, where TOTAL has had operations since 1936, the Group's production in 2012 was 139 kboe/d, compared to 155 kboe/d in 2011 and 164 kboe/d in 2010. The Group has equity stakes in the Al Khalij field (100%), the NFB Block (20%) in the North field and the Qatargas 1

liquefaction plant (10%). The Group also holds a 16.7% in Qatargas 2 train 5.

In November 2012, TOTAL and Qatar Petroleum signed a new agreement to continue their partnership on the Al Khalij field for an additional 25-year period. Under the terms of this protocol, as from 2014, TOTAL will remain the operator with a 40% stake and Qatar Petroleum will hold a 60% stake. The production contract for the Dolphin gas project, signed in 2001 with state-owned Qatar Petroleum, provides for the sale of 2 Bcf/d of gas from the North Field for a 25-year period. The gas is processed in the Dolphin plant in Ras Laffan and exported to the United Arab Emirates through a 360 km gas pipeline. Production of Qatargas 2 train 5, which started in 2009, is 8 Mt/year. TOTAL has been a shareholder in this train since 2006. An agreement to share the two liquefaction trains of the Qatargas project (trains 4 and 5) was signed in 2011. The agreement provides for a 50/50 split of the physical production of the two trains as well as the associated operating costs and capital outlay. In addition, TOTAL began to off-take part of the LNG produced in compliance with the contracts signed in 2006, which provide for the purchase of 5.2 Mt/y of LNG from Qatargas 2 by the Group.

The Group became a partner in the offshore BC exploration permit (25%) in May 2011.

In **Syria**, TOTAL has interests in the Deir Ez Zor permit through its 50% stake in DEZPC (100%, operator) and through the Tabiyeh contract, which came into effect in October 2009. The Group had no production in 2012 compared to 53 kboe/d in 2011 and 39 kboe/d in 2010. TOTAL suspended its activities contributing to the production of hydrocarbons in Syria in December 2011, in compliance with the European Union's regulations regarding this country. For additional information, see **Other Matters** Cuba, Iran and Syria .

In **Yemen**, where TOTAL has had operations since 1987, production was 65 kboe/d in 2012, compared to 86 kboe/d in 2011 and 66 kboe/d in 2010.

TOTAL has an equity stake in the Yemen LNG project (39.62%). As part of this project, the Balhaf liquefaction plant on the southern coast of Yemen is supplied with the gas produced on Block 18, located near Marib in the center of the country, through a 320 km gas pipeline. The first LNG train was commissioned in October 2009 and the second came online in April 2010. The plant's nominal

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- (1) TOTAL has a direct interest of 4.00% in Petroleum Development Oman LLC, operator of Block 6, in which TOTAL has an indirect interest of 4.00% via Pohl (equity affiliate).*
- (2) TOTAL has an indirect interest of 2.00% in Block 53.*
- (3) TOTAL's indirect stake in Qalhat LNG through its stake in Oman LNG.*

Table of Contents

capacity is 6.7 Mt of LNG per year. 2012 witnessed eight sabotage attacks on the pipeline, which resulted in production losses of nearly 24%.

TOTAL also has stakes in two oil basins, as the operator of Block 10 (Masila Basin, East Shabwa license, 28.57%) and as a partner on Block 5 (Marib basin, Jannah license, 15%).

TOTAL owns stakes in five onshore exploration licenses: Blocks 69 and 71 (40%), Block 70 (50.1%, operated by TOTAL since July 2010), and Block 72 (36%, operated by TOTAL since October 2011). In December 2012, TOTAL's acquisition of a 40% interest in the Block 3 exploration license, which it will operate, became effective.

Table of Contents**OIL AND GAS ACREAGE**

As of December 31, (in thousands of acres)		2012		2011		2010	
		Undeveloped acreage ^(a)	Developed acreage	Undeveloped acreage ^(a)	Developed acreage	Undeveloped acreage ^(a)	Developed acreage
Europe	Gross	10,015	724	6,478	781	6,802	776
	Net	6,882	176	3,497	185	3,934	184
Africa	Gross	135,610	1,256	110,346	1,229	72,639	1,229
	Net	88,457	337	65,391	333	33,434	349
Americas	Gross	16,604	1,705	15,454	1,028	16,816	1,022
	Net	6,800	330	5,349	329	5,755	319
Middle East	Gross	32,369	1,896	31,671	1,461	29,911	1,396
	Net	3,082	256	2,707	217	2,324	209
Asia	Gross	37,208	955	40,552	930	36,519	539
	Net	18,184	270	19,591	255	17,743	184
Total	Gross	231,806	6,536	204,501	5,429	162,687	4,962
	Net^(b)	123,405	1,369	96,535	1,319	63,190	1,245

^(a) Undeveloped acreage includes leases and concessions.

^(b) Net acreage equals the sum of the Group's equity stakes in gross acreage.

NUMBER OF PRODUCTIVE WELLS

As of December 31, (number of wells)		2012		2011		2010	
		Gross productive wells	Net productive wells ^(a)	Gross productive wells	Net productive wells ^(a)	Gross productive wells	Net productive wells ^(a)
Europe	Oil	410	111	576	151	569	151
	Gas	330	117	358	125	368	132
Africa	Oil	2,216	593	2,275	576	2,250	628
	Gas	156	48	157	44	182	50
Americas	Oil	898	258	877	247	884	261
	Gas	2,892	546	2,707	526	2,532	515
Middle East	Oil	6,488	462	7,829	721	7,519	701
	Gas	371	49	372	49	360	49
Asia	Oil	206	75	209	75	196	75
	Gas	1,912	578	1,589	498	1,258	411
Total	Oil	10,218	1,499	11,766	1,770	11,418	1,816
	Gas	5,661	1,338	5,183	1,242	4,700	1,157

^(a) Net wells equal the sum of the Group's equity stakes in gross wells.

Table of Contents**NUMBER OF NET OIL AND GAS WELLS DRILLED ANNUALLY**

As of December 31,		2012				2011			2010	
		Net productive wells drilled ^(a)	Net dry wells drilled ^(a)	Net total wells drilled ^(a)	Net productive wells drilled ^(a)	Net dry wells drilled ^(a)	Net productive wells drilled ^(a)	Net dry wells drilled ^(a)	Net productive wells drilled ^(a)	Net dry wells drilled ^(a)
Exploratory	Europe	0.9	3.3	4.2	1.5	1.7	3.2	1.7	0.2	1.9
	Africa	4.9	2.8	7.7	2.9	1.5	4.4	1.6	4.3	5.9
	Americas	3.9	0.6	4.5	1.2	1.3	2.5	1.0	1.6	2.6
	Middle East				1.2	0.8	2.0	0.9	0.3	1.2
	Asia	2.4	1.4	3.8	2.1	3.7	5.8	3.2	1.2	4.4
	Subtotal	12.1	8.1	20.2	8.9	9.0	17.9	8.4	7.6	16.0
Development	Europe	6.0	0.7	6.7	7.5		7.5	5.0		5.0
	Africa	22.7		22.7	24.7		24.7	18.1		18.1
	Americas	70.6	131.7	202.3	113.1	82.2	195.3	135.3	112.5	247.8
	Middle East	43.3		43.3	32.6	2.6	35.2	29.5	1.4	31.0
	Asia	127.8		127.8	118.4		118.4	59.3		59.3
	Subtotal	270.4	132.4	402.8	296.3	84.8	381.1	247.3	113.9	361.2
Total		282.5	140.5	423.0	305.2	93.8	399.0	255.7	121.5	377.2

^(a) Net wells equal the sum of the Group's equity stakes in gross wells.

DRILLING AND PRODUCTION ACTIVITIES IN PROGRESS

As of December 31,		2012		2011		2010	
(number of wells)		Gross	Net ^(a)	Gross	Net ^(a)	Gross	Net ⁽¹⁾
Exploratory	Europe	1	1.0	2	2.0	3	2.1
	Africa	4	1.3	2	0.8	4	1.4
	Americas	7	3.4	3	1.0	2	0.9
	Middle East	2	1.1			2	1.2
	Asia	2	1.3	1	0.6	2	1.1
	Subtotal	16	8.1	8	4.4	13	6.7
Development	Europe	23	6.2	21	4.5	21	3.8
	Africa	25	6.4	31	11.3	29	6.4
	Americas	29	8.2	22	5.7	99	29.2
	Middle East	93	6.1	26	3.5	20	5.1
	Asia	171	49.2	11	5.1	23	9.8
	Subtotal	341	76.1	111	30.1	192	54.3
Total		357	84.2	119	34.5	205	61.0

^(a) Net wells equal the sum of the Group's equity stakes in gross wells.

Table of Contents**INTERESTS IN PIPELINES**

The table below sets forth TOTAL's interests in oil and gas pipelines as of December 31, 2012.

Pipeline(s)	Origin	Destination	% interest	Operator	Liquids	Gas
France						
TIGF	Network South West		100.00	x		x
Norway						
Frostpipe (inhibited)	Lille-Frigg, Froy	Oseberg	36.25		x	
Heimdal to Brae Condensate Line	Heimdal	Brae	16.76		x	
Kvitebjorn pipeline	Kvitebjorn	Mongstad	5.00		x	
Norpipe Oil	Ekofisk Treatment center	Teeside (UK)	34.93		x	
Oseberg Transport System	Oseberg, Brage and Veslefrikk	Sture	12.98		x	
Sleipner East Condensate Pipe	Sleipner East	Karsto	10.00		x	
Troll Oil Pipeline I and II	Troll B and C	Vestprosess (Mongstad refinery)	3.71		x	
Vestprosess	Kollsnes (Area E)	Vestprosess (Mongstad refinery)	5.00		x	
The Netherlands						
Nogat pipeline	F3-FB	Den Helder	5.00			x
WGT K13-Den Helder	K13A	Den Helder	4.66			x
WGT K13-Extension	Markham	K13 (via K4/K5)	23.00			x
United Kingdom						
Alwyn Liquid Export Line	Alwyn North	Cormorant	100.00	x	x	
Bruce Liquid Export Line	Bruce	Forties (Unity)	43.25		x	
Central Graben Liquid Export Line (LEP)	Elgin-Franklin	ETAP	15.89		x	
Frigg System : UK line	Alwyn North, Bruce and others	St.Fergus (Scotland)	100.00	x		x
Ninian Pipeline System	Ninian	Sullom Voe	16.00		x	
Shearwater Elgin Area Line (SEAL)	Elgin-Franklin, Shearwater	Bacton	25.73			x
SEAL to Interconnector Link (SILK)	Bacton	Interconnector	54.66	x		x
Gabon						
Mandji Pipes	Mandji fields	Cap Lopez Terminal	100.00 ^(a)	x	x	
Rabi Pipes	Rabi fields	Cap Lopez Terminal	100.00 ^(a)	x	x	
Argentina						
Gas Andes	Neuquén Basin (Argentina)	Santiago (Chile)	56.50	x		x
TGN	Network (Northern Argentina)		15.40			x
TGM	TGN	Uruguayana (Brazil)	32.68			x
Bolivia						
Transierra	Yacuiba (Bolivia)	Rio Grande (Bolivia)	11.00			x
Brazil						
TBG	Bolivia-Brazil border	Porto Alegre via São Paulo	9.67			x
Colombia						
Ocensa	Cusiana	Covenas Terminal	5.20		x	
Yadana	Yadana (Myanmar)	Ban-I Tong (Thai border)	31.24	x		x
BTC	Baku (Azerbaijan)	Ceyhan (Turkey, Mediterranean)	5.00		x	
SCP	Baku (Azerbaijan)	Georgia/Turkey Border	10.00			x
Dolphin (International transport and network)	Ras Laffan (Qatar)	U.A.E.	24.50			x

^(a) Interest of Total Gabon. The Group has a financial interest of 58.28% in Total Gabon.

Table of Contents

Gas & Power

Gas & Power's primary objective is to contribute to the growth of the Group by ensuring sales outlets for its current and future natural gas reserves and production.

In order to optimize these gas resources, particularly liquefied natural gas (LNG), Gas & Power's activities include trading and marketing of natural gas, liquefied natural gas, liquefied petroleum gas (LPG) and electricity, as well as shipping. Gas & Power also has stakes in infrastructure companies (re-gasification terminals, natural gas transport and storage, power plants) necessary to implement its strategy.

Gas & Power also manages a coal business line, handling everything from production to marketing.

Liquefied natural gas

A pioneer in the LNG industry, TOTAL today is one of the world's leading players in the sector and has sound and diversified positions both in the upstream and downstream portions of the LNG chain. LNG development is key to the Group's strategy, with TOTAL strengthening its positions in most major production zones and markets.

Through its stakes in liquefaction plants⁽²⁾ located in Qatar, the United Arab Emirates, Oman, Nigeria, Norway and Yemen, and its gas supply agreement with the Bontang LNG plant in Indonesia, TOTAL markets LNG in all worldwide markets. In 2012, TOTAL sold 11.4 Mt of LNG, a decrease of 13% compared to 2011 LNG sales (13.2 Mt) and 7% compared to 2010 sales (12.3 Mt). This decrease is due in particular to the decline of the Bontang LNG plant production and to the *force majeure* events reported by the Yemen LNG project in 2012. The planned start-up of the Angola LNG plant in 2013, together with the Group's liquefaction projects in Australia, Russia and Nigeria are expected to allow for growth in the coming years.

Gas & Power is responsible for LNG operations downstream from liquefaction plants. It is in charge of LNG marketing to third parties on behalf of Exploration & Production, developing the Group's LNG portfolio for its trading, marketing and transport operations as well as re-gasification terminals.

In **Nigeria**, TOTAL holds a 15% interest in the Nigeria LNG plant. The Group signed an LNG purchase agreement, initially intended for deliveries to the United States and Europe, for an initial 0.23 Mt/y over a 23-year period starting in 2006, to which an additional 0.94 Mt/y was added when the sixth train came on stream in 2007.

TOTAL also holds a 17% stake in the Brass LNG project, which calls for the construction of two liquefaction trains, each with a capacity of 5 Mt/y. In conjunction with this acquisition, TOTAL signed a preliminary agreement with Brass LNG Ltd setting forth the principal terms of an LNG purchase agreement for approximately one-sixth of the plant's capacity over a 20-year period. This contract is subject to the final investment decision for the project.

In **Norway**, as part of the Snøhvit project, in which the Group holds an 18.4% stake, TOTAL signed in 2004 a purchase agreement for 0.78 Mt/y of LNG over a 15-year period primarily intended for North America and Europe. LNG deliveries started in 2007.

In **Qatar**, TOTAL signed purchase agreements in 2006 for 5.2 Mt/y of LNG from train 5 (16.7%) of Qatargas 2 over a 25-year period. This LNG is marketed mainly in France, the United Kingdom and North America. LNG deliveries started in 2009.

In **Yemen**, TOTAL signed an agreement with Yemen LNG Ltd (39.62%) in 2005 to purchase 2 Mt/y of LNG over a 20-year period, starting in 2009, which is initially intended for delivery in the United States and Europe. LNG deliveries started in 2009.

Since 2009, part of the volume purchased by the Group pursuant to its long-term contracts related to the LNG projects mentioned above has been diverted to markets in Asia.

In **Australia**, TOTAL increased its stake in the Ichthys LNG project from 24% to 30% in early 2013. This project was launched at the beginning of 2012 and calls for the construction of two LNG trains, each with a capacity of 4.2 Mt/y. In conjunction with this acquisition, TOTAL signed an LNG purchase agreement for 0.9 Mt/y over a 15-year period. Deliveries are expected to start in 2017.

In **Angola**, TOTAL is involved in the Angola LNG liquefaction project (13.6%), which includes a 5.2 Mt/y train. The start-up of the project is planned for mid-2013. A subsidiary of Angola LNG Ltd, Angola LNG Marketing, in which TOTAL holds an 8.6% stake, was created in London in July 2012. This subsidiary acts as an intermediary in charge of marketing LNG volumes from the project.

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In the **United States**, TOTAL entered into an agreement with Kogas in 2012 for the purchase of 0.7 Mt/y of LNG, over a 20-year period, from train 3 of the Sabine Pass gas terminal (Louisiana). LNG deliveries are expected to start in

40

⁽¹⁾ *Company data, based on upstream and downstream LNG portfolios.*

⁽²⁾ *Exploration & Production is in charge of the Group's natural gas liquefaction and production operations.*

Table of Contents

2017. This contract is conditional to the final investment decision for the project.

In parallel to this, TOTAL also entered into an agreement with Sabine Pass Liquefaction LLC for the purchase over a 20-year period of 2 Mt/y of LNG from train 5 of the Sabine Pass terminal. LNG deliveries will begin on the date on which train 5 is commissioned, which is scheduled for 2018. This agreement is conditional on, among other things, export and construction permits being obtained by Cheniere for the construction of train five and the final investment decision for the project.

In addition, TOTAL has signed certain sale agreements for LNG from the Group's global LNG portfolio:

In **China**, TOTAL signed an LNG sale agreement with China National Offshore Oil Company (CNOOC). Under this agreement, which became effective in 2010, TOTAL supplies up to 1 Mt/y of LNG to CNOOC over a 15-year period.

In **South Korea**, TOTAL signed an LNG sale agreement in 2011 with Kogas. Under this agreement, TOTAL will deliver up to 2 Mt/y of LNG to Kogas between 2014 and 2031.

With regard to LNG transport operations, TOTAL has been the direct long-term charterer since 2004 of the Arctic Lady, a 145,000 m³ LNG tanker that ships TOTAL's share of production from the Snøhvit liquefaction plant in Norway. In November 2011, TOTAL signed a second long-term contract for the chartering of a 165,000 m³ LNG tanker, the Meridian Spirit (former Maersk Meridian), in order to strengthen its transport capacities with regard to its lifting commitments in Norway.

The Group also holds a 30% stake in Gaztransport & Technigaz (GTT), which focuses mainly on the design and engineering of membrane cryogenic tanks for LNG tankers. At year-end 2012, out of a worldwide tonnage estimated at 388 LNG tankers⁽¹⁾, 260 active LNG tankers were equipped with membrane tanks built under GTT licenses.

Trading

In 2012, TOTAL continued to pursue its strategy of developing its operations downstream from natural gas and LNG production. The aim of this strategy is to optimize access for the Group's current and future production to traditional markets (with long-term contracts) and to markets open to international competition (with short-term contracts and spot sales). In the context of deregulated markets, which allow customers to more freely access suppliers, in turn leading to marketing arrangements that

are more flexible than traditional long-term contracts, TOTAL is developing trading, marketing and logistics businesses to offer its natural gas and LNG production directly to customers.

In parallel, the Group has operations in electricity trading and LPG as well as coal marketing. Furthermore, TOTAL began to market in 2011 the petcoke production of the Port Arthur refinery (United States) on the international market.

Gas & Power's trading teams are located in London, Houston, Geneva and Singapore and conduct most of their business through the Group's wholly-owned subsidiaries Total Gas & Power and Total Gas & Power North America.

Gas and electricity

TOTAL has gas and electricity trading operations in Europe and North America with a view to selling the Group's production and supplying its marketing subsidiaries.

In **Europe**, TOTAL marketed 1,488 Bcf (42.1 Bm³) of natural gas in 2012, including approximately 11% coming from the Group's production, compared to 1,500 Bcf (42.5 Bm³) in 2011 and 1,278 Bcf (36.2 Bm³) in 2010. In addition, TOTAL marketed mainly from external resources 53.3 TWh of electricity in 2012 compared to 24.2 TWh in 2011 and 27.1 TWh in 2010.

In **North America**, TOTAL marketed from its own production or external resources 1,256 Bcf (36 Bm³) of natural gas in 2012, compared to 1,694 Bcf (48 Bm³) in 2011 and 1,798 Bcf (51 Bm³) in 2010.

LNG

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TOTAL has LNG trading operations through spot sales and fixed-term contracts as described in Liquefied natural gas, above. Since 2009, new purchase agreements from the Qatargas 2 and Yemen LNG projects and new sale agreements in China, India, Japan, South Korea and Thailand have substantially developed the Group's LNG marketing operations, particularly in Asia's most buoyant markets. This spot and fixed-term LNG portfolio allows TOTAL to supply gas to its main customers worldwide, while retaining a sufficient degree of flexibility to react to market opportunities.

In 2012, TOTAL purchased eighty-seven contractual cargoes and eight spot cargos from Qatar, Yemen, Nigeria, Norway, Russia and Egypt, compared to ninety-nine and ten, respectively, in 2011 and ninety-four and twelve, respectively, in 2010. This decrease is due in particular to the *force majeure* events reported by the Yemen LNG project and the Snøhvit project in 2012.

⁽¹⁾ *Gaztransport & Technigaz data.*

Table of Contents

LPG

In 2012, TOTAL traded and sold approximately 6.0 Mt of LPG (butane and propane) worldwide, compared to 5.7 Mt in 2011 and 4.5 Mt in 2010. Approximately 20% of these quantities came from fields or refineries operated by the Group. LPG trading involved the use of eleven time-charters, representing 220 voyages in 2012, and approximately seventy-three spot charters.

Coal

In 2012, TOTAL marketed 8.5 Mt of coal in the international market, compared to 7.5 Mt in 2011 and 7.3 Mt in 2010. More than 80% of this coal comes from South Africa. Approximately 70% of the volume was sold in Asia, where coal is used primarily to generate electricity. The remaining volume was marketed in Europe.

Petcoke

In 2011, TOTAL began to market the petcoke produced by the coker at the Port Arthur refinery. Approximately 1.1 Mt of petcoke was sold on the international market in 2012, compared to 0.6 Mt in 2011, to cement plants and electricity producers mainly in Mexico, Brazil, Turkey, China, Dominican Republic and other Latin Americas.

Marketing

To unlock value from the Group's production, TOTAL is developing gas, electricity and coal marketing operations with end users in the United Kingdom, France, Spain and Germany. At the end of 2012, the Group enlarged its European marketing coverage by creating two marketing affiliates: Total Gas & Power North Europe in Belgium, and Total Gas & Power Nederland B.V. in the Netherlands.

In the **United Kingdom**, TOTAL markets gas and electricity to the industrial and commercial segments through its subsidiary Total Gas & Power Ltd. In 2012, volumes of gas sold amounted to 146 Bcf (4.2 Bm³), compared to 162 Bcf (4.6 Bm³) in 2011 and 173 Bcf (4.9 Bm³) in 2010. Sales of electricity totaled approximately 3.9 TWh in 2012, compared to 4.1 Twh in 2011 and in 2010.

In **France**, TOTAL markets natural gas through its subsidiary Total Energie Gaz (TEGAZ), the overall sales of which were 176 Bcf (5.0 Bm³) in 2012, compared to 208 Bcf (5.9 Bm³) in 2011 and 226 Bcf (6.4 Bm³) in 2010. The Group also markets coal to its French customers through its subsidiary CDF Energie, with sales of approximately 0.975 Mt in 2012, compared to 1.2 Mt in 2011 and 1.3 Mt in 2010.

In **Spain**, TOTAL markets natural gas to the industrial and commercial segments through Cepsa Gas Comercializadora, in which it holds a 35% stake. In 2012, volumes of gas sold

amounted to 101 Bcf (2.9 Bm³), compared to 2.4 Bm³ in both 2011 and 2010.

In **Germany**, Total Energie created a marketing subsidiary in 2010, Total Energy Gas GmbH, which began commercial operations in 2011. In 2012, this subsidiary marketed 0.15 Bm³ of gas to industrial and commercial customers.

The Group also holds stakes in the marketing companies that are associated with the Altamira and Hazira LNG re-gasification terminals located in Mexico and India, respectively.

Gas facilities

TOTAL develops natural gas transport networks, gas storage facilities (both liquid and gaseous) and LNG re-gasification terminals downstream from its natural gas and LNG production.

Transport of natural gas

In **France**, TIGF (Transport Infrastructures Gaz France) comprises the Group's transport operations located in the southwest. This wholly-owned subsidiary operates a regulated transport network of 5,000 km of gas pipelines. As part of the development of Franco-Spanish interconnections, TOTAL decided in 2011 to complete the Euskadour (France-Spain link) project with commissioning scheduled in 2015. This decision followed the decisions made in 2010 to invest in the Artère du Béarn and Girland gas pipeline projects (reinforcement of Artère de Guyenne), with commissioning scheduled in 2013.

In addition, in 2012 TIGF continued to implement the Third Energy Package adopted by the European Union in July 2009, which entails splitting network operations from production and supply operations.

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New conditions in the European gas market and, in particular, the plan for reorganization of gas transmissions launched by Europe in 2012, have caused TOTAL to seek buyers capable of ensuring TIGF's long-term development. On February 5, 2013, TOTAL has entered into exclusive negotiations with a consortium comprising Snam, EDF and GIC that has submitted a firm offer to acquire all outstanding shares of TIGF.

In **South America**, TOTAL owns interests in several natural gas transport companies in Argentina, Chile and Brazil. These assets represent a total integrated network of approximately 9,500 km of pipelines serving the Argentinean, Chilean and Brazilian markets from gas-producing basins in Bolivia and Argentina, where the Group has natural gas reserves. These natural gas transport companies face a difficult operational and financial environment in Argentina stemming from the absence of an increase in transport tariffs and restrictions imposed on gas

Table of Contents

exports. However, GasAndes, a company in which TOTAL holds a 56.5% stake, successfully negotiated positive financial arrangements with all its customers.

Storage of natural gas and LPG

In **France**, the Group's storage operations located in the southwest are grouped under TIGF. This subsidiary operates two storage units under a negotiated legal regime with a usable capacity of 95 Bcf (2.7 Bm³).

Through its 29.5% stake in Géométhane, TOTAL owns natural gas storage in a salt cavern in Manosque with a capacity of 10.5 Bcf (0.3 Bm³). A 7 Bcf (0.2 Bm³) increase in storage capacity is scheduled to be commissioned in 2017-2018.

In **India**, TOTAL holds a 50% stake in South Asian LPG Limited (SALPG), a company that operates an underground import and storage LPG terminal located on the east coast of the country. This cavern, the first of its kind in India, has a storage capacity of 60 kt. In 2012, inbound vessels transported 950 kt of LPG, compared to 850 kt in 2011 and 779 kt in 2010.

LNG re-gasification

TOTAL has entered into agreements to obtain long-term access to LNG re-gasification capacity on the three continents that are the largest consumers of natural gas: North America (the United States and Mexico), Europe (France and the United Kingdom), and Asia (India). This diversified presence allows the Group to access new liquefaction projects by becoming a long-term buyer of a portion of the LNG produced at these plants, thereby strengthening its LNG supply portfolio.

In **France**, TOTAL holds a 27.54% stake in the company Fosmax, formerly called Société du Terminal Méthanier de Fos Cavaou, and has, through its subsidiary Total Gas & Power Ltd., a re-gasification capacity of 2.25 Bm³/y. The terminal received fifty-six vessels in 2012, compared to fifty-nine in 2011.

In 2011, TOTAL acquired a 9.99% stake in Dunkerque LNG in order to develop a methane terminal project with a capacity of 13 Bm³/y. Trade agreements have also been signed which allow TOTAL to reserve up to 2 Bm³/y of re-gasification capacity over a 20-year period. The project is underway and commissioning of the terminal is scheduled for the end of 2015.

In the **United Kingdom**, through its equity interest in the Qatargas 2 project, TOTAL holds an 8.35% stake in the South Hook LNG re-gasification terminal and an equivalent right of use to the terminal. Phase 2 of the terminal was commissioned in 2010, which increased the terminal's total capacity to 742 Bcf/y (21 Bm³/y). In 2012, the

terminal re-gasified sixty-eight cargoes from Qatar, compared to nearly one hundred in 2011.

In **Mexico**, TOTAL sold in 2011 its entire stake in the Altamira re-gasification terminal, but it retained a 25% reservation of the terminal's capacity (*i.e.*, 59 Bcf/y, or 1.7 Bm³/y) through its 25% stake in Gas del Litoral.

In the **United States**, TOTAL has reserved a re-gasification capacity of approximately 353 Bcf/y (10 Bm³/y) at the Sabine Pass terminal (Louisiana) for a 20-year period ending in 2029. In April 2012, the Sabine Pass terminal received the authorization to export LNG from four trains of liquefaction, which would involve converting the re-gasification plants into liquefaction plants. As a result, TOTAL negotiated financial compensation with Cheniere, the terminal's operator, in the event that the capacity reserved by TOTAL for re-gasification is restricted before 2029 as a result of the conversion of the terminal.

In **India**, TOTAL holds a 26% stake in the Hazira terminal, which in 2013 is expected to have a natural gas re-gasification capacity of 244 Bcf/y (6.9 Bm³/y). The terminal, located on the west coast of India in the Gujarat state, is a merchant terminal with operations that cover both LNG re-gasification and gas marketing. After a year of sluggish activity in 2010, the terminal's full capacities are under contract for 2011 and 2012 as well as 2013. The Indian market's strong growth prospects have led to plans for an investment decision in 2013 aimed at increasing the terminal's capacity to at least 343 Bcf/y (9.7 Bm³/y) by 2017.

Electricity generation

In a context of increasing global demand for electricity, TOTAL has developed expertise in the power generation sector, especially through cogeneration and combined-cycle power plant projects.

In **Abu Dhabi**, the Taweelah A1 plant combines electricity generation and water desalination. It is owned by Gulf Total Tractebel Power Cy, in which TOTAL holds a 20% stake. The Taweelah A1 power plant, in operation since 2003, currently has net power generation capacity of 1,600 MW and water desalination capacity of 385,000 m³ per day. The plant's production is sold to Abu Dhabi Water and Electricity Company (ADWEC) as part of a long-term agreement.

In **Nigeria**, TOTAL and its partner, the state-owned Nigerian National Petroleum Corporation (NNPC), own interests in two gas-fired power plant projects that are part of the government's objectives to develop power generation and increase the share of natural gas production for domestic use:

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The Afam VI project, part of the Shell Petroleum Development Company (SPDC) joint venture in which

Table of Contents

TOTAL holds a 10% stake, concerns the development of a 630 MW combined-cycle power plant in production since the end of 2010;

The development of a new 417 MW combined-cycle power plant near the city of Obite (Niger Delta) in connection with the OML 58 gas project, part of the joint venture between NNPC and TOTAL (40%, operator). A final investment decision is expected in 2014 and commissioning is scheduled in 2015 in open-cycle and 2016 in closed-cycle. The power plant will be connected to the existing power grid through a new 108 km high-voltage transmission line.

In **Thailand**, TOTAL owns 28% of Eastern Power and Electric Company Ltd, which operates the combined-cycle gas power plant in Bang Bo, with a capacity of 350 MW, in operation since 2003. The plant's production is sold to the

Electricity Generating Authority of Thailand under a long-term agreement.

Coal production

For nearly thirty years, TOTAL has produced and exported coal from South Africa primarily to Europe and Asia. In 2012, TOTAL produced 4.4 Mt of coal.

The subsidiary Total Coal South Africa (TCSA) owns and operates five mines in South Africa. The Group continues to study other projects aimed at developing its mining resources.

The South African coal produced by TCSA or bought from third-parties' mines is either marketed locally or exported through the port of Richards Bay, in which TOTAL holds a 5.7% interest.

REFINING & CHEMICALS SEGMENT

In October 2011, the Group announced a proposed reorganization of its Downstream and Chemicals segments. The reorganization became effective on January 1, 2012, with the creation of a Refining & Chemicals segment, a large industrial group that encompasses refining, petrochemicals, fertilizers and specialty chemicals operations. This segment also includes oil trading and shipping activities. As a result, certain information has been restated according to the new organization.

Refining & Chemicals

Refining & Chemicals includes the Group's refining, petrochemicals, fertilizers and specialty chemicals businesses. The petrochemicals business includes base petrochemicals (olefins and aromatics) and polymer derivatives (polyolefins and polystyrene). The specialty chemicals business includes elastomer processing, adhesives and electroplating chemistry. TOTAL is one of the world's ten largest integrated producers.

In a context of growing worldwide demand for oil and petrochemicals driven by non-OECD countries, the strategy of Refining & Chemicals, in addition to the priority placed on safety and environmental protection, involves adapting production capacities to changes in demand in Europe and the United States by focusing on integrated platforms, and expanding in Asia and the Middle East in order to access, in particular, dedicated oil and gas resources and to benefit from market growth. This strategy

is underpinned by an effort to differentiate through the technology used and innovation found in its products and processes, and involves pursuing asset portfolio management to focus on core businesses.

Refining & Petrochemicals

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TOTAL's worldwide refining capacity was 2,048 kb/d at year-end 2012, compared to 2,096 kb/d in 2011 and 2,459 kb/d in 2010⁽¹⁾. The Group's worldwide refined products sales (including trading operations) in 2012 were 3,403 kb/d, compared to 3,639 kb/d in 2011 and 3,776 kb/d in 2010.

TOTAL has equity stakes in twenty refineries (including nine that it operates) located in Europe, the United States, the French West Indies, Africa, the Middle East and China.

Refining & Chemicals manages the refining operations located in Europe (excluding the joint venture TotalErg in Italy), the United States, the Middle East and Asia, for a capacity of 1,953 kb/d at year-end 2012 (*i.e.*, 95% of the Group's total capacity⁽²⁾).

The petrochemicals businesses (production and marketing of base petrochemicals and polymer derivatives) are located mainly in Europe, the United States, Qatar and in South Korea. Most of these sites are either adjacent or connected by pipelines to Group refineries. As a result, TOTAL's petrochemical operations are integrated within its refining operations.

⁽¹⁾ Based on publicly available information, 2011 consolidated sales.

⁽²⁾ The 2010 and 2011 data was restated to take into account notably the Ras Laffan refinery in Qatar, which was formerly part of Exploration & Production prior to the 2012 reorganization.

⁽³⁾ Earnings related to the refining assets in Africa, the French West Indies and of the joint venture TotalErg are reported in the results of the Marketing & Services segment.

Table of Contents

The goal of the Refining & Petrochemicals business is to improve the profitability of its operations, including in particular by implementing synergies related to refining-petrochemicals integration, and to improve operational efficiency (plant availability, cost control, energy efficiency) in order to take full advantage of its assets.

In March 2012, TOTAL finalized the acquisition of 35% of Fina Antwerp Olefins, Europe's second largest base petrochemicals (monomers) production plant. The acquisition will open new opportunities to strengthen the competitiveness of the platform in Antwerp and to pursue its integration, which is one of the foundations of TOTAL's strategy.

In July 2011, TOTAL closed the sale to IPIC of its 48.83% stake in CEPSA as part of a public takeover bid on the entire share capital of CEPSA. With respect to refining operations, this sale concerned mainly four Spanish refineries (Huelva, Algeciras, Tenerife, Tarragona) and, with respect to petrochemicals operations, aromatics and their derivatives.

Europe

TOTAL is the largest refiner in Western Europe⁽²⁾.

In **Western Europe**, TOTAL's refining capacity was 1,742 kb/d in 2012, compared to 1,787 kb/d in 2011 and 2,135 kb/d in 2010, accounting for 85% of the Group's overall refining capacity. The decrease in 2012 was due primarily to the shutdown of the Rome refinery, while the decrease in 2011 stemmed mainly from the sale of the Group's stake in CEPSA. The Group operates eight refineries in Western Europe (one in Antwerp, Belgium, five in France in Donges, Feyzin, Gonfreville, Grandpuits and La Mède, one in Immingham in the United Kingdom and one in Leuna, Germany) and owns stakes in the Schwedt refinery in Germany, the Zeeland refinery in the Netherlands and the Trecate refinery in Italy through its interest in TotalErg.

The main petrochemical sites are located in Belgium, in Antwerp (steam crackers, polyethylene, aromatics) and Feluy (polyolefins, polystyrene), and in France, in Carling (steam cracker, polyethylene, polystyrene, aromatics), Feyzin (steam cracker, aromatics), Gonfreville (steam crackers, styrene, polyolefins, polystyrene, aromatics) and Lavéra (steam cracker, polypropylene, aromatics). Europe accounts for 56% of the Group's petrochemicals capacity, i.e. 11,803 kt in 2012, compared to 11,013 kt in 2011 and 12,721 kt in 2010. The increase in 2012 was due mainly to the acquisition of 35% of Fina Antwerp Olefins (discussed

above), while the decrease in 2011 was due mainly to the sale of the Group's stake in CEPSA.

In **France**, the Group owns five refineries and continues to adapt its refining capacities and shift the production emphasis to diesel due to the structural decline in the demand for petroleum products in Europe and an increase in gasoline surpluses. Since 2010, TOTAL has been implementing its project to repurpose the Flanders site. The shutdown of the refining business results in the gradual dismantling of the units. The Group has commenced repurposing the site through the creation of four areas: a technical support center, a refining jobs training school, an oil depot, and a department whose role is to support the general revitalization of the site.

In 2010, the Group divested its minority interest (40%) in the Société de la Raffinerie de Dunkerque (SRD), a company that specializes in bitumen and base oil production.

In addition, the industrial plan intended to reconfigure the Normandy refinery is ongoing. The project is intended to upgrade the refinery and shift the production emphasis to diesel. For this purpose, the investments resulted in the eventual reduction of the annual distillation capacity to 12 Mt from 16 Mt, upsizing the hydrocracker unit for heavy diesel cuts and improving energy efficiency by lowering carbon dioxide emissions. The new design should be operational early 2014.

In parallel, the project to modernize the Normandy platform's petrochemical operations was completed in early 2012. This project did notably improve the energy efficiency of the steam cracker and the high-density polyethylene unit.

In **Belgium and the Netherlands**, the Group is studying a project intended to increase the conversion capacities of the Antwerp and Zeeland refineries. This project would make the refineries more complementary and allow the residual gases produced by the Antwerp refinery to be used as feedstock for the petrochemical steam crackers. In addition, in Feluy, TOTAL is building a new-generation expandable polystyrene manufacturing plant targeted for the fast-growing insulation market, with start-up scheduled for first half 2013.

In the **United Kingdom**, the commissioning in 2011 of the hydrodesulfurization (HDS) unit at the Lindsey refinery allowed the refinery to increase its crude

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(1) Company data, 2011 production capacity.

(2) Based on publicly available information, 2011 refining capacities and quantities sold.

Table of Contents

processing flexibility (up to 70% of high-sulphur crudes, compared to 10% previously) and its low-sulphur diesel production. After announcing in 2010 that it would put the Lindsey refinery up for sale as part of the sale of downstream activities in the United Kingdom, the Group, after receiving no offer meeting its requirements, decided in early 2012 to keep it in its portfolio.

In **Italy**, TotalErg (49%) holds a 25.9% stake in the Trecate refinery. The Rome refinery, which was wholly-owned by TotalErg, was turned into a depot in October 2012.

North America

The main sites are located in Texas, in Port Arthur (refinery, steam cracker), Bayport (polyethylene) and La Porte (polypropylene), and in Carville, Louisiana (styrene, polystyrene).

In 2008, TOTAL launched a program to upgrade the Port Arthur refinery that included the construction of a desulphurization unit commissioned in 2010, a vacuum distillation unit, a deep-conversion unit (coker) and other associated units, which were successfully commissioned in 2011. This upgrade enables the refinery to process more heavy and high-sulphur crudes and to increase production of lighter products, in particular low-sulphur distillates.

In 2011, TOTAL and BASF purchased Shell's stakes in Sabina, a butane processing plant, which they transferred to BTP (40%), their joint subsidiary that owns the Port Arthur steam cracker. This new structure increases synergies between the refinery and the steam cracker, which are located on the same site in Port Arthur. Furthermore, from April 2013, the BTP cracker will be able to produce up to 35% of its ethylene from ethane and 35% from butane, which will allow it to benefit from favorable market conditions in the United States.

Asia and the Middle East

TOTAL is continuing to expand in growth areas and is developing sites in countries with favorable access to raw materials.

In **Saudi Arabia**, TOTAL and Saudi Arabian Oil Company (Saudi Aramco) created a joint venture in 2008, Saudi Aramco Total Refining and Petrochemical Company (SATORP) held by Saudi Aramco (62.5%) and TOTAL (37.5%), to build a 400 kb/d refinery in Jubail. TOTAL and Saudi Aramco each plan to retain a 37.5% interest, with the remaining 25% expected to be listed on the Saudi stock exchange. The main contracts for the construction of

the refinery were signed in mid-2009, concurrent with the start-up of work. Gradual commissioning of the different units is expected in 2013.

The configuration of this refinery is designed for processing heavy crudes produced in Arabia and selling fuels and other light products that meet strict specifications and that are mainly intended for export. The refinery is also integrated with the petrochemical units: a 700 kt/y paraxylene unit, a 200 kt/y propylene unit, and a 140 kt/y benzene unit.

In **China**, TOTAL holds a 22.4% stake in WEPEC, a company that operates a refinery located in Dalian and produces also polypropylene.

The Group is also active through its polystyrene plant in Foshan (Guangzhou region), the capacity of which doubled to 200 kt/y at the beginning of 2011. TOTAL decided to build a new 200 kt/y polystyrene plant in Ningbo in the Shanghai region that is scheduled to start up in 2014.

In **South Korea**, TOTAL holds a 50% stake in Samsung Total Petrochemicals Co., Ltd., which operates the petrochemical site located in Daesan (condensate splitter, steam cracker, styrene, paraxylene, polyolefins). The joint venture completed in mid-2011 the first debottlenecking phase of the units at the Daesan site, with the aim of bringing them to full capacity. This first phase included increasing the capacity of the steam cracker to 1,000 kt/y and the polyolefin units to 1,150 kt/y. A second phase took place in September 2012 and involved increasing the capacity of the paraxylene unit to 700 kt/y.

In addition, to keep up with growth in the Asian markets, two major investments have been approved for planned start-up in 2014: a new 240 kt/y EVA⁽¹⁾ unit and a new aromatic unit with a capacity of 1.5 Mt/y of paraxylene and benzene, the raw material of which will be supplied by a new condensate splitter that will also produce kerosene (1.5 Mt/y) and diesel (1.0 Mt/y). As a result, the site's paraxylene production capacity will be increased to 1.8 Mt/y. Overall, these projects should result in the plant doubling its production capacity between 2011 and 2015.

In **Qatar**, the Group holds interests⁽²⁾ in two steam crackers (Qapco, Ras Laffan) and four polyethylene lines (Qapco, Qatofin). A linear low-density polyethylene plant with a capacity of 450 kt/y, which is operated by Qatofin in Messaied, started up in 2009. An ethane-based steam cracker in Ras Laffan, designed to produce 1.3 Mt/y of

ethylene, started up in 2010. The new 300 kt/y low-density polyethylene line operated by Qapco was commissioned in the third quarter 2012.

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(1) Ethylene and vinyl acetate copolymers.

(2) TOTAL interests: Qapco 20%; Qatofin 49%; Ras Laffan Olefin Craker 22.5% along with Qatar Petroleum.

Table of Contents

TOTAL holds a 10% stake in the Ras Laffan condensate refinery, which has a capacity of 146 kb/d. Plans to double the refinery's capacity are being studied.

Crude oil refining capacity

The table below sets forth TOTAL's daily crude oil refining capacity:

As of December 31, (kb/d)	2012	2011	2010
Nine refineries operated by Group companies			
Normandy (100%) ^(a)	247	247	338
Provence (100%)	153	153	153
Donges (100%)	219	219	219
Feyzin (100%)	109	109	109
Grandpuits (100%)	101	101	101
Antwerp (100%)	338	338	338
Leuna (100%)	227	227	227
Lindsey Immingham (100%)	207	207	207
Port Arthur (100%)	169	169	169
Subtotal	1,770	1,770	1,861
Other refineries in which the Group has equity stakes ^(b)	278	326	598
Total	2,048	2,096	2,459

^(a) 2010 capacity restated in accordance with the effective date of the final closure of a unit in 2011. End-2011 and end-2012 capacities take into account a distillation unit debottlenecking.

^(b) TOTAL share in the eleven refineries in which TOTAL has equity stakes ranging from 10% to 55% (one in the Netherlands, in Germany, in China, in Qatar, in Italy, in Martinique and five in Africa). TOTAL divested its stake in CEPSA (four refineries) in 2011 and shut down the Rome refinery in 2012.

Refined products

The table below sets forth by product category TOTAL's net share of refined quantities produced at the Group's refineries:

(kb/d)	2012	2011	2010
Gasoline	351	350	345
Aviation fuel ^(b)	153	158	168
Diesel and heating oils	734	804	775
Heavy fuels	160	179	233
Other products	338	335	359
Total	1,736	1,826	1,880

^(a) For refineries not 100% owned by TOTAL, the production shown is TOTAL's equity share of the site's overall production.

^(b) Avgas, jet fuel and kerosene.

Utilization rate

The tables below set forth the utilization rate of the Group's refineries:

	2012	2011	2010
On crude and other feedstock^{(a)(b)}			
France	82%	91%	64%
Rest of Europe (excluding CEPSA and TotalErg)	90%	77%	85%
Americas	99%	81%	83%
Asia	67%	67%	81%
Africa	75%	80%	76%
CEPSA and TotalErg ^(c)	58%	83%	94%

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Average	86%	83%	77%
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(a) Including equity share of refineries in which the Group has a stake.

(b) Crude + crackers feedstock/capacity and distillation at the beginning of the year.

(c) For CEPSA in 2011: calculation of the utilization rate based on production and capacity prorated on the first seven months of the year.

	2012	2011	2010
On crude^{(a)(b)}			
Average	82%	78%	73%

(a) Including equity share of refineries in which the Group has a stake.

(b) Crude/distillation capacity at the beginning of the year.

(1) Utilization rates do not include Ras Laffan refinery contribution.

Table of Contents**Petrochemicals: breakdown of TOTAL's main production capacities⁽¹⁾**

As of December 31, (in thousands of tons)	2012			Total World	2011 Total World	2010 Total World
	Europe	North America	Asia and Middle East ^(a)			
Olefins ^(b)	5,318	1,264	1,457	8,039	7,097	7,060
Aromatics ^(c)	3,098	1,512	1,185	5,795	5,730	6,910
Polyethylene	1,180	445	614	2,239	2,094	1,948
Polypropylene	1,325	1,200	350	2,875	2,835	2,810
Polystyrene	587	700	308	1,595	1,555	1,350
Other ^(d)	295		63	358	358	858
Total	11,803	5,121	3,976	20,900	19,668	20,935

^(a) Including interests in Qatar and 50% of Samsung Total Petrochemicals capacities.

^(b) Ethylene + Propylene + Butadiene.

^(c) Including Monomer Styrene.

^(d) Mainly Monoethylene Glycol (MEG) and Cyclohexane.

Development of fuel and polymer production technologies not based on hydrocarbons

In addition to optimizing existing processes, TOTAL is exploring new ways for valorizing carbon resources, conventional or otherwise. A number of innovative projects are being examined, and entail defining access to the resource (nature, location, supply method, transport), the nature of the molecules and targeted markets (fuels, lubricants, petrochemicals, specialty chemicals), and the most appropriate, efficient and environmentally-friendly conversion processes.

Coal to polymers: TOTAL has developed know-how in the various processes used to convert coal into higher value products by gasification. These efforts allow a better understanding of the technological issues specific to each process, such as Fischer-Tropsch, methanol, di-methyl ether (DME) and methane, particularly in terms of energy optimization, water consumption and carbon capture.

TOTAL has been involved in the feasibility of a coal to olefin (CTO) conversion project, in partnership with the China Power Investment utility company. This project includes the innovative methanol-to-olefins (MTO/OCP) process tested on a demonstration unit basis in Feluy (Belgium), and would be located in Inner Mongolia (China).

In parallel, TOTAL pursues a program to develop new carbon capture and storage technologies to reduce the environmental footprint of the Group's industrial projects based on fossil energy.

In partnership with the French IFP Énergies Nouvelles (French Institute for Oil and Alternative Energies), TOTAL is involved in an R&D program related to chemical looping

combustion, an innovative process to burn solid and gas feedstock that includes carbon capture at a very low energy cost. In 2010, this partnership resulted in the construction of a pilot at the Solaize site in France.

Biomass to polymers: TOTAL is involved in the development of processes dedicated or related to the conversion of biomass to polymers. The main area of focus is the development of a poly(lactic acid) (PLA) production technology through Futerra, a joint venture with Galactic, a lactic acid producer as well as developing a technology for dehydration of bio-alcohols into olefins (monomers for the manufacture of large conventional polymers), in collaboration with IFPEN/Axens.

Biomass to fuels: TOTAL is a member of the BioTFuel consortium, the objective of which is to develop a chain for converting lignocellulose into fungible, sulphur-free liquid products through gasification and Fischer-Tropsch synthesis. To benefit from economies of scale, it will be possible to convert lignocellulosic feedstock into a blend with fossil resources. This development involves an initial pilot demonstration phase.

TOTAL has also been involved in the Swedish BioDME project, which aims to demonstrate the feasibility of the entire chain, from DME production through gasification of biomass (black liquor, residue from the paper industry) to logistics and tests on a fleet of fourteen dedicated trucks. Although the European program ended in late 2012, the tests on the fleet of trucks are continuing in 2013.

More generally, TOTAL is paying close attention to the emergence of the first second-generation biofuel production plants.

(1) End-2010 and end-2011 capacities were restated to take into account TOTAL's share in CEPSA as of end-2010 and other petrochemicals products.

Table of Contents

In 2012, the Group incorporated:

in gasoline, 531 kt of ethanol⁽¹⁾ at its European refineries and several oil depots⁽²⁾, compared to 494 kt in 2011 and 464 kt in 2010⁽³⁾;
in diesel, 1,927kt of VOME⁽⁴⁾ at its European refineries and several oil depots⁽⁵⁾, compared to 1,859 kt in 2011 and 1,737 kt in 2010⁽³⁾.

Fertilizers

Through its French subsidiary GPN, TOTAL manufactures and markets mostly nitrogen fertilizers made from natural gas.

In 2012, GPN's production was limited by the unavailability of the Rouen ammonia plant during primarily the first half of the year. This lack of availability had a negative impact on GPN's results.

In recent years, GPN's manufacturing system was updated through two investments: the construction of a nitric acid plant in Rouen, which started up in the second half of 2009, and a urea plant in Grandpuits, where production is stabilizing. This additional urea production will enable GPN to position itself in the growing markets of products that contribute to reducing nitrogen oxide emissions, including Adblue[®] for transportation applications.

In January 2012, the Group finalized the divestment of its stake in Pec-Rhin. GPN's mines and quarries business at the Mazingarbe site was divested in January 2011.

These actions are intended to improve the competitiveness of GPN by concentrating its operations on two sites with updated facilities and a production capacity above the European average.

TOTAL announced in February 2013 that it had received a firm offer from the Borealis Group for its fertilizing businesses in Europe. This offer will now be presented to the employees representatives concerned, as part of the information and consultation procedures.

Specialty chemicals

The specialty chemicals businesses include elastomer processing (Hutchinson), adhesives (Bostik) and electroplating chemistry (Atotech). They serve the automotive, construction, electronics, aerospace and convenience goods markets, for which marketing, innovation and customer service are key drivers. TOTAL

markets specialty products in more than sixty countries and intends to develop by combining organic growth and targeted acquisitions. This development is focused on high-growth markets and the marketing of innovative products with high added value that meet the Group's sustainable development approach.

In 2012, the specialty chemicals businesses enjoyed a favorable business environment due to the resilience of the North American market and continued growth in emerging countries, despite such growth slowing down during the year. Although the situation deteriorated in Europe, it had no notable impact on earnings. In this context and on a like-for-like basis (excluding Resins), 2012 sales were €5.7 billion, a 7% increase compared to 2011.

The Hutchinson consumer goods business (Mapa[®] and Spontex[®]) was divested in spring 2010.

The Cray Valley coating resins and Sartomer photocure resins businesses were divested in July 2011. Sales for the divested lines of business were €860 million in 2010. The hydrocarbon and structural resins business lines were kept and have been incorporated into the Petrochemicals division.

Elastomer processing

Hutchinson manufactures and markets products derived from elastomer processing that are principally intended for the automotive, aerospace and defense industries.

Among the industry's leaders worldwide[®], Hutchinson provides its customers with innovative solutions in the areas of fluid transfer, air and fluid seals, anti-vibration, sound and thermal insulation, and transmission and mobility.

Hutchinson has eighty production sites worldwide, including fifty-one in Europe, sixteen in North America, seven in South America, five in Asia and one in Africa.

In 2012, Hutchinson's sales were €3.17 billion, up 6% compared to 2011. Sales for the automotive business increased 5% due to significantly increased sales on the North American market and increased sales on the Latin American and Chinese markets. Sales in Europe fell slightly (-3%) compared to 2011. On the industrial markets, turnover increased 7% as a result of increased sales in the civil aviation, railway and offshore oil markets.

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To strengthen its position in the aerospace industry, in early 2011 Hutchinson acquired Kaefer, a German

- (1) Including ethanol from ETBE (Ethyl-tertio-butyl-ether) and biomethanol from bio-MTBE (Methyl-tertio-butyl-ether), expressed in ethanol equivalent. Reference for bio content of ETBE and bio-MTBE is the RED directive.*
- (2) PCK and Zeeland Refinery included (TOTAL share).*
- (3) PCK and Zeeland Refinery included (TOTAL share). TotalErg (100% JV) included.*
- (4) VOME: Vegetable-oil- Methyl-ester. Including HVO (Hydrotreated vegetable oil).*
- (5) Including TotalErg's Rome and Trecate refinery/depots and TotalErg depots in Italy (100% TotalErg). PCK and Zeeland Refinery included (TOTAL share).*
- (6) Based on publicly available information, 2012 consolidated sales.*

Table of Contents

company specializing in aircraft interior equipment (e.g., insulation, ventilation ducts) and, at the end of 2012, the Canadian company Marquez specializing in air-conditioning circuits. In the automotive sector, in 2011, Hutchinson acquired Keum-Ah, a South Korean company specialized in fluid transfer systems. In 2012, Hutchinson announced the divestment of 30% of its automobile brake hose business in Palamos (Spain) through the creation of a joint venture with Japanese company Nichirin, one of the world leaders in this segment. Additionally, Hutchinson closed the Oyartzun production plant in Spain at the end of 2012.

Hutchinson continues to develop in strong growth potential markets and among the most dynamic strongest customers. Hutchinson continuously strives to innovate, offering its customers high-performance materials and high-value added solutions capable of performing the most demanding functions.

Adhesives

Bostik is one of the world leaders in the adhesive sector⁽¹⁾ and has significant positions in the industrial, hygiene and construction markets, complemented by both consumer and professional distribution channels.

Bostik has forty-nine production sites worldwide, including twenty in Europe, nine in North America, eight in Asia, six in Australia-New Zealand, four in South America and two in Africa.

In 2012, sales were €1.55 billion, up 8% compared to 2011.

Bostik continues to strengthen its technological position in the construction and industrial sectors, accelerate its program for innovation focused on sustainable development, pursue its expansion in high-growth countries and improve its operational performance.

After the start-up of a new production unit in Vietnam in 2011, in 2012 Bostik commissioned a new production unit in Egypt and a third production unit in China, located at Changshu, which is expected to be Bostik's largest plant worldwide, and opened a new regional technology center for Asia in Shanghai.

In the United States, Bostik acquired StarQuartz in 2011, increasing its range of construction adhesives. Bostik is strengthening its position in growth areas with the acquisition in 2012 of Usina Fortaleza, a Brazilian company specialized in construction adhesives.

In France, Bostik announced in late 2011 an investment in a new specialty polyester adhesive production workshop in Ribécourt and, in October 2012, an investment in a new worldwide and regional R&D center near Compiègne. In addition, Bostik continued to rationalize its industrial base with the closure of the Ibos site in France at year-end 2011 and the announcement in the fourth quarter of 2012 of the shutdown of production, in mid-2013, at the sites in Dublin, Ireland, and Barcelona, Spain.

Electroplating

Atotech is the second largest company in the electroplating sector based on worldwide sales⁽¹⁾. It is active in the markets for electronics (printed circuits boards, semiconductors) and general surface treatment applications (automotive, construction, furnishing).

Atotech has seventeen production sites worldwide, including seven in Asia, six in Europe, three in North America and one in South America.

In 2012, Atotech's sales were €0.97 billion, up 8% compared to 2011.

Atotech successfully pursued its strategy designed to differentiate its products through a comprehensive service provided to its customers in terms of equipment, processes, design and chemical products and through the development of green, innovative technologies to reduce the environmental footprint. This strategy relies on global coverage provided by its technical centers located near customers.

In order to strengthen its position in the electronics market, Atotech started up in 2011 a new production unit aimed at the semiconductors market in Neuruppin (Germany) and acquired adhesive technologies (molecular interfaces) in the nanotechnology domain in the United States.

Atotech intends to continue to develop in Asia, which represents already close to 65% of its global sales.

Trading & Shipping

Trading & Shipping's main focus is serving the Group, and its activities primarily involve:

selling and marketing the Group's crude oil production;
providing a supply of crude oil for the Group's refineries;
importing and exporting the appropriate petroleum products for the Group's refineries to be able to adjust their production to the needs of local markets;
chartering appropriate ships for these activities; and
undertaking trading on various derivatives markets.

(1) Based on publicly available information, 2012 consolidated sales.

Table of Contents

Trading & Shipping conducts its activities worldwide through various wholly-owned subsidiaries, including TOTSA Total Oil Trading S.A., Atlantic Trading & Marketing Inc., Total Trading Asia Pte, Total Trading and Marketing Canada L.P., Total Trading Atlantique S.A. and Chartering & Shipping Services S.A.

Trading

TOTAL is one of the world's largest traders of crude oil and refined products on the basis of volumes traded. The table below sets forth selected information with respect to Trading's worldwide crude oil sales and supply sources and refined products sales for each of the past three years.

Trading of physical volumes of crude oil and refined products amounted to 4.5 Mb/d in 2012.

Trading's crude oil sales and supply and refined products sales^(a)

(kb/d)	2012	2011	2010
Group's worldwide liquids production	1,220	1,226	1,340
Purchased by Trading from Exploration & Production	976	960	1,044
Purchased by Trading from external suppliers	1,904	1,833	2,084
Total of Trading's supply	2,880	2,793	3,128
Sales by Trading to Refining & Chemicals and Marketing & Services segments	1,569	1,524	1,575
Sales by Trading to external customers	1,311	1,269	1,553
Total of Trading's sales	2,880	2,793	3,128
Total of Trading's refined products sales	1,608	1,632	1,641

^(a) Including condensates.

Trading operates extensively on physical and derivatives markets, both organized and over the counter. In connection with its trading activities, TOTAL, like most other oil companies, uses derivative energy instruments (futures, forwards, swaps and options) to adjust its exposure to fluctuations in the price of crude oil and refined products. These transactions are entered into with various counterparties.

For additional information concerning Trading & Shipping's derivatives, see Notes 30 (Financial instruments related to commodity contracts) and 31 (Market risks) to the Consolidated Financial Statements.

All of TOTAL's trading activities are subject to strict internal controls and trading limits.

In 2012, the oil market remained tight, with a slight increase in oil prices during the year and crude oil prices firmly in backwardation⁽¹⁾. Freight rates improved slightly in 2012, despite the ever growing availability in charter capacities.

	2012	2011	2010	2012/11	min 2012	max 2012
Brent ICE 1 st Line ^(a) (\$/b)	111.68	110.91	80.34	0.7%	89.23 (Jun. 21)	126.22 (Mar. 13)
Brent ICE 12 th Line ^(b) (\$/b)	106.66	108.12	84.61	-1.3%	91.40 (Jun. 21)	119.39 (Mar. 13)
Contango time structure (12 th 1 st) ^(c) (\$/b)	-5.01	-2.79	4.27	79.6%	-9.37 (Mar. 1)	2.17 (Jun. 21)
WTI NYMEX 1 st Line ^(a) (\$/b)	94.15	95.11	79.61	-1.0%	77.69 (Mar. 13)	109.77 (Jul. 9)
WTI vs. Brent 1 st Line (\$/b)	-17.53	-15.80	-0.73	11.0%	-25.53 (Nov. 15)	-8.55 (Jan. 1)
Gasoil ICE 1 st Line ^(a) (\$/t)	953.42	933.30	673.88	2.2%	808.00 (Jun. 25)	1 043.50 (Mar. 19)
ICE Gasoil vs ICE Brent (\$/b)	16.30	14.36	10.11	13.5%	9.30 (Mar. 1)	23.62 (Oct. 19)
VLCC Ras Tanura Chiba BITR ^(d) (\$/t)	12.82	11.99	13.41	6.9%	9.05 (Jul. 19)	19.13 (Apr. 4)

^(a) 1st Line: quotation on ICE or NYMEX Futures for first nearby month delivery.

^(b) 12th Line: quotation on ICE Futures for twelfth nearby month delivery.

^(c) Contango + / Backwardation -.

^(d) VLCC: Very Large Crude Carrier. BITR: Baltic International Tanker Routes.

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An overview of global oil markets in 2012 is set forth below.

Despite the challenging economic environment, oil demand underwent sound growth in 2012 (+1.0 Mb/d according to estimations), especially gasoil (+0.3 Mb/d) and gasoline (+0.5 Mb/d). Growth was concentrated in Asia (+0.9 Mbd), while demand shrank in the Atlantic Basin.

⁽¹⁾ *Backwardation* is a term used to describe an energy market in which the anticipated value of the spot price in the future is lower than the current spot price. The reverse situation is described as *contango*.

Table of Contents

The new economic sanctions imposed against Iran in 2012 deprived the market of 0.7 Mb/d of crude supply on average. In spite of an otherwise abundant crude supply, the loss of Iranian crude oil sparked tensions during the first half of 2012 with certain countries restructuring their supplies and stockpiling (especially in China). The loss of Iran's crude supply was exacerbated by production losses in other OPEC and non-OPEC countries. Despite such production losses, OPEC crude oil production was estimated to have risen in 2012 by approximately +1.8 Mb/d, fuelled by the resumption of Libyan production and the production efforts of Saudi Arabia, Iraq, Kuwait and the United Arab Emirates. Non-OPEC production only rose by +0.6 Mb/d in 2012, driven upward by North America (+1.0 Mb/d), while production was down in most other regions. In particular, various problems affected supplies from Yemen (attacks on oil infrastructures), Syria (embargo), Sudan (disputes on transport tariffs), United Kingdom (accidents) and Brazil (accidents). NGL production (natural gas liquids) has increased according to estimations (+0.3 Mb/d), but biofuel production stagnated due to problems in Brazil.

After a relatively stable January 2012, the dated Brent price followed the trend spawned in Q4 2011 by quickly climbing from \$110/b on January 31 to culminate in the year's highest price of \$128/b on March 8. The price then fell steadily to \$89/b around June 25, due to abundant supply in the market and a rapid increase in inventories. Prices took off again during Q3 2012 following a major fall in stock levels, reaching \$118/b on August 23 (the year's second highest price). Prices subsequently eased off before stabilizing around \$110/b at the end of the year.

Global refining capacity rose overall by approximately +1.1 Mb/d, boosting refinery throughput by +1.0 Mb/d. Refiners faced an especially high level of unscheduled shutdowns, but that did not prevent them from increasing their utilization rates, particularly in Europe and the United

States. Product supply remained tight, and OECD oil industry inventories fell to their lowest level in seven years by the end of June. Such tensions increased the price differential between diesel fuel and crude oil.

2012 was once again marked by a widening of the price differential between WTI crude (West Texas Intermediate, confined to the central United States) and Brent crude (delivered in the North Sea and accessible internationally). Brent crude especially came under tension due to extended maintenance at the Buzzard field in the North Sea and regular cargo exports to South Korea. In 2012, WTI continued to experience downward pressure from a rise in local production and exports from Canada, the combination of which exceeded local refining capacity requirements and pipeline capacities to American refineries in the Gulf of Mexico. WTI prices fell during 2012, while Brent prices continued to rise, thereby widening their price differential.

Shipping

The transportation of crude oil and refined products necessary to develop the Group's activities is arranged by Shipping. These needs are met through transactions on the spot market and the development of a balanced time charter policy. Shipping's rigorous safety policy is due mainly to the strict selection of the vessels that it charters. Like a certain number of other oil companies and shipowners, the Group uses freight rate derivative contracts to adjust its exposure to freight rate fluctuations.

In 2012, Shipping chartered more than 3,000 voyages to transport approximately 115 Mt of crude oil and refined products. As of December 31, 2012, it employed a fleet of fifty-one vessels, none of which were single-hulled, that were chartered under long-term or medium-term agreements (including ten LPG carriers). The fleet has an average age of approximately five years.

Freight rate averages of three representative routes for crude transportation

		2012	2011	2010	min 2012		max 2012	
VLCC Ras Tanura Chiba BITR ^(a)	(\$/t)	12.82	11.99	13.41	9.05	(Jul. 19)	19.13	(Apr. 4)
Suezmax Bonny Philadelphia BITR	(\$/t)	14.44	13.86	14.50	11.52	(Dec. 7)	21.99	(Mar. 15)
Aframax Sullom Voe Wilhemshaven BITR	(\$/t)	6.48	6.51	6.39	5.98	(Aug. 20)	8.65	(Jan. 19)

^(a) VLCC: Very Large Crude Carrier. BITR: Baltic International Tanker Routes.

The year 2012 was difficult for the oil shipping business with heightened activity levels during the first half of the year in strong contrast to those of the second half of the year. At the same time, marine fuel attained record-breaking levels with a strong knock-on effect on transport costs.

In the first half of 2012, VLCC crude transportation increased by nearly 10% compared to the first half of 2011 due to high exports from the Persian Gulf to the United States and stockpiling in China. At the same time, growth of the fleet was offset by the large number of delayed deliveries and the high demolition rate.

The balance between supply and demand improved, allowing rates to rise substantially.

Table of Contents

The situation worsened considerably during the second half of the year, mirroring the same situation witnessed in 2011. Following the loss of the economic effects felt during the first half of the year, charter rates plummeted at the beginning of the summer, leaving the crude transportation market at a historic low.

With regard to the product tanker market, the situation has generally improved compared to 2011. Arbitrage in favor of longer routes, especially to Asia, has been beneficial for larger-sized vessels.

MARKETING & SERVICES SEGMENT

In October 2011, the Group announced a proposed reorganization of its Downstream and Chemicals segments. The reorganization became effective on January 1, 2012, with the creation of a Marketing & Services segment which is dedicated to worldwide supply and marketing activities in the oil products field. Since July 1, 2012, it includes the activities of New Energies. As a result, certain information has been restated according to the new organization.

Marketing & Services

TOTAL is one of the leading marketers in Western Europe⁽¹⁾. It is also the leader⁽²⁾ on the African continent and in the Middle East.

TOTAL sells a wide range of products produced from its refineries and other facilities. TOTAL is among the leading companies in the specialty products market, in particular for lubricants, LPG, jet fuel, special fluids, bitumen, heavy fuels and marine fuels, with products marketed in approximately 150 countries⁽³⁾.

TOTAL also sells numerous services for consumers and professionals in the mobility, residential and industrial sectors.

As part of its activities, Marketing & Services holds stakes in five refineries in Africa, one in Europe, through its share in TotalErg (49%), and one in the Caribbean.

Marketing & Services restructured its organization in 2012 in order to achieve its ambitions for growth. Marketing & Services now comprises four geographical divisions: Europe, Africa-Middle East, Asia-Pacific and the Americas. An operational division was set up to manage activities that are worldwide by nature due to their markets, customers and offers. The functional divisions were adapted in order to support the attainment of growth targets.

Europe

In Europe, TOTAL has a network of more than 9,100 service stations in France, Belgium, the Netherlands,

Luxembourg and Germany, as well as in Italy through its share in TotalErg (49%).

TOTAL also operates a network of 700 AS24-branded service stations dedicated to commercial transporters in twenty-seven European countries. In 2012, the Group continued to develop its network of service stations by entering the market in Georgia. The AS24 network is expected to continue to grow, mainly through expansion in the Mediterranean Basin and Russia and through its toll payment card service, which covers more than sixteen countries.

TOTAL is among the leaders in Europe for fuel-payment cards, with approximately 3.5 million cards issued in twenty-seven European countries.

In specialty products, the Group benefits from its extensive presence in continental Europe and relies on numerous industrial facilities to produce lubricants (mainly Rouen in France and Ertvelde in Belgium), special fluids (Le Havre in France), bitumen (Brunsbüttel in Germany) and grease (Lille in France).

In **Western Europe**, TOTAL continued to optimize its Marketing business in 2012.

In **France**, the dense network includes almost 1,850 TOTAL-branded service stations and 1,650 Elan service stations which are located mainly in rural areas.

In October 2011, TOTAL launched Total access , a new service station concept combining low prices with TOTAL brand fuel and service quality. By the end of 2012, 316 Total access stations had been opened out of the 600 planned for the end of 2013. The 121 Elf stations remaining at the end of 2012 will be converted into Total access service stations in 2013.

TOTAL leads the heating oil market in France,⁽⁴⁾ with eight local subsidiaries covering the entire country. TOTAL continued its diversification strategy in 2012, with the commercial launch of wood pellets and services with fioulmarket.fr, France 's first website for online heating oil sales to consumers.

⁽¹⁾ Publicly available information, based on quantities sold (2011).

⁽²⁾ PFC Energy and Company data.

⁽³⁾ Including via national distributors.

⁽⁴⁾ CPDP 2012 and Company data.

Table of Contents

TOTAL completed the adaptation of its logistics assets in 2012 with the closure of the Brive, Chambéry and BTT Honfleur depots and the transfer of the operations of the Lorient and Lyon depots to third parties, and strengthened its position in eastern France by acquiring an 18% interest in the Strasbourg depot owned by Société Européenne de Stockage. As a result of this adaptation, TOTAL now holds stakes in twenty-three depots, of which it operates eight.

In **Italy**, as part of the optimization of the Group's downstream portfolio in Europe, TotalErg (49%) was created in autumn 2010 through the merger of Total Italia and ERG Petroli. TotalErg has become the third largest operator in the Italian market with a network market share of nearly 12%⁽¹⁾ and more than 3,150 service stations. Production at the Rome refinery, owned by TotalErg, was stopped in October 2012 and the site will be converted into a logistics hub for petroleum products storage.

In October 2011, TOTAL sold its network of service stations and its fuel and heating oil marketing business in the **United Kingdom**, the Channel Islands and the Isle of Man. TOTAL retains a market presence in the United Kingdom through its specialty products activities, particularly lubricants and aviation fuel.

In **northern, central and eastern Europe**, TOTAL continued in 2012 to expand its direct presence in these growing markets, in particular for lubricants and bitumen. The Group is seeking to speed up the growth of its specialty products business, mainly in Russia, and to consolidate its production units in the region.

Africa & the Middle East

TOTAL is the leading marketer of petroleum products on the African continent and in the Middle East, with a market share of 12%⁽²⁾ in 2012. The Group operates almost 4,500 service stations in more than forty countries in these high-growth markets, as well as major networks in South Africa, Turkey, Nigeria, Kenya and Morocco.

In November 2012, TOTAL was granted a distribution license in Jordan that paves the way for a rapid development of a network of service stations and a wholesale business. As part of the optimization of its portfolio, the Group divested its subsidiary in Benin in late 2010.

Moreover, TOTAL has become a leading partner for mining customers by delivering supply chain and management solutions for fuels and lubricants.

In 2012, TOTAL strengthened its logistics in western Africa. The Group increased its stake in the Senstock storage company in Senegal from 25% to 35% and is developing an import terminal project in Ghana.

TOTAL is pursuing its strategy for growth on the specialty products markets. The Group, which relies in particular on the lubricants blending plant in Dubai, started up a new plant in Egypt in November 2012.

Asia-Pacific

At year-end 2012, TOTAL was present in nearly twenty countries in the Asia-Pacific region, primarily in the specialty products market. The Group is developing its position as a fuel marketer in the region, in particular in China. TOTAL operates service stations in Pakistan, the Philippines, Cambodia and Indonesia, and is a significant player in the Pacific Islands.

In China, the Group operated nearly 175 service stations at year-end 2012 through two TOTAL/Sinochem joint ventures.

In India, TOTAL inaugurated its first lubricants, bitumen, special fluids and additives technical center outside Europe in September 2012.

In Vietnam, TOTAL continues to strengthen its position in the specialty products market. The Group became one of the leaders in the Vietnamese LPG market with the acquisition of Vinagas in June 2012.

In the lubricants sector, TOTAL continues to grow in the region, with a 6.4% increase in lubricant sales in 2012 compared with 2011. The Group is building in Tianjin its third lubricants blending unit in China. Commissioning is expected in the first half of 2013.

Finally, the Group also extended its commercial footprint with the creation of a branch in Papua New Guinea in December 2012.

Americas

In Latin America and the Caribbean, TOTAL is active in about twenty countries in the specialty products markets (lubricants and special fluids) and in the major products sector (retail, wholesale, aviation). The Group holds a significant position⁽³⁾ in the fuel distribution business in the Caribbean.

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In the United States and Canada, TOTAL mainly markets specialty products, in particular lubricants, and is continuing to grow since the acquisition at year-end 2009 of lubricant assets in the province of Quebec in Canada.

⁽¹⁾ *PFC Energy: Italy report 2012.*

⁽²⁾ *Market share in the countries where the Group operates, based on 2012 publicly available information, quantities sold.*

⁽³⁾ *Fuel distribution in three of the four main opened markets in the region.*

Table of Contents

The Group is also looking into the construction of a special fluids production plant in Texas.

TOTAL operates a significant number of industrial units throughout the Americas and the Caribbean (production of lubricants, storage and conditioning of LPG).

Sales of refined products

The table below sets forth TOTAL's sales of refined products by region:

(kb/d)	2012	2011	2010
France	566	574	606
Europe, excluding France ^(a)	594	881	1,006
Americas	53	56	53
Africa	307	304	292
Rest of the World	190	172	159
Total excluding Trading and refinery bulk sales	1,710	1,987	2,116
Trading	1,161	1,215	1,281
Refinery bulk sales	532	437	379
Total including Trading and refinery bulk sales	3,403	3,639	3,776

^(a) Including TOTAL's share in CEPSA (up to end of July 2011) and, as from October 1, 2010, in TotalErg.

Service stations

The table below sets forth the number of service stations of the Group (excluding AS24):

As of December 31,	2012	2011	2010
France ^(a)	3,911	4,046	4,272
Europe, excluding France	5,200	5,375	7,790
of which TotalErg	3,161	3,355	3,221
of which CEPSA			1,737
Africa	3,601	3,464	3,570
Rest of the World	2,013	1,934	1,858
Total	14,725	14,819	17,490

^(a) TOTAL, Total access, Elf and Elan-branded service stations.

Product and services developments

In 2012, TOTAL continued its technical and R&D partnerships in Formula 1 with Renault Sport F1 and in the WRC with Citroën Sport, and it entered into a partnership with Toyota in endurance racing. The purpose of these partnerships is to demonstrate TOTAL's technical excellence in the formulation of fuels and lubricants under extreme conditions and restrictions on fuel consumption. The TOTAL brand was associated with four world titles in 2012.

TOTAL continued its Clean Energy Partnership in Germany, centered on hydrogen distribution. An experimental service station, located near TOTAL Deutschland's new head office in Berlin, was completed in 2012. A new hydrogen station should be opened in 2013 near Berlin's new airport. The H2 Mobility study, looking into the potential deployment of a hydrogen fuel distribution network in Germany by 2015-2020, was completed. TOTAL has now entered negotiations between industrial partners with a view to implementing the business plan based on the study.

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The number of prototype electric vehicle fueling stations (fast charge) is also increasing. Today, TOTAL has around twenty charging stations in the Netherlands, Belgium, Germany and France.

In 2012, TOTAL launched a program of six experimental pilot schemes of multi-energy and energy services offers designed to encourage reductions in consumption, to develop hybrid fuel/photovoltaic technical solutions and to facilitate access to energy in rural Africa.

New Energies

New Energies is developing renewables that will complement hydrocarbons so as to meet the increasing global demand for energy. In meeting this objective, the Group has two main focuses: solar energy, which benefits from unlimited energetic resources and is expected to play a key role by 2030, in particular in certain geographical zones where the Group has a significant presence, and the transformation of biomass, which aims to develop new bio-sourced product solutions for the Group's downstream

⁽¹⁾ For data on biofuels, refer to *Refining & Chemicals segment - Development of fuel and polymer production technologies not based on hydrocarbons*, above.

Table of Contents

markets, Marketing & Services and Refining & Chemicals. An active watch is kept on other technologies, such as marine energy.

Solar energy

TOTAL is developing upstream operations through industrial production and downstream marketing activities in the photovoltaic sector based on crystalline silicon technology. The Group is also pursuing R&D in this field through several partnerships, as well as in the concentrated solar power field.

Solar photovoltaic

The photovoltaic industry has undergone significant changes since 2011, with the disappearance of numerous players and cuts in subsidy programs prompted by the collapse of prices and excess production capacity. The competitiveness of photovoltaic solar energy has been strengthened by the significant drop in the cost of modules over the past eighteen months, which should cause its share of the energy mix rise while helping to cut greenhouse gas emissions at the same time.

SunPower: TOTAL now holds 66% of SunPower, a U.S. company based in San Jose, California, and listed on NASDAQ (NASDAQ: SPWR), following a friendly takeover bid in June 2011 and a capital increase in January 2012 in conjunction with SunPower's integration of Tenesol, TOTAL's long-established solar subsidiary present mainly in Europe and Africa.

SunPower is an integrated player that designs, manufactures and supplies the highest-efficiency solar panels in the market. It is active throughout the solar chain, from cell production based on crystalline silicon to the design and construction of turnkey large power plants, passing by the commercialization of solar solutions for residential and commercial markets.

Upstream, SunPower manufactures all of its cells in Asia (Philippines, Malaysia) and has a total production capacity of 1,200 MW/y. The company is continuing to adjust its production capacity while maintaining its technological leadership. The cells are assembled into modules, or solar panels, in plants located in Asia, North America, Europe and South Africa.

Downstream, SunPower is present in most major geographic markets (United States, Europe, Australia, Asia and Africa), with operations ranging from residential roof tiles to large solar power plants.

Photovoltech: TOTAL holds a 50% interest in Photovoltech, a Belgian company specialized in manufacturing multicrystalline photovoltaic cells. Against the crisis context, the company, which suffered structural losses, is in the process of closing down.

Other assets: The overseas activities previously operated by Tenesol are now managed by Sunzil, in which TOTAL holds a 50% stake.

Elsewhere, the Group is continuing its projects to display solar application solutions as part of decentralized rural electrification projects in a number of countries, including in South Africa via Kwazulu Energy Services Company (KES), in which TOTAL holds a 35% stake.

Concentrated solar power

TOTAL won in 2010 the call for tenders for the construction and 25-year operation of a 109 MW concentrated solar power plant in Abu Dhabi. The Shams project (20%) is being carried out in partnership with Masdar through the Abu Dhabi Future Energy Company (ADFEC). Construction work started in July 2010 and the plant started up in early 2013. The production will be sold to Abu Dhabi Water and Electricity Company (ADWEC).

New solar technologies

In order to strengthen its technological leadership in the crystalline silicon field, TOTAL invests considerable efforts in R&D programs through a partnership network with major laboratories and international research institutes in France and abroad operated by mixed research teams.

They are tasked with optimizing the photovoltaic solar chain (silicon, wafers, cells, modules and systems) by cutting production costs and multiplying its applications, while increasing the efficiency of the components in terms of electric conversion.

The IMEC (Interuniversity MicroElectronics Center - Belgium) research center hosts an R&D team from TOTAL and is involved in research programs looking into the reduction of quantities of silicon required by cells and the improvement of their efficiency.

TOTAL is also conducting researches into next-generation photovoltaic cells and modules through a partnership with the École Polytechnique's Laboratory of physics of interfaces and thin layers which is specialized in plasma-deposition processes at low temperatures. Following on from this partnership, in March 2012,

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TOTAL and EDF, the CNRS and the École Polytechnique announced the creation of the IPVF (Institut photovoltaïque d Île-de-France), created to become one of the top five worldwide centers conducting research into latest-generation photovoltaic devices.

Another team from TOTAL is collaborating with scientists from the LAAS-CNRS (Laboratoire d analyse et d architecture des systèmes) in Toulouse, France, on improving module energy performance through a system-based approach.

With respect to electricity storage, TOTAL continues its research program started in 2009 with a laboratory from

Table of Contents

the Massachusetts Institute of Technology (MIT) in the United States to develop a new battery technology. TOTAL also invested in 2011 in the Ambri start-up which comes from the same laboratory.

The difficulties experienced in improving the technology developed by AEP Polysilicon Corporation (AEP) (30%) to produce solar-quality silicon resulted in the project being abandoned and the industrial pilot being shut down. The Konarka Technologies Inc. start-up (25%) did not succeed in raising the capital needed to the continuation of its activities is being wound up.

Biotechnologies and the conversion of biomass

TOTAL is exploring a number of avenues for developing biomass transformation, which vary depending on the resource used, markets targeted (fuels, lubricants, petrochemicals, specialty chemicals, etc.) and the nature of the conversion processes. New Energies has chosen to target one out of the two primary conversion processes: biochemicals.

Since 2010, TOTAL has been pursuing its strategic biotechnologies partnership with Amyris Inc., an American company (NASDAQ: AMRS) specializing in this domain. The Group holds an 18.5% stake in the company as of December 31, 2012, and entered into a collaboration agreement regarding research, development, production and commercialization of new bio-based molecules that will be used in the upstream markets of oil and green chemicals. A common R&D team will be implemented.

Amyris owns a cutting-edge industrial synthetic biological platform designed to create and optimize micro-organisms that can convert sugars into molecules of interest through fermentation. Amyris also owns a research laboratory and pilot units in California as well as in Brazil. Amyris started its industrial production facility in Paraiso, Brazil, at the beginning of 2013.

In addition, the Group continues to develop a network of R&D partnerships in technology segments that are complementary with Amyris' platform (deconstruction of lignocelluloses, new biosynthesis processes, tools for metabolism engineering and processes linked to biochemicals routes), including with the Joint BioEnergy Institute (JBEI) (United States), Novogy (United States), the University of Wageningen (Holland) and the Toulouse White Biotechnology consortium (TWB) (France).

The Group is also assessing the potential of phototrophic processes and bio-engineering of microalgae. It entered into a partnership with Collectis S.A. to conduct exploratory research on this field. The Group also takes part in the AlgaePark consortium (Netherlands).

Other renewable energies

In wind power, TOTAL owns a 12 MW wind farm in Mardyck (near Dunkirk, France), which was commissioned in 2003.

In marine energy, TOTAL holds a 26.6% share in Scotrenewables Tidal Power, located in the Orkney Islands in Scotland. Tests are being conducted on a 250 kW prototype. A 2 MW commercial model is being developed.

OTHER MATTERS

Various factors, including certain events or circumstances discussed below, have affected or may affect TOTAL's business and results.

Exploration and production legal considerations

TOTAL's Upstream segment conducts activities in various countries which are therefore subject to a broad range of regulations. These cover virtually all aspects of exploration and production operations, including leasehold rights, production rates, royalties, environmental protection, exports, taxes and foreign exchange rates.

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The terms of the concessions, licenses, permits and contracts governing the Group's ownership of oil and gas interests vary from country to country. These concessions, licenses, permits and contracts are generally granted by or entered into with a government entity or a state-owned company and are sometimes entered into with private owners. These arrangements usually take the form of concessions or production sharing contracts.

In the framework of oil concession agreements, the oil company owns the assets and the facilities and is entitled to the entire production.

In exchange, the operating risks, costs and investments are the oil company's responsibility and it agrees to remit to the relevant State, usually the owner of the subsoil resources, a production-based royalty, income tax, and possibly other taxes that may apply under local tax legislation.

The production sharing contract (PSC) involves a more complex legal framework than the concession agreement: it defines the terms and conditions of production sharing and sets the rules governing the cooperation between the company or consortium in possession of the license and the host State, which is generally represented by a state-owned company. The latter can thus be involved in operating decisions, cost accounting and production allocation.

Table of Contents

The consortium agrees to undertake and finance all exploration, development and production activities at its own risk. In exchange, it is entitled to a portion of the production, known as cost oil, the sale of which should cover all of these expenses (investments and operating costs). The balance of production, known as profit oil, is then shared in varying proportions, between the company or consortium, on the one hand, and with the State or the state-owned company, on the other hand.

In some instances, concession agreements and PSCs coexist, sometimes in the same country. Even though there are other contractual models, TOTAL's license portfolio is comprised mainly of concession agreements.

In every country, the authorities of the host State, often assisted by international accounting firms, perform joint venture and PSC cost audits and ensure the observance of contractual obligations.

In some countries, TOTAL has also signed contracts called risked service contracts, which are similar to production sharing contracts. However, the profit oil is replaced by risked monetary remuneration, agreed by contract, which depends notably on the field performance. Thus, the remuneration under the Iraqi contract is based on an amount calculated per barrel produced.

Oil and gas exploration and production activities are subject to authorization granted by public authorities (licenses), which are granted for specific and limited periods of time and include an obligation to return a large portion, or the entire portion in case of failure, of the area covered by the license at the end of the exploration period.

TOTAL pays taxes on income generated from its oil and gas production and sales activities under its concessions, production sharing contracts and risked service contracts, as provided for by local regulations. In addition, depending on the country, TOTAL's production and sales activities may be subject to a number of other taxes, fees and withholdings, including special petroleum taxes and fees. The taxes imposed on oil and gas production and sales activities may be substantially higher than those imposed on other industrial or commercial businesses.

The legal framework of TOTAL's exploration and production activities, established through concessions, licenses, permits and contracts granted by or entered into with a government entity, a state-owned company or, sometimes, private owners, is subject to certain risks that, in certain cases, can reduce or challenge the protections offered by this legal framework.

Management and monitoring of industrial and environmental risks

TOTAL policies regarding health, safety and the environment

TOTAL has developed a Health Safety Environment Quality Charter (see Health Safety Environment Quality Charter, below) which sets out the basic principles applicable within the Group regarding the protection of people, property and the environment. This charter is rolled out at several levels within the Group by means of management systems.

Along these lines, TOTAL has developed efficient organizations as well as safety, environmental and quality management systems, which it makes every effort to have certified or assessed (standards such as the International Safety Rating System, ISO 14001 and ISO 9001). For example, in 2010, TOTAL received ISO 9001 certification for development and management of the database of technical businesses in Exploration and Production.

In most countries, TOTAL's operations are subject to laws and regulations concerning environmental protection and industrial safety (see Health, safety and environmental regulations, below). TOTAL ensures compliance with applicable laws and regulations.

Assessment

As part of its policy, TOTAL systematically assesses risks and impacts in the areas of industrial safety (particularly technological risks), the environment and the protection of workers and local residents:

- prior to approving new projects, investments, acquisitions and disposals;
- periodically during operations (safety studies, environmental impact studies, health impact studies and risk prevention plan in France as part of the 2003 legislation on the prevention of major technological risks);
- prior to releasing new substances on the market (toxicological and ecotoxicological studies and life cycle analyses); and
- based on the regulatory requirements of the countries where these activities are carried out and generally accepted professional practices.

In countries where prior administrative authorization and supervision is required, projects are not undertaken without the authorization of the relevant authorities based on the studies provided to the authorities.

In particular, TOTAL has developed a common methodology for analyzing technological risks which must gradually be applied to all activities carried out by the Group's companies.

Table of Contents

Management

TOTAL develops risk management measures based on risk and impact assessments. These measures involve facility and structure design, the reinforcement of safety devices and remedies of environmental degradations.

In addition to developing organizations and management systems as described above, TOTAL strives to minimize industrial and environmental risks inherent in its operations by conducting thorough inspections and audits, training personnel and raising awareness among all those involved.

In addition, performance indicators (in the areas of HSE) and risk monitoring have been put in place, objectives have been set and action plans have been implemented to achieve these objectives.

Although the emphasis is on preventing risks, TOTAL takes regular steps to prepare for crisis management based on the risk scenarios identified.

In particular, TOTAL has developed emergency plans and procedures to respond to an oil spill or leak. These plans and procedures are specific to each TOTAL affiliate and adapted to its organization, activities and environment and are consistent with the Group plan. They are reviewed regularly and tested through exercises.

At the Group level, TOTAL has set up the alert scheme PARAPOL (Plan to Mobilize Resources Against Pollution) to facilitate crisis management and provide assistance by mobilizing both internal and external resources in the event of pollution of marine, coastal or inland waters, without geographical restriction. The PARAPOL procedure is made available to TOTAL subsidiaries and its main goal is to facilitate access to internal experts and physical response resources.

Furthermore, TOTAL and its subsidiaries are currently members of certain oil spill cooperatives that are able to provide expertise, resources and equipment in all geographic areas where TOTAL has operations, including in particular Oil Spill Response Limited, the CEDRE (Center for Documentation, Research and Experimentation on Accidental Water Pollution) and Clean Caribbean & Americas.

Following the blow-out on the Macondo well in the Gulf of Mexico in 2010 (in which the Group was not involved), TOTAL created three Task Forces in order to analyze risks and issue recommendations.

In Exploration & Production, Task Force 1 reviewed the safety aspects of deep offshore drilling operations (well architecture, design of blow-out preventers, training of personnel based on lessons learned from serious accidents that have occurred recently in the industry). Its

efforts have led to the implementation of even more stringent controls and audits on drilling operations.

Task Force 2, in coordination with the Global Industry Response Group (GIRG) created by the OGP (International Association of Oil and Gas Producers), is studying deep offshore oil capture and containment operations in case of a pollution event in deep waters. Capture devices will be available in several regions of the world where TOTAL has a strong presence in exploration-production.

Task Force 3 involved plans to fight accidental spills in order to strengthen the Group's ability to respond to major accidental pollution, such as a blow-out or a total loss of containment from an FPSO (Floating Production, Storage and Offloading facility). This initiative has led, in particular, to a sharp increase in the volume of dispersants available within the Group.

The task forces finalized most of their work in 2012, and the Group has continued deploying solutions to minimize such risks.

The Group believes that it is impossible to guarantee that the contingencies or liabilities related to the above mentioned concerns will not have a material impact on its business, assets and liabilities, consolidated financial situation, cash flow or income in the future.

Health, safety and environment regulations

TOTAL is subject to extensive and increasingly strict health, safety and environmental (HSE) regulations in the European Union (EU), the United States and the rest of the world.

European Union

The following is a non-exhaustive list of major HSE regulations and directives that affect TOTAL's operations and products in the EU:

Risk prevention

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The Seveso III Directive (2012/18/EU), which entered into force in August 2012, updated and replaced the Major Hazards Directive Seveso II of 1996 that required emergency planning, public disclosure of emergency plans, assessment of hazards and emergency management systems. The new Directive strengthened rules on the control of major accident hazards and integrated provisions on EU chemicals law (integration into the Seveso III Directive of the Classification, Labelling and Packaging (CLP) regulation and adapting the EU system to the UN 's international chemicals classification Globally Harmonized System, or GHS). This Directive also clarified and updated other

Table of Contents

provisions, including introducing stricter inspection standards and improving the level and quality of information available to the public in the event of an accident. Member States must transpose and implement this Directive by June 2015, which is also the date when the new UN GHS becomes fully applicable in Europe.

In October 2011, the European Commission proposed a regulation on the safety of offshore oil and gas activities that would introduce rules for the effective prevention of and response to a major accident. In 2012, this proposed regulation was transformed into a proposed directive that could be adopted in 2013 and subsequently transposed into Member State legislation.

The chemical Regulation REACH (Registration, Evaluation and Authorization and Restriction of Chemicals) adopted in 2006 required the pre-registration of chemical substances manufactured or imported into the EU by December 2008, to qualify for full registration under a phase in during the period 2010-2018. This regulation requires the registration and identification of chemical substances manufactured or imported in EU Member States, and can result in restrictions on the sales or uses of such substances. REACH requires TOTAL to evaluate the hazards of its chemicals and products and may result in future changes to warning labels and material safety data sheets. To date, the Group has registered more than 200 substances.

Protection of the natural environment

The Industrial Emissions Directive (IED) (2010/75/EU) entered into force in January 2011 and twenty Member States (including France) have transposed this directive into their national legislation before the deadline of January 2013. By imposing the reduction of emissions from industrial installations, the IED will progressively result in stricter emission limits on some of TOTAL 's facilities by making compulsory certain rules described in BREFs (Reference documents on Best Available Techniques).

The Air Quality Framework Directive (2008/50/EC) and related directives on ambient air quality assessment and management, among other things, limit emissions of sulphur dioxide, nitrogen dioxide and oxides of nitrogen, particulate matter, lead, carbon monoxide, benzene and ozone. A revised version of this Directive is expected to be adopted in 2013.

Existing directives controlling and limiting exhaust emissions from cars and other motor vehicles are expected to continue to become more stringent over time. Since 2009, a maximum sulphur content of 10 ppm has been mandatory throughout the EU.

The Sulphur Content Directive (1999/32/EC, as amended) limits sulphur in diesel fuel to 0.1% (since 2008) and limits sulphur in heavy fuel oil to 1% (since 2003), with certain exceptions for combustion plants provided that local air quality standards are met. This directive was modified in November 2012 to limit the sulphur content in maritime fuels used in EU seas.

Certain Maritime Safety Directives implemented in France between 2011 and 2012 require tankers to have double hulls and ship owners to acquire improved insurance coverage, mandate improvements to traffic monitoring, accident investigations and in-port vessel inspection, and further regulate organizations that inspect and confirm conformity to applicable regulations.

Numerous directives impose water quality standards based on the various uses of inland and coastal waters, including ground water, by setting limits on the discharges of many dangerous substances and by imposing information gathering and reporting requirements.

Adopted and effective since 2000, a comprehensive Water Framework Directive (2000/60/EC) is progressively replacing numerous existing directives with a comprehensive set of requirements, including additional regulations obligating member countries to classify all water courses according to their biological, chemical and ecological quality, and to completely ban the discharges of approximately thirty toxic substances by 2017.

The law n° 2011-835 was adopted in July 2011 in France to prohibit the exploration and operation of shale gas by hydro-fracking technique and to repeal the exclusive research permits for projects using this technique. Consequently, the exclusive research permits issued to TOTAL at Montelimar (in the south of France) were repealed by the French Government. An administrative procedure initiated in December 2011 is pending against this repeal.

The framework Directive on Waste Disposal ensures that waste is recovered or disposed of without endangering human health and without using processes or methods that could unduly harm the environment. Numerous related directives regulate specific categories of waste.

Table of Contents

Biodiversity issues are being given increasing regulatory consideration. Following the 2010 Nagoya summit, the UN's 65th General Assembly decided to form the IPBES (Intergovernmental Science-Policy Platform on Biodiversity) to share knowledge and future policies on biodiversity and ecosystem services.

Climate protection

With respect to the Kyoto protocol, which expired in 2012, the Durban conference of November 2011 extended the Kyoto principles beyond 2012 in order to permit the possible adoption by 2015 of a new legally-binding international agreement to be signed by the negotiating countries as well as by the United States, China, India and certain other developing nations. The latest UN Climate Conference, held in Doha in December 2012, established a location to negotiate the 2015 binding agreement and extended the Kyoto Protocol principles until 2020.

Within the EU, the Kyoto protocol was implemented in 2003 by the ETS (Emission Trading Scheme) Directive (2003/87/CE), as amended, to establish a scheme for greenhouse gas (GHG) emission allowance trading within the European Community (EC) with the goal being to significantly reduce GHG emissions. This trading scheme required Member States to prepare national allocation plans identifying CO₂ quotas to be shared and delivered by the governments to each industrial installation for specific sectors. In accordance with the 2009 revision of the aforementioned Directive, a progressive quota auctioning mechanism will be set up over the period of 2013 to 2020 (referred to as the "3 phase "). When this system is established, TOTAL's industrial facilities may incur capital and operating costs to comply with such legislation including the partial acquisition of emissions allowances.

The Climate Action and Renewable Energy Package imposes an EU objective referred to as "3 x 20", which commits EU Member States by 2020 to reduce overall GHG emissions to at least 20% below 1990 levels, to improve energy efficiency by 20% and to increase renewable energy usage by 20% compared to the projections for 2020.

In 2011, the European Commission published its Roadmap for moving to a competitive low-carbon economy in 2050 to look beyond these 2020 objectives and to set out a plan to meet the long-term target of reducing domestic emissions by 80% to 95% by mid-century.

The sectors most responsible for emissions in the EU (*i.e.*, power generation, industry, transport, buildings and construction, as well as agriculture) are charged with making the transition to a low-carbon economy over the coming decades, and these issues could affect TOTAL's operations in the future.

The 2009 Directive on Carbon Capture and Storage (CCS) (2009/31/EC) forms the basis for developing CCS projects that are expected to help provide solutions for the reduction of CO₂ emissions.

CO₂ emission allowances

The regulation concerning the market for CO₂ emission allowances in Europe, EU-ETS (European Trading Scheme), entered a third phase on January 1, 2013. This phase marks the end of the overall free allocation of emission allowances, particularly for electricity production plants, which no longer benefit from free allowances, and establishes allowance auctioning by the member states of the EU. The Group is impacted in Europe by this new phase of the regulation, especially for its refining and petrochemicals facilities and, to a lesser extent, its upstream operations. In phase 3, free allocations are limited to those resulting from a calculation based on a benchmark within the same industrial sector. This benchmark is set on the basis of the top 10% most efficient installations in terms of emissions. Installations other than the top 10% must have missing allowances bought at market price. Moreover, the Group's plants will need to indirectly bear the cost of allowances for all electricity consumed, including electricity generated internally at its own facilities. Although the allocations of free allowances for phase 3 have not yet been made public, the Group believes that it will continue to receive free allowances that will cover approximately 80% of its emissions subject to the EU-ETS during the 2013-2020 period. Given the amount of free allocations at the beginning of the period and the ability to use in phase 3 its surplus allowances purchased or received in phase 2, the Group's exposure should be limited during the period in question.

Environmental liability

The Directive on Environmental Liability (2004/35/EC) seeks to implement a strict liability approach for damage to water resources, soils and protected species and habitats by authorized industrial activities.

Table of Contents

The Directive on the protection of the environment through criminal law (Directive 2008/99/EC) obliges EU Member States to provide for criminal penalties in respect of serious infringements of EC regulations. This directive was transposed in France in January 2012 and will enter into force in July 2013.

Public information

EU Directives implementing the Aarhus International Convention of 1998 were adopted in 2003 and provide public information and participation rights in a variety of activities affecting the environment. French regulations on public inquiry and impact assessment were adopted in 2011 and entered into force in June 2012. These regulations reinforce public participation and information rights concerning projects that could affect the environment. In December 2012, a French law was published on public participation modalities in public decision-making processes on projects affecting the environment.

A proposed amendment of Directive 2011/92/EU was submitted to the European Parliament and Council by the EU Commission in October 2012 that would, among other things, strengthen provisions concerning the quality of environmental impact assessments.

United States

In the United States, where TOTAL's operations are less extensive than in Europe, TOTAL is also subject to significant HSE regulations at both the state and federal levels. Of particular relevance to TOTAL's lines of business are:

Protection of the natural environment

The Clean Air Act and its regulations, which require, among other measures: stricter phased-in fuel specifications and sulfur reductions; enhanced emissions controls and monitoring at major sources of volatile organic compounds, nitrogen oxides, and other designated hazardous and non-hazardous air pollutants; GHG regulation; stringent pollutant emission limits; construction and operating permits for major air emission sources at chemical plants, refineries, marine and distribution terminals and other facilities; and risk management plans for the handling and storage of hazardous substances.

The Clean Water Act, which regulates the discharge of wastewater and other pollutants from both onshore and offshore operations and, among other measures, requires industrial facilities to obtain permits for most wastewater and surface water discharges, install control equipment and treatment systems, implement operational controls, and preventative measures, including spill prevention and control plans and practices to control storm water runoff.

The Resource Conservation and Recovery Act, which regulates the generation, storage, handling, treatment, transportation and disposal of hazardous waste and imposes corrective action requirements on regulated facilities requiring investigation and remediation of potentially contaminated areas at these facilities.

Environmental liability

The Comprehensive Environmental Response, Compensation, and Liability Act (also known as CERCLA or Superfund), under which waste generators, former and current site owners and operators, and certain other parties can be held jointly and severally liable for the entire cost of remediating sites contaminated by releases of hazardous substances regardless of fault or the amount or share of hazardous substances sent by a party to a site. The U.S. Environmental Protection Agency (EPA) has authority under Superfund to order responsible parties to clean up contaminated sites and may seek recovery of the government's response costs from responsible parties. States have similar legal authority to compel site investigations and cleanups and to recover costs from responsible parties. The U.S. government and states may also sue responsible parties under CERCLA for damage to natural resources (e.g., rivers and wetlands) arising from releases of hazardous substances.

Risk prevention

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National and international maritime oil spill laws, regulations and conventions, including the Oil Pollution Act of 1990, impose significant oil spill prevention requirements, spill response planning and training obligations, ship design requirements (including phased in double hull requirements for tankers), operational restrictions, spill liability for tankers and barges transporting oil, offshore oil platform facilities and onshore terminals and establishes an oil liability spill fund paid for by taxes on imported and domestic oil.

Offshore oil and gas operations are regulated by the Bureau of Ocean Energy Management, which is responsible for managing development of offshore resources, and the Bureau of Safety and

Table of Contents

Environmental Enforcement (BSEE), which is responsible for safety and environmental oversight of offshore oil and gas operations. The BSEE has implemented more stringent permitting requirements and oversight of offshore drilling. Among other changes, well design, casing and cementing standards have been upgraded and compliance must be certified by a professional engineer. In addition, plans must describe containment resources available in case of an underwater blowout and worst case discharge, and operators in the Gulf of Mexico are required to develop and implement a Safety and Environmental Management Systems program.

Other significant U.S. environmental legislation includes the Toxic Substances Control Act, which regulates the development, testing, import, export and introduction of new chemical products into commerce, and the Emergency Planning and Community Right-to-Know Act, which requires emergency planning and spill notification as well as public disclosure of chemical usage and emissions.

TOTAL s facilities in the United States are also subject to extensive workplace safety regulations promulgated by the Occupational Safety and Health Administration (OSHA). Most notable among OSHA regulations is the Process Safety Management of Highly Hazardous Chemicals standard, a comprehensive regulatory program that requires major industrial sources, including petroleum refineries and chemical manufacturing facilities, to undertake significant hazard assessments during the design of new industrial processes and modifications to existing processes, as well as a comprehensive and continual monitoring and management process for these chemicals.

Climate protection

EPA regulation of greenhouse gas (GHG) emissions from industrial sources under the Clean Air Act s Prevention of Significant Deterioration and Title V operating permit programs formally commenced in early January 2011. With the new EPA rules affecting a variety of emission sources and activities, TOTAL s U.S. subsidiaries may be required, among other things, to obtain GHG permits to construct new facilities or to modify existing facilities. As a result, TOTAL s U.S. subsidiaries could incur additional capital and operating costs to comply with control technology and/or facility upgrade requirements to reduce GHG emissions.

Unconventional gas production

TOTAL has investments in the United States in unconventional gas plays that utilize hydraulic fracturing, or fracking, a process that involves pumping a mixture of water, sand and chemicals underground at high pressure to fracture rock formations and release natural gas and liquids that are otherwise inaccessible. Currently, regulation of these practices occurs at the state level, although there are a number of federal legislative agency proposals that could alter the regulatory framework. In April 2012, the EPA issued final rules that established new air emission controls for oil and natural gas production and natural gas processing operations, which include new emissions standards for a variety of oil and natural gas production and processing activities. In addition, various state initiatives could result in stricter regulation of fracking. Increased regulation could affect TOTAL s operating costs, profitability and future investments in these unconventional gas plays.

Legal proceedings

Proceedings instituted by governmental authorities are pending or known to be contemplated against certain U.S.-based subsidiaries of TOTAL under applicable environmental laws that could result in monetary sanctions in excess of \$100,000. No individual proceeding is, nor are the proceedings as a whole, expected to have a material adverse effect on TOTAL s consolidated financial position or profitability.

Health Safety Environment Quality Charter

TOTAL s safety, health and environment policy is based on the charter below, which was adopted in 2000 and updated in 2009. This charter represents the common framework of the Group s HSE and Quality management systems. Group directives define the minimum requirements expected in the different HSE areas and are implemented in the business segments, which subsequently factor in the specific characteristics of their operations. Recommendations, guides and manuals are regularly published and made available to the different business segments. They provide invaluable guidance and support for implementing and managing the Group s policies.

Safety Health Environment Quality Charter

Total has based its policy in matters pertaining to health, safety, the environment and quality on the following 10 principles:

Table of Contents

Article 1: Total considers personal health and safety, operational safety, respect for the environment, customer satisfaction and listening to stakeholders as paramount priorities.

Article 2: Total strives to comply with applicable laws and regulations wherever it conducts its business and supplements them, when appropriate, with its own specific requirements.

Article 3: Total promotes among its employees a shared culture the core components of which are skills management, incident feedback, information and dialogue. This process is driven by the leadership and exemplary conduct of management.

Article 4: Total favors the selection of its industrial and business partners on the basis of their ability to comply with its health, safety, environment and quality policy.

Article 5: Total implements, for all its operations, appropriate management policies regarding health, safety, environment and quality risks which are regularly assessed. No project development or product launch may be undertaken without a risk assessment covering the entire life of the project or product.

Article 6: Appropriate health, safety, environment and quality management systems for each line of business undergo regular assessment involving measuring the performance, setting milestones, formulating relevant action plans and instituting suitable control procedures.

Article 7: In order to respond effectively in the event of accidents, Total equips itself appropriately and establishes emergency procedures that are periodically reviewed and regularly tested during exercises.

Article 8: All employees, at all levels, must be aware of their role and personal responsibility in performing their duties, giving due consideration to the prevention of risks of accidents, harm to health, environmental damage or adverse impacts on product and service quality. Vigilance and professionalism in these fields are important criteria in evaluating the performance of each member of personnel, in particular for those in positions of responsibility.

Article 9: In matters of health, safety, environment and quality, Total adopts a constructive attitude based on open dialogue with stakeholders and outside parties. Through its social commitment, it focuses on developing its business in harmony with the neighboring communities.

Article 10: Total monitors and controls the Group's energy consumption, greenhouse gas emissions, production of ultimate waste and impact on biodiversity. The Group develops new processes, products and customer services in order to enhance energy efficiency and reduce

environmental footprints. The Group is engaged in research and development for additional energy resources. Total thus actively contributes to sustainable development.

Additional information

The Industrial Safety, Sustainable Development and Environment departments, together with the Security Department, report to Corporate Affairs and provide support to the operating segments and ensure that they implement policies that reflect the principles of the charter in a concrete, effective manner.

In accordance with oil and gas industry best practices (set out in the IPIECA reporting guidance), the following information relates to the activities, sites and industrial assets that TOTAL operates or for which it has been given contractual responsibility for managing operations, directly or through one of its subsidiaries. This is with the exception of information about greenhouse gases, which is also expressed as a Group share of all assets in which TOTAL has a stake. The data presented in this section are provided on a current basis. For instance, data relating to SunPower, in which the Group holds a 66% interest, were taken into account from 2012.

Occupational health and safety

TOTAL's occupational health and safety requirements for the personnel working on its sites are set out in Health, Safety and Industrial hygiene directives.

Indicators are used to measure the main results in these areas, and monthly reporting of occupational incidents (LTIR: Lost Time Incident Rate; TRIR: Total Recordable Incident Rate) is used to monitor performance at both the global and site level. The Group does not differentiate between the safety of its employees and that of external contractors. The indicators below include incidents and hours worked by Group employees and contractors working on its sites.

	2012	2011	2010
LTIR: number of lost time incidents per million hours worked	1.0	1.3	1.6
TRIR: number of recorded incidents per million hours worked	1.8	2.2	2.6

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SIR: average number of days lost per lost time incident

27.2

23.9

23.5

The incident severity rate in 2012 has risen from the previous year, but it still lies within the variation range seen over the last six years. This negative trend is mostly apparent in the Upstream and Marketing & Services segments. The impact on the incident severity rate arising from the increase in Upstream business and security events, especially in Marketing & Services, is being closely monitored.

Table of Contents

In 2012, the Group experienced fourteen occupational fatalities. The number of fatalities per million hours worked (Fatality Incident Rate) calculated over a three-year rolling basis shows a downward trend: 0.034 in 2010, 0.030 in 2011, and 0.025 in 2012.

Since 2010, the basic rules to be scrupulously followed by all personnel, employees and contractors alike, in all of the Group's lines of business worldwide, have been set out in a safety document entitled "Twelve golden rules of occupational safety". The Group's internal statistics show that in over 90% of severe or high potential severity incidents in the workplace at least one of the golden rules had not been followed. The roll-out of the golden rules was accompanied by an awareness campaign in 2011 and 2012 to ensure that all employees know and understand the rules. Regular site visits, presentations and seminars are organized with the employee representatives on the European Works Council to promote the golden rules and, more generally, raise awareness on occupational safety issues.

The Group's safety culture approach provides a strong incentive to report all anomalies and near misses, which are considered to be important for the correct performance of the continuous improvement loop and an excellent means of measuring the safety culture level within the business units. An investigation is generally launched in response to any type of safety incident whatsoever. The method and depth of investigation depend on the actual or potential severity level. For example, a near miss with a potentially high severity level is treated in the same way as a serious incident: it is considered to be a key driving force for progress and, depending on its relevance to the other business units within the Group or business segment, triggers a safety alert and even the dissemination of a feedback report.

The Group's directives are equally demanding with regard to employee health. In particular, the Group's companies are expected to prepare a formal occupational risk assessment (chemical, physical, biological, ergonomic or psychosocial), create a risk management action plan and ensure medical monitoring of staff in line with the risks to which they are exposed. Two main indicators are monitored yearly:

	2012	2011	2010
Percentage of companies included in WHRS ^(a) offering employees regular medical monitoring	98%	96%	98%
Number of occupational illnesses recorded in the year (in accordance with local regulations) per million hours worked	0.86	0.87	0.75

^(a) *Worldwide Human Resources Survey.*

The main occupational illnesses identified at TOTAL are as follows:

Musculoskeletal disorders, which are the main cause of occupational illness in over half of all recorded illnesses.

Pathologies related to exposure to asbestos (almost solely in France due to the specific nature of legislation in this regard).

In a bid to support the Group's policy on preventing occupational illnesses and complement the periodic medical surveillance scheme currently in place, TOTAL recently set up an employee health forum. The forum is responsible for keeping track of any medical conditions potentially affecting employees and, if applicable, suggesting and overseeing the appropriate preventive actions. By late 2012, thirteen of the Group's sites in Europe had signed up for the forum. The forum monitors approximately 10% of the Group's employees.

At the same time, eight French sites give their employees a questionnaire to complete when they have periodic medical check-ups, which are used to measure the impact of the reaction to the stress factors to which they may be exposed.

On a broader level, TOTAL is associated with promoting individual and collective health in the countries where it operates (including flu vaccination campaigns, and prevention and screening programs for certain diseases, such as AIDS, cancer and malaria, for employees, their families and local communities). Awareness campaigns relating to lifestyle risks in particular have also been in place for several years (including anti-smoking and anti-drinking campaigns, musculoskeletal disorder prevention programs, etc.).

Environmental protection

General policy

The main Group entities have Health, Safety and Environment (HSE) departments or units that ensure compliance with both relevant local regulations and internal requirements. In all, over 870 full-time equivalent positions dedicated to environmental matters were identified within the Group in 2012.

The Group steering bodies, led by the Sustainable Development and Environment Department, have a threefold task:

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Monitoring TOTAL's environmental performances, which are reviewed annually by the Management Committee and presented before the Executive Committee, for which multi-annual improvement targets are set.

Table of Contents

In conjunction with the business segments, handling the various environment-related areas under their responsibility.

Promoting the internal standards to be applied by the Group's business units as set out in the charter.

With some targets expiring in 2012, new targets have been set until 2017.

In-house, TOTAL also promotes compliance of its environmental management systems with ISO 14001. In 2012, 305 sites operated by the Group (compared with 284 in 2011) were ISO 14001-certified, out of a total of 867 operated sites (compared with 860 in 2011). Sixty-two of those sites are the most significant contributors to the emissions of their respective segments; for TOTAL, these 62 sites account for approximately 90% of the Group's emissions of greenhouse gases, nitrous oxide, sulfur oxide, and freshwater withdrawal. Of the sixty-two sites, fifty-eight had an ISO 14001-certified management system as of the end of 2012. Two sites recently entered into production, and their certification is scheduled for 2013 in accordance with internal rules and regulations (certification within two years of start-up). The old Flanders refinery site has decided not to renew its certification, since it is changing activity as an oil storage depot. The Obagi site (onshore, Nigeria) was unable to undergo certification, since flooding in the Niger Delta in the fall of 2012 caused the certification audit to be postponed until 2013. Apart from these two exceptions, TOTAL has therefore reached its objective of achieving ISO 14001 certification for all of its main contributing sites. The new goal for 2017 is to achieve certification for all sites producing over 10 kt of CO₂ eq emissions a year. The policy of allowing new or recently acquired sites two years to achieve certification will continue to apply.

The environmental risks and impacts of any planned investment, disposal or acquisition subject to Executive Committee approval are assessed and reviewed before the final decision is made.

TOTAL ensures that all employees are aware of its environmental protection requirements. Employees are given training in the required skills. TOTAL also raises employee awareness through internal campaigns (in-house magazines, intranet, posters, etc.) and provides annual information about the Group's environmental performance through circulation of the CSR report.

Two three-day training courses on all aspects of HSE are also made available to the business units. HSE Implementation sessions are aimed at employees whose job is specifically to handle one or more HSE areas within a business unit. HSE for Managers is aimed at senior managers who are currently or will in the future be

responsible for a Group business unit. An HSE for Executives course focusing on management styles was organized in 2012 for Group executives.

Environmental footprint

TOTAL implements an active policy of monitoring, managing and reducing the environmental footprint of its operations. As part of this policy, emissions are identified and quantified by environment (water, air and soil), so that the appropriate measures for their control can be implemented.

Water, air: The Group's operations generate chronic emissions, such as fumes at combustion plants, emissions into the atmosphere from the various conversion processes and discharges in wastewater. In addition to complying with applicable legislation, the Group's companies actively pursue a policy aimed at reducing the amount of emissions. Sites use various treatment systems that include different types of measures:

Organizational measures (for example, controlling peaks in SO₂ emissions in accordance with weather forecast data, managing combustion processes, etc.).

Technical measures (such as building wastewater treatment plants).

These measures can be preventive to avoid generating pollutants (such as low-NO_x burners for combustion plants) or curative (such as biological treatment of process water to reduce the hydrocarbon content of the final effluent).

To ensure the quality of its wastewater discharge, TOTAL has set a target of complying with the hydrocarbon concentration requirements (less than 30 mg/l) set out in the OSPAR standard, which is only mandatory in the North Sea, for all of its offshore exploration and production operations. For the fourth consecutive applicable year, the Group achieved this goal on yearly average in 2012.

The table below shows changes in chronic emissions into the atmosphere and discharged water quality:

	2012	2011	2010
SO ₂ emissions (thousands of metric tons)	79	91	99
NO _x emissions (thousands of metric tons)	88	84	87
Hydrocarbons in discharged water (metric tons, excluding exploration and production, and specialty chemicals)	51	50	74
Hydrocarbon concentration in water discharged by exploration and production (mg/l)	23	20	22
Chemical oxygen demand (COD) in water discharged by specialty chemicals (metric tons)	275	320	771

Table of Contents

The decrease in SO₂ emissions is mainly driven by improved operational performance in the refineries, lower business levels at the Lacq platform and the sulfur rate decrease of the field operated by the Group in Abu Dhabi. The rise in NO_x emissions is primarily due to the increase in Exploration & Production logistics activities for drilling and production operations and cannot be offset by the improvements to operational performance in refining and chemicals facilities. The higher concentration of hydrocarbons in aqueous effluent from exploration and production is mainly due to increased concentrations offshore.

In early 2013, the Group set the following targets:

- a decrease of hydrocarbon spills by 40% in coastal and onshore waters between 2011 and 2017; and
- a decrease of SO₂ emissions by 20% between 2010 and 2017.

Soil: The risks of soil pollution related to TOTAL's operations come mainly from accidental spills (See Accident risk, below) and waste storage (See Waste, below). The Group's approach to preventing and controlling these types of pollution is based on four cornerstones:

- leak prevention, by implementing industry best practices in engineering and operations;
- maintenance at appropriate intervals to minimize the risk of leaks;
- overall monitoring of the environment to identify any increase in soil pollution; and
- controlling pollution from previous activities by means of containment or reduction operations.

Decommissioned Group facilities (chemical plants, service stations, mud pits or lagoons resulting from hydrocarbon extraction operations, wasteland on the site of decommissioned refinery units, etc.) scar the landscape and may, despite all of the precautions taken, be sources of chronic or accidental pollution. TOTAL remediates sites when it leaves in order to allow new operations to be set up once the future use of the land has been determined in agreement with the authorities. This continuous task is performed by various teams within the Group, some of which form subsidiaries, and has been governed by a Polluted soil and site reclamation policy since 2012.

Waste: The Group's companies are focused on controlling the waste produced at every stage in their operations. This commitment is based on the following four principles, listed in decreasing order of priority:

- reducing waste at source, by designing products and processes that generate as little waste as possible, as well as minimizing the quantity of waste produced by the Group's operations;
- reusing products for a similar purpose in order to prevent them from becoming waste;
- recycling residual waste; and
- recovering energy, wherever possible, from non-recycled products.

To this end, TOTAL has entered into a variety of partnerships:

With Veolia, the Group is involved in the Osilub project, which culminated in the construction of a used motor oil recycling plant in Le Havre, France. The plant, of which TOTAL holds a 35% share, entered production in 2012 and boasts a processing capacity of 120,000 metric tons per year (50% of all the used motor oil collected in France); the recycled oil is used to make Vacuum Gas Oil (VGO) for refinery production of lubricants and fuels.

In 2011, Total Energy Ventures (Group's vehicle for investing in new energy and environmental protection technologies) acquired a stake in Agilyx, an American start-up that has developed an innovative process to convert waste plastic into crude oil, for which it already has a unit in production.

Waste management, which was set out in a Group directive in 2012, is carried out at the production sites in four basic stages:

- waste identification (technical and regulatory);
- waste storage (soil protection and discharge management);
- waste traceability, from production through to disposal (notes, logs, statements, etc.); and
- waste processing, with technical and regulatory knowledge of the relevant channels, under site responsibility.

TOTAL is especially committed to managing and treating waste classified as hazardous:

2012

2011

2010

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Volume of hazardous waste treated outside the Group (kt)

237

217

263

Since 2012, TOTAL has also been monitoring the different waste treatment technologies used for the following categories:

recycling 28%;
waste-to-energy recovery 8%;
incineration 10%; and
landfill 17%.

Environmental nuisance: TOTAL's operations may cause environmental nuisances for residents near its

Table of Contents

industrial sites. These may be noise and odors, but can also be vibrations and road, sea or river traffic.

Most sites have a system for receiving and handling residents' complaints, the aim being to take account of and gain a clearer insight into the different types of nuisance, and reduce and offset such nuisance as far as possible. Monitoring systems can also be put in place, such as sound level measurements at the site perimeter, or networks of sensors to determine the origin and intensity of odors.

Accident risk

In addition to setting up management structures and systems, TOTAL strives to minimize the industrial risks and the environmental impacts associated with its operations by:

- performing rigorous inspections and audits;
- training staff and raising the awareness of all parties involved; and
- implementing an active investment policy.

In particular, TOTAL strives to prevent accidental spills. A common technological risk management approach has been developed to formalize this requirement at the Group's industrial sites. The methodology is gradually being implemented in all operated businesses exposed to technological risks and sets out a risk analysis based on incident scenarios for which the severity of the consequences and the probability of occurrence are assessed. These parameters are used to create a decision matrix that identifies the required level of mitigation.

Specifically with regard to shipping, the Group has an internal policy setting out the rules for selecting vessels. These rules are based on the recommendations of the Oil Company International Marine Forum (OCIMF), an industry association made up of the main global oil companies that promotes best practices in oil shipping, and on its Ship Inspection Report (SIRE) Program. TOTAL does not charter any single-hulled vessels for shipping its hydrocarbons.

In accordance with industry best practices, TOTAL particularly monitors accidental liquid hydrocarbon spills of a volume of more than one barrel (159 liters). Spills that exceed a certain severity threshold (whether in terms of volume spilt, toxicity of the product in question or sensitivity of the natural environment affected) are reviewed on a monthly basis and annual statistics are sent to the Group's Management Committee. All accidental spills are followed by a corrective action aimed at returning the environment to its original state as quickly as possible.

The table below shows the number and volume of accidental hydrocarbon spills with an environmental impact and that are greater than one barrel in volume:

	2012	2011
Number of hydrocarbon spills with an environmental impact	219	263
Total volume of hydrocarbon spills with an environmental impact (thousands of m ³)	2.0	1.8

NOTE: Soil on sites is deemed to form part of the natural environment unless sealed. 2010 values are not given because they are not comparable due to a change in methodology.

The spilled volumes increased by 11%. This rise is mainly due to the Elgin incident (see below) partly compensated by a drop of 28% in less significant spills.

While risk prevention is emphasized, TOTAL regularly addresses the issue of crisis management on the basis of risk scenarios identified through analyses.

In particular, the Group has emergency plans and procedures in place in the event of a hydrocarbon leak or spill. These plans and procedures are specific to each subsidiary in line with its structure, activities and environment, while complying with Group recommendations, and are regularly reviewed and tested during exercises. In 2012, the Group's requirements for preparing emergency plans and the associated exercises were set out in a Group directive.

Since 2012, the Group has been using the following indicators to measure its readiness for the fight against pollution:

	2012
Number of sites whose risk analysis identified at least one scenario of major accidental pollution to surface water:	171
Proportion of those sites with an operational anti-pollution plan:	94%
Proportion of those sites having performed at least one anti-pollution exercise during the year:	88%

Also available to TOTAL's subsidiaries, the PARAPOL (Plan to mobilize Resources Against Pollution) alert scheme is used to facilitate crisis management at Group level. Its main aim is to mobilize the internal and external human and physical resources necessary to respond in the event of pollution of marine, coastal or

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inland waters, without geographical restriction, at any time, at the request of any site.

TOTAL and its subsidiaries have assistance agreements with the main bodies specializing in oil spill management, such as Oil Spill Response Limited, CEDRE and Clean Caribbean & Americas. Their role is to provide expertise, resources and equipment in all of the regions where TOTAL has operations.

Table of Contents

Following the blowout of the Macondo well in the Gulf of Mexico in 2010 (in which the Group was not involved), TOTAL created three task forces in order to analyze risks and issue recommendations. The task forces finalized most of their work in 2012, and the Group has continued deploying solutions to minimize such risks.

In 2012, the work carried out as part of the Subsea Well Response Project (SWRP), a consortium of nine oil companies including TOTAL, paved the way for the construction of several capping systems designed to prevent hydrocarbon spills in the underwater environment. The capping systems will be positioned in various parts of the world, representing a solution that can be launched into action in case of a deepwater drilling pollution incident.

Additionally, the work carried out as part of TOTAL's Subsea Emergency Response System (SERS) has also enabled to launch the construction of capping equipment to respond to an event on a production well. These capping systems will be positioned in the Gulf of Guinea where TOTAL is strongly present in subsea production.

The Group experienced two major incidents in 2012: Elgin and Ibewa:

Elgin (North Sea, United Kingdom): During operations on the G4 well on March 25, 2012, an uncontrolled surface gas leak occurred at the Elgin wellhead platform in the North Sea, approximately 240 km east of Aberdeen. TOTAL immediately launched its emergency plan, mobilized crisis management teams in Aberdeen and Paris, and shut down production at the Elgin, Franklin and West Franklin fields. The 238 site employees were safely evacuated to the Scottish coast, and no injuries were reported.

Once the gas flare had been extinguished in late March, well inspections were organized in close liaison with the British authorities, with personal safety representing the top priority. The leak was finally plugged on May 15, 2012, by pumping mud into the well.

Major resources were mobilized throughout the leak to keep a close eye on and minimize the environmental impact:

- aerial surveillance two to three times a day with a Dornier 228 aircraft from OSRL (Oil Spill Response Limited);
- OSRL aerial dispersant capabilities mobilized and on standby (but ultimately not required);
- aerial resources for measuring the flow rate (in cooperation with the National Center for Atmospheric Science);
- surface vessels for surveillance operations and preparing anti-pollution measures;
- satellite imagery for monitoring sheen;
- use of a drilling vessel and apparatus to plug the well by pumping in mud;
- additional mobilization of two drilling devices, and operations launched to drill a relief well;
- two vessels for underwater surveillance using an ROV (underwater remote operated vehicle) and seabed reconnaissance for positioning the relief well; and
- several logistics and fire-fighting vessels.

The leak was a mixture of natural gas (mainly methane) and condensate, which formed a surface sheen that naturally dispersed or evaporated in just a few days, thereby minimizing any effect on the environment. Evaluations put the initial flow rate at 2 kg/s (200,000 m³/day), which fell over time to approximately one quarter of the initial rate. According to final estimates, the leak released around 3 kt of gas and roughly the same amount of condensate, the vast majority of which evaporated before falling back to the sea, leaving an estimated quantity of slightly less than 700 m³ on the surface of the sea. The greenhouse gases released by the actual leak were estimated at approximately 80 kt of CO₂ eq.

Throughout the leak, both the Group and the British authorities analyzed samples to check for any impact on the different environments (atmosphere, water surface, water column and seabed). The leak was found to have no serious or moderate effect on the marine environment, fish or air quality.

The Group and the local subsidiary delivered a constant and transparent stream of communication, with regular press releases, a dedicated website and presence on the social networks.

On March 9, 2013, following the approval of the safety case by the UK Health and Safety Executive (HSE), the production of the Elgin/Franklin area has progressively resumed.

Ibewa (Nigeria): On March 20, 2012, a drilling incident occurred at the Ibewa gas field (the Obite site on the OML58 license) in Nigeria's Rivers State, where an operational onshore gas well (IBW16) was affected while drilling a new well (OB127b).

No injuries were reported. Production at the Obite gas plant was put on hold and the well closed down. Following the incident, water and natural gas resurgences occurred on April 3, 2012, in an uninhabited wooded area outside the operations site. The resurgences showed that the gas was flowing underground before re-emerging at the surface.

On March 20, TOTAL's teams immediately sprang into action to neutralize any risks for the populations, minimize the environmental impact and deliver the best-fit solutions.

Table of Contents

A security perimeter was established. Drinking water and air quality inside and outside the site were checked every day. For the few points where hydrocarbons were detected, their concentration was revealed to be less than the exposure thresholds, except for one well that was closed on May 19, 2012.

TOTAL deployed considerable resources to plug the leak and keep a close eye on the environmental and health consequences:

- Equipment was installed to recover the gas at the surface and therefore prevent it from flowing underground.
 - Drilling equipment was dispatched to the site in readiness of drilling two relief wells.
 - Well intervention equipment was flown in by jumbo jet from Europe and the United States.
 - Daily ground and helicopter-based aerial surveillance was carried out by the teams of Total E&P Nigeria Ltd.
 - Observation wells were drilled to a depth of 20 meters (piezometric wells) to check for changes in the surface water (groundwater) around the affected area.
- On May 13, 2012, once snubbing had been performed (a process whereby mud is pumped into the well through small diameter rods), the operations teams regained control of the IBW 16 well and stemmed the underground gas flow.

Throughout the incident, Total E&P Nigeria Ltd remained in constant contact with the local communities and authorities.

Sustainable use of resources

Water: The distribution of the freshwater available worldwide varies greatly in space and time. The issue of water consumption therefore requires different responses depending on the regional and technical context.

In order to establish which of its facilities are affected by this issue as a priority, TOTAL both:

- identifies water withdrawals and discharges across all of its sites; and
- identifies sites located in water stress areas (watersheds that will have less than 1,700 m³ of renewable freshwater available per person and per year by 2025, according to the Falkenmark indicator), using the Global Water Tool for Oil & Gas, developed jointly by the World Business Council for Sustainable Development and IPIECA.

	2012	2011	2010
Freshwater withdrawals excluding cooling water (million m ³)	143	142	147
Percentage of Group sites, excluding Marketing, located in water stress areas	49%	44%	n/a

The increase in the proportion of sites located in water-stressed areas is due to a change in methodology: sites that were located in an area that was not correctly mapped have been repositioned against the nearest mapped area.

The Optimizing water consumption on industrial sites guide sets out best practices for saving and recycling water at all Group sites. The guide has been widely distributed throughout the Group since 2007.

In Exploration & Production, reinjecting water extracted at the same time as the hydrocarbons (production water) back into the original reservoir is one of the methods used to maintain reservoir pressure. The technical specifications in force in the Group stipulate that this option must be given priority over other production water treatment technologies.

At refineries and petrochemical sites, water is mainly used to produce steam and cooling units. Increasing recycling and replacing water by air for cooling are TOTAL's preferred approaches to reducing freshwater withdrawals.

Raw materials: Hydrocarbons, an energetic material, are the Group's main raw material. Optimum use of hydrocarbons therefore lies in what is known as energy efficiency, as described below.

Since 2011, TOTAL has measured the raw material loss rate for each line of business. This is the percentage of converted raw materials that are neither delivered to any of the business line's customers nor used for energy purposes.

Raw material loss rate	2012	2011
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Hydrocarbon production line of business

2.8% 2.5%

Refining line of business

0.5% 0.6%

The increase in the raw material loss rate during hydrocarbon production is mainly due to the increase in flaring of associated gas (see "Climate change", below). The decrease of the loss rate in the refineries is concentrated in two sites, Donges and Port-Arthur refineries, following the implementation of an action plan to reduce losses in the latter site.

Energy efficiency: Streamlining energy use is one of the Group's performance targets. Internal documents (roadmaps and guides) describe the challenges, set out methodologies and action plans, and include quantified goals to reduce consumption. A Group directive was published in early 2013 that defines the procedure for sites using in excess of 50,000 toe/year of primary energy.

In early 2013, the Group decided to improve energy efficiency by 1.5% per year between 2012 and 2017.

	2012	2011	2010
Net primary energy consumption (TWh)	159	158	157

Table of Contents

Early 2011, the Group's internal structure relating to Climate and Energy was changed:

A decision-making body was created in the form of the CO₂/Energy Efficiency Management Committee. Its role is to define the guidelines and targets on greenhouse gas emissions and energy performance. It is based on a permanent energy efficiency task force and, where applicable, temporary Group-wide task forces.

Energy Network days and the Energy seminar provide opportunities for internal discussion, reflection and information-sharing.

In France, Energy Efficiency Certificates are awarded by the Energy and Climate Administration in recognition of energy-saving activities. TOTAL is encouraging its customers to reduce their energy consumption by 40 TWh (over the entire service life of the product) in the 2011-2013 period.

Through the Total Ecosolutions program, the Group is also developing innovative products and services that perform above market average environmental performance, such as by curbing energy use while providing the same level of service. At year-end 2012, 36 products and services bore the Total Ecosolutions label. The new Fuel Eco motor oil for light vehicles, which increases fuel efficiency by 3.3% on average, received the Total Ecosolutions label in 2012.

In early 2013, the Group set the following target: to have fifty Total Ecosolutions labeled products and services by year-end 2015.

Use of renewable energies: As part of its strategy, TOTAL has long been committed to developing renewable energies. A detailed description of the initiatives that the Group has spearheaded in the field of new energy sources is provided in Marketing & Services segment New Energies.

The main avenue that the Group has been exploring to develop renewable energies is solar energy. With costs plummeting in the industry, solar energy should become a serious contender over the next few years for producing electricity, and grid parity has already been achieved in some markets, such as in California. The Group is therefore pursuing its efforts to further R&D and drive down production costs.

TOTAL is also exploring a number of avenues for developing biomass depending on the resource used, markets targeted (fuels, lubricants, petrochemicals, specialty chemicals, etc.) and the conversion processes.

The Group has chosen to target two of the primary biomass conversion processes: biotechnological and thermochemical.

TOTAL only uses minimal quantities of renewable energies to power its production sites. However, the Group uses biomass to heat tertiary buildings, such as the one opened in 2011 by TIGF in Cugnax, France, and has installed solar photovoltaic panels on several of its buildings (CSTJF in Pau, Lacq, Provence refinery, etc.) and certain isolated wellheads, as well as a number of service station canopies in Europe and Africa.

Climate change

Greenhouse gas emissions: TOTAL has made reducing greenhouse gas emissions one of its priorities. Quantified targets have been defined in an attempt to reduce flaring, curb emissions and raise the energy efficiency bar. These targets are annually published and tracked. Taken together, the measures on this front should enable the Group to reduce the greenhouse gas emissions generated by its operations by 15% from 2008 to 2015.

	2012	2011	2010
Daily volumes of gas flared (million m ³ per day)	10.8	10.0	14.5
Operated direct greenhouse gas emissions (Mt CO ₂ equivalent, 100% of emissions from sites operated by the Group)	47	46	52
Group share of direct greenhouse gas emissions (Mt CO ₂ equivalent, from sites in which TOTAL has a stake)	55	53	59

The rise in direct greenhouse gas emissions can mainly be attributed to the increase in the flaring of associated gas. This increase is a combination of the major quantities of gas flared at the Usan FPSO (Nigeria), which has lasted longer than initially expected, but which is partially offset by a decrease of production in Yemen. The increase in the Group share of emissions on a financial equity basis can mainly be explained by the contribution of TOTAL's 15.34% stake in Novatek. The Group's objective is to halve the flaring of gas associated with production between 2005 (15 million cubic-meters per day) and 2014 (7.5 million cubic-meters per day).

TOTAL invests in R&D to reduce direct greenhouse gas emissions into the atmosphere by other means. The Group especially intends to develop CO₂ capture, transport and storage technologies and for several years has been working on CCS (carbon capture and storage), so that it can be used on its industrial sites when permitted by economic and regulatory conditions. Currently, two production sites in which TOTAL has a stake, the Sleipner and Snøhvit fields in Norway, are using these technologies. The research program is ongoing, notably through a pilot

Table of Contents

project at the Lacq complex in France, where CO₂ is being captured by oxy-fuel combustion, transported and stored in a depleted natural gas field. The CO₂ pumping phase will be stopped in 2013, but the Group will continue to monitor the behavior of the CO₂ storage conditions.

Adapting to climate change: The Group assesses the vulnerability of its existing and future facilities against predicted climate change. More in-depth scientific knowledge about climate forecasts, one element of which will be the IPCC's publication of a new assessment report in the fall of 2013, is eagerly anticipated.

Climate conditions are factored into the design of industrial facilities, which are not only built to withstand extreme events observed in the past but also to include additional safety margins.

In addition to adapting to climate change and limiting the effects of human activity on the climate, TOTAL advocates concerted action, particularly the emergence of a balanced, progressive international agreement that prevents the distortion of competition between industries or regions of the world.

Protecting biodiversity

Due to the nature of its business, and particularly because new exploration and production projects are located in potentially sensitive natural environments, TOTAL's operations are likely to have an impact on biodiversity. More specifically:

Impacts related to construction sites, access roads, linear infrastructures, etc., which can result in habitat fragmentation.

Physicochemical impacts leading to changes in environments and habitats, or that might affect or interfere with certain species.

Contribution to the propagation of invasive species in terrestrial and marine environments.

TOTAL is aware of these challenges and takes biodiversity into account in its guidelines at a number of levels:

The Safety Health Environment Quality Charter (set forth above), Article 10 of which specifies: TOTAL () controls () (its) impact on biodiversity .

A biodiversity policy that details the Group's principles for action in this area:

minimizing the impact of operations on biodiversity throughout the facility life cycle;

incorporating biodiversity protection into the environmental management system, particularly initial analyses, and social and environmental impact studies;

paying specific attention to operations in regions with particularly rich or vulnerable biodiversity; and

informing and raising the awareness of employees, customers and the public, helping to improve understanding of ecosystems.

This policy is implemented by means of a number of tools and rules. In Exploration & Production, rules and specifications govern the performance of baseline surveys and environmental impact studies on land or at sea. Since 2011, all Group business units have had access to a detailed mapping tool showing the world's protected areas, based on regularly updated data from UNEP-WCMC (World Conservation Monitoring Center). The Group has renewed its partnership with UNEP-WCMC for 2013-2015.

As a result of the first biodiversity action plan based on the avoid, mitigate, restore and offset approach implemented for TOTAL's activities in France, developed by TIGF for the Artère du Béarn gas pipeline project, vulnerable areas and protected species stations were avoided and the impact of the work was reduced through the use of special tree clearance and river-crossing techniques.

TOTAL classifies protected areas around the world according to the categories defined by IUCN (International Union for the Conservation of Nature). TOTAL consistently aims to launch biodiversity action plans leveraging industry best practices for any new projects (excluding exploration, storage and distribution operations) in the most sensitive protected areas corresponding to IUCN categories I to IV, such as national parks. In-depth studies are carried out prior to project implementation and may lead to a series of preventive measures. For example, in January 2012, the Congolese authorities awarded TOTAL an oil exploration license (Block III), approximately 30% of which is located in the Virunga national park. The exploration program is strictly limited to the north part of the license, which therefore excludes any exploration activities in the area within the Virunga park in the Democratic Republic of Congo.

Finally, TOTAL is involved in sector-specific initiatives, such as those spearheaded by IPIECA, which in 2010 resulted in the publication of a guide to the issue of invasive species. Recommendations include taking seasons into account when planning work and checking the origin of the equipment used.

TOTAL and Canadian oil sands

With the development of several major projects in the Canadian oil sands, TOTAL expects to produce 200 kb/d of bitumen within ten to fifteen years. It is vital that the environmental challenges, and in particular the impact on water, the rehabilitation of the land and the ecosystems affected, together with greenhouse gas emissions, are

Table of Contents

taken into account. For several years, TOTAL has been actively involved in the various collaborative research initiatives undertaken by Canadian industry into these areas, and invests over CAD 20 million each year. In particular, TOTAL is one of the founder members of COSIA (Canadian Oil Sands Innovation Alliance), an initiative launched in 2012 by fourteen producers in Canada to speed up the improvement in the environmental performance of Canadian oil sands by promoting collaboration and innovation.

In order to restrict water consumption on the Surmont (50% share) in situ project, the Group has been working with the operator to optimize water use and recycling. For Phase 2 of the project, the selected option should allow water to be withdrawn only from saline aquifers and not from fresh water aquifers or rivers, which will lead to additional processing costs. On Joslyn North (38.25%, operator), TOTAL has committed to building a freshwater storage facility sufficient for ninety days of production, in order to reduce withdrawals from the Athabasca River in low flow periods.

The Group is also involved in oil industry work to improve management of the waste associated with developing oil sand mines, which has historically been stored in tailing ponds. For Joslyn, TOTAL is planning to use processes to separate waste flows and thicken the finest waste, and even flocculation and centrifuging, in order to significantly reduce the size of the tailing ponds and ensure that they are solidified within several years.

As open-pit mining of oil sands disturbs land and ecosystems, TOTAL is committed to their sustainable rehabilitation throughout its operations, taking into account the specific features of the boreal forest. Sixty percent of the rehabilitation work at Joslyn will be completed at the end of mining, and the rest in the next seven years.

Over and above Canadian industry's efforts to reduce greenhouse gas emissions from the entire oil sands production chain (which are approximately 10 to 15% higher than the average for conventional crude in a complete well to wheel cycle, according to the Group's estimates), TOTAL plans to install cogeneration units at its mines. The Group is also involved in carbon capture and storage project analyses in Alberta.

Mindful of its responsibilities to its stakeholders and neighbors, and particularly the First Nations, TOTAL opened a permanent office in Fort McMurray in 2006. Since that time, the Group has signed social and economic agreements with the Fort McKay, Athabasca Chipewyan and Mikisew Cree First Nations, and with the Regional Municipality of Wood Buffalo. These reflect TOTAL's commitment to engaging in dialogue with the communities

living near its facilities and allowing them to benefit from the economic impact of its activities.

TOTAL and shale gas

TOTAL has stakes either as operator or partner in several shale gas licenses in Poland, Denmark, the United States and Argentina.

In every country where the Group has operations, its environmental and social charters, in addition to compliance with local legislation, provide the framework for its operations.

The environmental challenges associated with shale gas development include reducing the quantity and impact of chemical additives, optimizing water management, and reducing the visual impact and nuisance caused by the operations. TOTAL's R&D teams are looking for the appropriate technological solutions.

In Europe, where TOTAL has stakes in Denmark (operator) and Poland (partner), the Group's efforts are focused on listening to our contacts so that the operations can proceed in a way that is acceptable to all stakeholders. TOTAL is convinced that shale gas will have a place in the European energy mix, if the exploration campaigns confirm the existence of this resource in Europe. In the United States, TOTAL is a partner in the appraisal and development of shale gas licenses in the Barnett (Texas) and Utica (Ohio) plays.

In Argentina, TOTAL has stakes either as operator or partner in several shale gas licenses in the Neuquén basin.

In Australia, TOTAL signed an agreement to enter four shale gas exploration licenses in the South Georgina basin in the center of the country. Under the terms of the agreement, TOTAL can increase its stake to 68% and become the operator in the event of development, which remains subject to approval by the authorities.

TOTAL and the Arctic

According to a survey published by the USGS (United States Geological Survey) in 2012, the Arctic may host 13% of the conventional oil resources to be discovered on the planet and 30% of gas resources. These substantial resources could help to meet the rise in demand for energy in the coming decades.

Exploration & Production in the Arctic faces a number of stiff challenges due to the difficult weather and oceanographic conditions, logistical factors and the nature of the technologies to be deployed in a particularly sensitive ecosystem.

Table of Contents

TOTAL currently does not conduct any exploration activities for oil fields under the ice cap, and favors either the development of gas fields or the development of oil fields not located under the ice cap.

At the same time, TOTAL is involved in the research into the specific issues in the Arctic, in particular through its Grands froids (deep cold) R&D program. TOTAL is also taking part in the Joint Industry Program that brings together oil companies and scientific organizations in research into the means of preventing, detecting and responding to accidental pollution by hydrocarbons.

The Group is mainly involved in various projects, including in Norway (Snøhvit and Novarg) and in Russia (Kharyaga, Yamal LNG, Termokarstovoye).

Research & Development

Certain R&D initiatives of the Group are set forth below. For additional information on the Group's R&D, see Item 5. Research and Development.

Upstream segment

Exploration & Production: In addition to continuously optimizing the development of deep-offshore projects and gas resources, TOTAL continues to improve its computing, exploration, seismic acquisition and processing tools in the long term as well as those for the initial appraisal of hydrocarbon reservoirs and simulation of field evolution during operations, especially for tight, very deep or carbonated reservoirs.

R&D activity has been intensified in the shale gas and oil sector, with a strong focus on water management throughout the production cycle and the search for alternatives to hydraulic fracking.

In 2012, the Group decided to join the consortium that is developing the Intersect simulator. The Group also launched a major effort to develop exploration and operational technologies in very cold regions.

Enhancing oil recovery from mature reservoirs and recovery of heavy oil and bitumen with lesser environmental impacts are also subjects involving major research. In particular, new technologies for the exploitation of oil shales by pyrolysis are being developed.

The oxycombustion CO₂ capture and storage project in the depleted Rousee reservoir in Lacq (France) is about to reach the end of the active reinjection phase, before progressing to the monitoring phase. The Group now has a strong command of the methods used to characterize reservoirs for this type of injection. New projects will look into new and more economical capturing solutions.

Finally, water management and the production of hydrocarbons are also the subject of increased R&D activities.

Gas & Power: The program to develop new LNG (liquefied natural gas) solutions is continuing.

Refining & Chemicals segment

Refining & Petrochemicals: R&D in the realm of refining and petrochemicals came under review in 2012 as part of the reorganization of the Group. The priorities are:

- to make the best possible use of synergy between industrial units;
- to maximize value creation, by benefiting from diversified resources;
- to continuously improve the safety, performance and energy efficiency of processes through a better understanding of the mechanisms involved and the relations between the structure and the properties of the loads and products;
- to propose a differentiated variety of products to meet the market's needs, and in particular for fuels and polymers;
- to give the Group the means of meeting the environmental obligations of its units and products, as part of its drive for continuous improvement.

In Refining & Chemicals, TOTAL is preparing for the emergence of tomorrow's resources, including non-conventional oil and biomass, and develops products that meet the market's needs, such as higher-performance and energy-saving fuels and base oils.

Several R&D projects are ongoing in the field of the production of second-generation biofuels, in partnerships with industrial manufacturers (the BioTfuel project) or universities.

Sustained efforts are also being made to continuously improve the performance of processes and to improve the results of the manufacturing sites.

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The development of new grades of polymers remains a cornerstone of the Petrochemicals strategy. Futerro, the joint venture formed by Galactic and TOTAL, is the technological leader in the polylactic acid (PLA) production chain, from monomer production to polymer recycling.

The optimization of the UOP-Total olefin production process from methanol (MTO/OCP) has reached its objectives. An industrial project is currently being examined and efforts continue to support the licensing of this technology.

Finally, through Hutchinson, Bostik and Atotech in the Refining & Chemicals segment, Petrochemicals is involved in Materials Sciences projects aimed at developing and bringing to light the division's skills and innovations in the field of materials. The third generation of the Total Car Concept project aims to demonstrate the benefits of these technologies.

Table of Contents

Specialty Chemicals: R&D has strategic importance for the specialty chemicals. It is closely linked to the needs of subsidiaries and industrial customers.

Hutchinson is continuing to pursue its four main areas of research: energy efficiency, mass reduction, electrification and control, comfort and safety. Hutchinson develops products and technologies on the strength of its capacity to formulate original and advanced materials and its command of the systems in which its products are integrated. Significant developments have been made in chemical analysis and digital simulation.

Bostik is focusing its research activities on three technology platforms: hot-melt adhesives, reactive elastomers and hydraulic polymer-binder systems. Based on these technologies, R&D is developing practical, sustainable assembly solutions that meet the needs of markets in terms of energy efficiency (construction, transport), material efficiency (health, industry) and environmental impacts throughout their life cycle.

Atotech is one of the world leaders for integrated production systems (chemicals, equipment, know-how and service) for industrial surface finishing and the manufacturing of integrated circuits. Given the environmental challenges related to electroplating, nearly half of Atotech's R&D projects are intended to develop cleaner technologies and create conditions for the sustainable development of these industries.

Marketing & Services segment

Marketing & Services: The Marketing & Services R&D strategy and organization came under review in 2012 in line with the organization and the challenges facing the sector. The priorities are:

- the development of fuels, specification and high-performance additives and heating fuels that meet the market's needs, such as the changes in environmental regulations and the adaptation to new resources, including those from the biomass;
- the development of new families of bitumen, by working on its properties and issues of logistics and product applications;
- the development of advanced lubricants for a broad range of sectors and customers.

The development of analytical and screening methods that optimize the product development process.

Moreover, know-how in the realm of engine tests and analytical product characterization is also deemed to be critical.

New Energies: R&D efforts in new energies cover both the production processes of Sunpower cells, which aim to speed up the reduction of production costs, and the future

generations of photovoltaic cells, as part of several partnerships with recognized academic research institutes and start-ups. In particular, TOTAL is a partner in the important institutional project, IPVF, launched by the Université Paris-Saclay.

Energy production from biomass is the other major R&D challenge in the development of new energies. Through its own biotechnology research team, the Group is taking part in a program to develop several production processes using biomass, and in biotechnological projects to transform the biomass into advanced biofuels or molecules that can be used in chemical applications. The Group's main partnership is with Amyris, in which the Group holds a stake.

Environment

Environmental issues are important throughout the Group and are taken into account in all R&D projects. They involve environmental risk management, including in particular:

- water management, notably by reducing the use of water from natural continental environments and by lowering emissions in compliance with the regulations in force;
- reduction of greenhouse gases through the improvement of energy efficiency and carbon capture and storage;
- detection and reduction of emissions into the air and simulation of their dissemination;
- prevention of soil contamination and regulatory compliance with regard to historical aspects and the rehabilitation of sites;
- changes in the Group's different products and management of their life cycle, in particular in compliance with the REACH Directive.

Fair operating practices

Preventing corruption

The amounts of money involved and the diversity of the various regions require the oil industry to be particularly vigilant about corruption and fraud. Around one quarter of TOTAL employees work in countries considered to be high-risk in this regard (countries in which the Transparency International index of the perception of corruption is less than or equal to 5). Reinforcing integrity and preventing corruption and fraud therefore constitute a major challenge for the Group and all its employees.

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TOTAL's stance on the issue of corruption is based on clear principles, set out in 2000 in the Code of Conduct: TOTAL rejects bribery and corruption in all forms, whether public or private, active or passive .

Table of Contents

The Code of Conduct sets out the principles governing the actions and individual behavior of each person, both in their day-to-day decisions and in their relations with stakeholders. In it, TOTAL reiterates its support for the OECD Guidelines for Multinational Enterprises and the Tenth Principle of the United Nations Global Compact, which invites companies to act against all forms of corruption.

The Group's commitment was reiterated by the Chairman and Chief Executive Officer of TOTAL by the publication of the new Integrity Policy in February 2011. This commitment takes the form of a number of actions:

- in 2009, approval by the Executive Committee of the Corruption Prevention Policy and Compliance Program, which includes the creation of a dedicated compliance structure;
- creation of the Compliance and Social Responsibility Department within the Group Legal Department, which is now backed by a network of more than 350 compliance managers in the Holding and the Group's various sectors;
- in 2011, the Executive Committee's decision to reinforce the means of preventing fraud and corruption by setting up an integrity policy and program;
- the adoption in 2011 of Group directives applying to the implementation of these policies at all levels.

This initiative involves actions to raise awareness amongst employees and to train them. Training seminars are organized for the Compliance officers in the sectors and subsidiaries. Specific actions are also taken to prevent corruption, in particular on the occasion of the Ethics seminars. An e-learning course on the prevention of corruption, available in twelve languages, was made available internally in 2011. As of today, more than 40,000 employees have followed the course.

Human rights

Although ultimate responsibility for human rights lies with governments, the activities of companies can affect the human rights of the employees, partners or communities with which they interact in numerous ways. In addition to being an ethical commitment for TOTAL, adopting a proactive approach to human rights within the company is vital for its daily business. This approach helps to establish and maintain successful relationships with all stakeholders.

TOTAL's Code of Conduct formally recognizes the Group's support for the principles of the 1948 Universal Declaration of Human Rights, the key conventions of the International Labor Organization, the OECD Guidelines for Multinational Enterprises and the principles of the United

Nations *Global Compact*. Between 2005 and 2011, the Group took part in the consultations organized by the United Nations' special representative, professor John Ruggie, on the issue of business and human rights. The Chairman and Chief Executive and the Group's Senior Vice President for Legal Affairs expressed their support for the protect, respect, remedy framework and for the UN's guiding principles on business and human rights.

Furthermore, the Group is actively involved in numerous initiatives and work groups on human rights that bring together various stakeholders. As part of the Global Compact, TOTAL takes part in the Human Rights Working Group, the Responsible Investment in Conflict-Affected Countries Working Group and the Anti-Corruption Working Group. Created in 2010, the Global Compact LEAD (Initiative for Sustainable Leadership) has fifty-four members, of which TOTAL is the only French company. The Group is also a founding member of the Global Business Initiative on Human Rights and actively participates in the work of IPECA through the Social Responsibility Working Group and the Human Rights Task Force. After having implemented the recommendations of the Voluntary principles on security and human rights (VPSHR) for several years, TOTAL joined this initiative in March 2012. In 2012, TOTAL also took part in the activities of the Shift NGO, created by John Ruggie after his term of office with the UN. TOTAL's Senior Vice President for Legal Affairs took part in a workshop organized by Shift in Boston (USA) on the practical implementation of respect for human rights by companies.

Internally, in order to spell out its human rights position and initiatives, TOTAL has created a Human Rights Coordination Committee, managed by the Ethics Committee Chairman. A discussion forum that meets every other month, its members including representatives of the Human Resources, Public Relations, Legal, Finance, Security and Sustainable Development Departments, the committee coordinates the initiatives taken by the Group's various business units. In these meetings, the participants share their feedback and information on a range of topics related in particular to TOTAL's involvement in public or private international initiatives (VPSHR, ITIE, GBI, IPECA, etc.), on human rights tools, procedures and internal policies already adopted or under construction, and on civil society projects.

Linked to the United Nations guiding principles on business and human rights, TOTAL's human rights approach is based on several pillars:

Written principles: in accordance with its Code of Conduct, the Group has adopted principles appropriate to the operations and countries where it

Table of Contents

works, some of which are set out in the Human Rights Internal Guide published in 2011 in English, French, Spanish and Chinese.

Awareness activities: to ensure that its human rights principles are disseminated in-house, TOTAL raises employee awareness via internal communications channels such as the Ethics and Security intranet sites, and through specific training programs tailored to the various challenges encountered in the field. These programs are listed in the TOTAL University's Ethical, Environmental and Social Responsibilities catalogues.

Listening and advice bodies: two dedicated bodies, the Ethics Committee and the Compliance and Social Responsibility Department, are available to advise employees and coordinate efforts to promote human rights. All employees experiencing difficulties in the practical implementation of the Code of Conduct should first turn to their line manager; if necessary, they can contact the Human Resources Department or take their concerns to the Ethics Committee.

The Ethics Committee is a central, independent structure that represents all of TOTAL's business units. Its role is to listen to, support and advise both employees and people outside the Group. The Committee maintains complete confidentiality with regard to referrals; this can only be lifted with the agreement of the person in question.

Assessment tools: these are used for regular assessment of subsidiaries' human rights risks and compliance. They analyze the local consequences of projects (societal audits in local communities in certain countries that are questioned on their perception of the impact of the Group's activities on their everyday lives) or check that the subsidiaries' ethical practices meet the Group's standards. Most of these tools are designed to prevent or limit the ethical risks or impacts related to our activities. Some of them are used with the assistance of independent experts, such as GoodCorporation, the Danish Institute for Human Rights or the CDA Collaborative Learning Projects. Action and monitoring plans are then implemented on the basis of these assessments.

Contractors and suppliers

In its Code of Conduct, TOTAL states that it expects its suppliers to respect equivalent principles to those that it abides by. A document entitled *Fundamental Principles in Purchasing* sets out the Group's commitments with regard to preventing corruption, compliance with the rules of free competition, respect for fundamental principles and

rights at work, protecting health and the environment and promoting economic and social development. All TOTAL suppliers can be made aware of these rules, which are covered by specific contract clauses for major calls for tenders.

Questionnaires focused on environmental and social challenges are used to gather more in-depth information from suppliers about their approach to these subjects, either during prequalification or as part of an audit. This aspect of supplier relationships can also be examined in ad hoc ethical assessments of Group subsidiaries or entities, performed by GoodCorporation.

A cross-functional working group dedicated to sustainable purchasing, that includes the various sectors and the Purchasing and Sustainable Development departments, was set up in 2011. This group is tasked with reinforcing TOTAL's policy in this area, using the initiatives taken in each sector. In 2012, a map of the CSR risks and opportunities in the Group's main purchasing categories was drawn up, in order to identify the main issues in three areas: ethics and human rights, environmental impact and the creation of value with the communities. Detailed pilots were launched on certain types of purchases further to this analysis.

TOTAL continues to collaborate with the Danish Institute for Human Rights to improve the tools and processes it uses to assess its suppliers' approach to their environmental and social impact.

A special effort has been made in France within the framework of the disability policy in order to increase the proportion of the Group's purchases from the sector for disabled workers. In terms of beneficiary entities, these purchases should increase two-fold for the head office at Paris La Défense, thanks to two contracts signed in 2012.

Insurance and risk management

Organization

TOTAL has its own reinsurance company, Omnium Reinsurance Company (ORC). ORC is integrated within the Group's insurance management and is used as a centralized global operations tool for covering the Group companies' insurable risks. It allows the Group's worldwide insurance program to be implemented in compliance with the specific requirements of local regulations applicable in the countries where the Group operates.

Some countries may require the purchase of insurance from a local insurance company. If the local insurer accepts to cover the subsidiary of the Group in compliance with its worldwide insurance program, ORC negotiates a

Table of Contents

retrocession of the covered risks from the local insurer. As a result, ORC enters into reinsurance contracts with the subsidiaries' local insurance companies, which transfer most of the risk to ORC.

At the same time, ORC negotiates a reinsurance program at the Group level with oil industry mutual insurance companies and commercial reinsurance markets. ORC allows the Group to better manage price variations in the insurance market by taking on a greater or lesser amount of risk corresponding to the price trends in the insurance market.

In 2012, the net amount of risk retained by ORC after reinsurance was a maximum of \$90 million per third-party liability insurance claim and \$75 million per property damage and/or business interruption insurance claim. Accordingly, in the event of any loss giving rise to an aggregate insurance claim, the effect on ORC would be limited to its maximum retention of \$165 million per occurrence.

Risk and insurance management policy

In this context, the Group risk and insurance management policy is to work with the relevant internal department of each subsidiary to:

- define scenarios of major disaster risks (estimated maximum loss);
- assess the potential financial impact on the Group should a catastrophic event occur;
- help to implement measures to limit the probability that a catastrophic event occurs and the financial consequences if such event should occur; and
- manage the level of risk from such events to be either covered internally by the Group or transferred to the insurance market.

Insurance policy

The Group has worldwide property insurance and third-party liability coverage for all its subsidiaries. These programs are contracted with first-class insurers (or reinsurers and oil and gas industry mutual insurance companies through ORC).

The amounts insured depend on the financial risks defined in the disaster scenarios and the coverage terms offered by the market (available capacities and price conditions).

More specifically for:

Third-party liability insurance: since the maximum financial risk cannot be evaluated by a systematic approach, the amounts insured are based on market conditions and oil and gas industry practice. In 2012, the Group's third-party liability insurance for any liability (including potential accidental environmental liabilities) was capped at \$850 million (onshore) and \$750 million (offshore).

Property damage and business interruption: the amounts insured vary by sector and by site and are based on the estimated cost of and scenarios of reconstruction under maximum loss scenarios and on insurance market conditions. The Group subscribed for business interruption coverage in 2012 for its main refining and petrochemical sites.

For example, for the Group's highest risks (North Sea platforms and main refineries and petrochemical plants), in 2012 the insurance limit for the Group share of the installations was approximately \$1.7 billion for the Refining & Chemicals segment and approximately \$1.6 billion for the Upstream segment.

Deductibles for property damage and third-party liability fluctuate between €0.1 and €10 million depending on the level of risk and liability, and are borne by the relevant subsidiaries. For business interruption, coverage is triggered sixty days after the occurrence giving rise to the interruption.

Other insurance contracts are bought by the Group in addition to property damage and third-party liability coverage, mainly for car fleets, credit insurance and employee benefits. These risks are mostly underwritten by outside insurance companies.

The above-described policy is given as an example of a situation as of a given date and cannot be considered as representative of future conditions. The Group's insurance policy may be changed at any time depending on the market conditions, specific circumstances and on the General Management's assessment of the risks incurred and the adequacy of their coverage.

TOTAL believes that its insurance coverage is in line with industry practice and sufficient to cover normal risks in its operations. The Group is however not insured against all potential risks. In the event of a major environmental disaster, for example, TOTAL's liability may exceed the maximum coverage provided by its third-party liability insurance. The loss TOTAL could suffer in the event of such disaster would depend on all the facts and circumstances of the event and would be subject to a whole range of uncertainties, including legal uncertainty as to the scope of liability for consequential damages, which may include economic damage not directly connected to the disaster. The Group cannot guarantee that it will not suffer any uninsured loss and there can be no guarantee, particularly in the case of a major environmental disaster or industrial accident, that such loss would not have a material adverse effect on the Group.

Table of Contents

Competition

TOTAL's competitors are comprised of national oil companies and international oil companies. The evolutions of the energy sector have opened the door to new competitors, increased market price volatility and called the viability of long-term contracts into question.

TOTAL is subject to competition from other oil companies in the acquisition of assets and licenses for the exploration and production of oil and natural gas as well as for the sale of manufactured products based on crude and refined oil. In the gas sector, major producers are becoming interested in the downstream value chain and are competing directly with established distribution companies, including those that belong to the Group. Increased competitive pressure could have a significant negative effect on the sales prices, margins and market shares of the Group's companies.

The pursuit of unconventional gas development, particularly in the United States, has contributed to falling market prices and a marked difference between spot and long-term contract prices. The competitiveness of long-term contracts indexed to oil prices could be affected if this discrepancy persists and if it should prove difficult to invoke price revision clauses.

The major international oil companies in competition with TOTAL are ExxonMobil, Royal Dutch Shell, Chevron and BP. As of December 31, 2012, TOTAL ranked fifth among these companies in terms of market capitalization.⁽¹⁾

Competition law

Competition laws apply to the Group's companies in the vast majority of countries in which it does business. Violations of competition laws carry fines and expose the Group and its employees to criminal sanctions and civil suits. Furthermore, it is now common for persons or corporations allegedly injured by violations of competition laws to sue for damages.

The broad range of activities and countries in which the Group operates requires local analysis, by business segment, of the legal risks in terms of competition law. Some of the Group's business segments have already been implementing competition law conformity plans for a long time. In 2012, a Group policy for compliance with competition law and prevention of violations in this area was adopted. Its deployment is based on a dedicated organization, the involvement of hierarchies and staff, and a warning process.

Cuba, Iran and Syria

Provided in this section is certain information relating to TOTAL's activities in Cuba and its presence in Iran and Syria. For more information on U.S. and EU restrictions relevant to TOTAL in these jurisdictions, see Item 3. Key Information – Risk Factors .

Cuba

In 2012, Marketing & Services had limited marketing activities for the sale of specialty products to non-state entities in Cuba and paid taxes on such activities. In addition, Trading & Shipping purchased hydrocarbons pursuant to spot contracts from a state-controlled entity for approximately €62 million.

Iran

The Iran Threat Reduction and Syria Human Rights Act of 2012 (ITRSHRA) signed into law by President Obama on August 10, 2012, added a new Section 13(r) to the Securities Exchange Act of 1934, as amended, which requires TOTAL to disclose whether it or any of its affiliates has engaged during the 2012 calendar year in certain Iran-related activities. While the Group has not engaged in any activity that would be required to be disclosed pursuant to subparagraphs (A), (B), (C), (D)(i) or (D)(ii) of Section 13(r)(1), affiliates of TOTAL may be deemed to have engaged in a transaction or dealing with the government of Iran pursuant to Section 13(r)(1)(D)(iii), as discussed below.

The Group has no exploration and production activities in Iran. Some payments are yet to be reimbursed to the Group with respect to past expenditures and remuneration under buyback contracts entered into between 1997 and 1999 with the National Iranian Oil Company (NIOC) for the development of the South Pars 2&3 and Dorood fields. With respect to these contracts, development operations have been completed and the Group, which is no longer involved in the operation of these fields, has no information on the production from these fields. The Group maintains a local office in Iran solely for non-operational functions. In 2012, Total E&P Iran (100%), Elf Petroleum Iran (99.7%) and Total South Pars 2&3 (99.7%) collectively made payments of approximately €1 million to the Iranian administration with respect to certain taxes and social security in relation to payments made in 2012 to the Group under the Dorood and South Pars 2&3 buyback contracts and the maintenance of the local office mentioned above and its personnel. TOTAL did not recognize any revenues or profits from the aforementioned in 2012. Payments for taxes and social security are expected to be made in 2013.

(1) Source: Reuters.

Table of Contents

In 2012, as part of its ongoing global strategy for the protection of its intellectual property, TOTAL filed two patent applications in Iran that it had filed in many other countries. The filing of an application to obtain a patent in Iran is an activity that OFAC licenses, and, although TOTAL is not a U.S. person, it believes its activity is consistent with this license.

Total E&P UK Limited (TEP UK), a wholly-owned affiliate of TOTAL, had limited contacts in 2012 with the Iranian Oil Company UK Ltd (IOC), a subsidiary of NIOC. These contacts related to agreements governing certain transportation, processing and operation services formerly provided to a joint venture at the Rhum field in the UK, co-owned by BP (50%, operator) and IOC (50%), by a joint venture at the Bruce field between BP (37%, operator), TEP UK (43.25%), BHP Billiton Petroleum Great Britain Ltd (16%) and Marubeni Oil & Gas (North Sea) Limited (3.75%) and by TEP UK's Frigg UK Association pipeline (100%). To TOTAL's knowledge, no services have been provided under the aforementioned agreements since November 2010, when the Rhum field stopped production following the adoption of EU sanctions, other than critical safety-related services (*i.e.*, monitoring and marine inspection of the Rhum facilities). These agreements led to the signature in 2005 of an agreement by TEP UK and Naftiran Intertrade Co. (NICO) (IOC's parent company and a subsidiary of NIOC) for the purchase by TEP UK of Rhum field natural gas liquids from NICO. There have been no purchases under this agreement since November 2010. TEP UK's contacts with IOC and NICO in 2012 in regard to the aforementioned agreements were limited to exchanging letters and notifications regarding contract administration and declarations of force majeure. TEP UK may have similar limited contacts with IOC and NICO in 2013. TOTAL did not recognize any revenues or profits from the aforementioned in 2012.

The Group does not own or operate any refineries or chemicals plants in Iran. Until December 2012, at which time TOTAL sold its entire interest, it held a 50% interest in the company Beh Total along with Behran Oil (50%), a company controlled by entities with ties to the government of Iran. Beh Total produced and marketed in 2012 small quantities of lubricants (16,885 t) for sale to domestic consumers in Iran. In 2012, revenue generated from Beh Total's activities in Iran was approximately €50 million, net income was approximately €3 million and Beh Total paid approximately €1 million in taxes and approximately €4 million of dividends for fiscal year 2010 (share of TOTAL: approximately €2 million).

Total Marketing Middle East FZE (TMME), a wholly-owned affiliate of TOTAL, sold in 2012 lubricants and additives to Beh Total in Iran. In 2012, these activities generated gross

revenue of approximately €3.9 million and a net profit of approximately €0.8 million. TMME stopped such sales at the end of 2012.

Total Oil Turkiye A.S. (TOT A.S.), a company wholly-owned by the Group and by two Group employees, obtained in 2012, after discussions with Beh Total, administrative authorizations from the French authorities to export to Iran additives for blending by Beh Total with base oils to produce lubricants for sale by Beh Total. However, no transactions with or payments to Beh Total took place in 2012 in relation to such proposed activity, and TOT A.S. does not anticipate pursuing this business activity with Beh Total.

Total Ethiopia Ltd (TEL), an Ethiopian company wholly-owned by the Group and by three Group employees, paid approximately €70,000 in 2012 to Merific Iran Gas Co, an Ethiopian company majority-owned by entities affiliated with the government of Iran, pursuant to a contract for the transport and storage of LPG in Ethiopia purchased by TEL from international markets. TEL will continue such activity until it secures access to other local facilities, which is expected in late 2013.

Total Raffinage Marketing S.A., a French company wholly-owned by the Group and by five Group employees, and Total Belgium NV, a company held 99.99% by the Group and by an individual, provided in 2012 fuel payment cards to Iranian diplomatic missions in France and in Belgium, respectively, for use in the Group's service stations. In 2012, these activities generated gross revenue of approximately €50,000 and a net profit of approximately €2,000. The Group has terminated these contractual agreements in France and is in the process of terminating them in Belgium.

In addition, the Group holds a 50% interest in, but does not operate, Samsung Total Petrochemicals Co. Ltd (STC), a South Korean incorporated joint venture with Samsung General Chemicals Co., Ltd. (50%). During the first six months of 2012 and prior to Executive Order 13622, STC purchased 292,000 t of condensates directly or indirectly from companies affiliated with the Iranian government for approximately €264 million. As such condensates are used by STC as inputs for its manufacturing processes, it is not possible to estimate the revenues from sales or net income attributable to such purchases. In reliance on the exemption provided in Section 1245(d)(4)(D) of the National Defense Authorization Act (NDAA) announced on December 7, 2012, STC contracted to recommence such purchases. However, STC's management has recently stated that STC would no longer take deliveries under such contractual arrangement as from March 31, 2013. In addition, STC sold 1,450 t of polymers for approximately €1 million to two Korean traders, Skyplast and Tera Korea, which may have

Table of Contents

subsequently exported some or all of this product to Iran. Taking into account the uses for such polymers (e.g., food packaging, pipes, car interiors), the end-customers likely were private companies. STC may make similar sales in the future.

Prior to January 23, 2012, Trading & Shipping ceased its purchase of Iranian hydrocarbons. Before this date, Total International Limited, a wholly-owned subsidiary of TOTAL, purchased in Iran during 2012 pursuant to a mix of spot and term contracts approximately 2 million barrels of hydrocarbons from state-controlled entities for approximately €189 million, which it subsequently resold for approximately €176 million. As the Group hedges the risk associated with a fluctuation in hydrocarbon prices during its trading activities, the overall net income before tax attributable to such activity was €3 million. Trading & Shipping owed to state controlled entities in Iran approximately €235 million as of December 31, 2011 and €83 million as of December 31, 2012, which represented the value of the hydrocarbons purchased prior to the cessation of such activity.

Syria

Since early December 2011, TOTAL has ceased its activities that contribute to oil and gas production in Syria

and maintains a local office solely for non-operational functions. In 2012, TOTAL made payments of less than €2 million to Syrian government agencies in the form of taxes and contributions for services rendered by the Syrian public sector in relation to the maintenance of the aforementioned office and its personnel.

Organizational Structure

TOTAL S.A. is the parent company of the TOTAL Group. As of December 31, 2012, there were 883 consolidated subsidiaries, of which 803 were fully consolidated and 80 were accounted for under the equity method. For a list of the principal subsidiaries of the Company, see Note 35 to the Consolidated Financial Statements.

Property, Plant and Equipment

TOTAL has freehold and leasehold interests in numerous countries throughout the world, none of which is material to TOTAL. See [Business Overview Upstream](#) for a description of TOTAL's reserves and sources of oil and gas.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

This section is the Company's analysis of its financial performance and of significant trends that may affect its future performance. It should be read in conjunction with the Consolidated Financial Statements included elsewhere in this Annual Report. The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and IFRS as adopted by the European Union.

This section contains forward-looking statements which are subject to risks and uncertainties. For a list of important factors that could cause actual results to differ materially from those expressed in the forward-looking statements, see [Cautionary Statement Concerning Forward-Looking Statements](#) on page vi.

OVERVIEW

TOTAL's results are affected by a variety of factors, including changes in crude oil and natural gas prices as well as refining and marketing margins, which are all generally expressed in dollars, and changes in exchange rates, particularly the value of the euro compared to the dollar. Higher crude oil and natural gas prices generally have a positive effect on the income of TOTAL, since its Upstream oil and gas business benefits from the resulting increase in revenues realized from production. Lower crude oil and natural gas prices generally have a corresponding negative effect. The effect of changes in crude oil prices on TOTAL's Refining & Chemicals and Marketing & Services activities depends upon the speed at which the prices

of refined petroleum products adjust to reflect such changes. In the past several years, crude oil and natural gas prices have varied greatly. As TOTAL reports its results in euros, but conducts its operations mainly in dollars, the effect of an increase in crude oil and natural gas prices is partly offset by the effect of the variation in exchange rates during periods of weakening of the dollar relative to the euro and strengthened during periods of strengthening of the dollar relative to the euro. TOTAL's results are also significantly affected by the costs of its activities, in particular those related to exploration and production, and by the outcome of its strategic decisions with respect to cost reduction efforts. TOTAL's results are also

Table of Contents

affected by general economic and political conditions and changes in governmental laws and regulations, as well as by the impact of decisions by OPEC on production levels. However, the Euro zone's turbulences during the fiscal year 2012 did not affect the Group significantly. For more information, see Item 3. Key Information Risk Factors and Item 4. Information on the Company Other Matters .

The year 2012 was marked by an economic slowdown that dampened the oil demand from OECD countries. The dynamism of emerging countries and the needs brought

about by the Fukushima accident in Japan, however, sustained the overall growth of the demand for oil products, particularly in Asia at the year end. Market supplies remained adequate mainly due to the increase in non-conventional oil production in North America, whereas the persistence of geopolitical factors put a strain on the supply. The average price of Brent therefore remained stable, standing at \$111.7/b in 2012 against \$111.3 /b in 2011.

Gas spot prices remained stable in Europe and Asia in 2012, sustained by the demand on Asian markets. However, spot prices for gas in the United States dropped to very low levels due to the abundant supply of natural gas following the development of shale gas, further strengthened by associated gas production from the production of unconventional liquids.

The further progressive decline in European refining capacity combined with very high level of maintenance downtime in the global refining industry limited the overcapacity observed since 2009, thereby causing refining margins to rebound from \$17/t in 2011 to \$36/t in 2012⁽¹⁾. Margins in petrochemicals in Europe declined on average over the year due to the drop in demand caused by the economic slowdown. On the other hand, in the United States, the petrochemicals segment benefited from the decrease in the prices of ethane and liquefied petroleum gases, driving a rebound in margins.

In this environment, TOTAL's net income (Group share) amounted to €10.7 billion, a decrease of 13% from €12.3 billion in 2011, mainly due to the impacts of the after-tax inventory valuation effect and special items (see Group results 2012 vs. 2011). Taking into account adjustments, the segments experienced good performance in 2012, in an environment conducive to the Upstream segment and marked by a temporary but significant rebound in refining margins in the downstream segment. The Upstream segment's adjusted net operating income reached

€11.2 billion in 2012, a 6% increase from the previous year, supported mainly by the change in the €-\$ exchange rate. The Refining & Chemicals segment reported a 67% increase in its adjusted net operating income. This increase is primarily due to the increase in refining margins. Lastly, the Marketing & Services segment recorded a 3% increase in adjusted net operating income compared with 2011.

The year 2012 was marked by a significant decline in acquisitions compared with 2011, and asset sales of \$6 billion reflecting the Group's intention to optimize and simplify its portfolio, by developing its Upstream assets with high growth potential.

TOTAL benefited from the rise in its operating cash flow and the drop in acquisitions to fund its investments while increasing its dividend by nearly 3% to €2.34 per share, which will be submitted for approval to the Shareholders' Meeting on May 17, 2013. The balance sheet was further strengthened with a ratio of net-debt-to-equity⁽²⁾ of 21% at the end of 2012 compared with 23% at the end of 2011.

In terms of operations, the Group dealt with accidents in the North Sea and Nigeria in 2012, as well as safety issues in its facilities in Yemen that affected its production. With responsibility and transparency, TOTAL reasserted the utmost priority it gives to the safety of operations and its commitment to environmental protection. It improved its safety performance further, with an 18% drop in the Group-wide TRIR⁽³⁾ compared with 2011.

In the Upstream segment, four major discoveries in Argentina, the United States in the Gulf of Mexico, Nigeria and Norway were made as a result of the Group's bolder exploration strategy. The year 2012 also witnessed successful production start-ups, especially on the fields of Usan, Islay, Bongkot South, Halfaya and South Mahakam. New major projects, such as Ofon II, Hild and Tempa Rossa, were launched in order to secure growth in the years to come. In 2012, the Group also extended its oil and gas acreage by obtaining licenses in promising exploration areas, particularly in Iraq, Bulgaria, Uruguay, Kenya and Kazakhstan.

At the same time, TOTAL disposed of certain mature or non-strategic Upstream assets, such as stakes in pipelines in Norway, its production subsidiary in Colombia or minority stakes in assets in Nigeria and the North Sea. It also announced the sale, subject to the approval of the relevant authorities, of its stake in the OML 138 offshore block in Nigeria, including the Usan field.

⁽¹⁾ Based on TOTAL's European Refining Margin Indicator (ERMI).

⁽²⁾ Net-debt-to-equity ratio = net debt (i.e., the sum of current borrowings, other current financial liabilities and non-current financial debt, net of current financial assets, hedging instruments on non-current financial debt and cash and cash equivalents) divided by the sum of shareholders' equity and non-controlling interests after expected dividends payable.

⁽³⁾ Total Recordable Injury Rate.

Table of Contents

In the Refining & Chemicals segment, TOTAL set out its strategy of increasing the competitive performance of its activities to boost the segment's profitability from 6% in 2010 to 13% in 2015 in the market environment of 2010, scaling down its exposure to mature zones, mainly Europe, and bolstering its presence in high-growth areas. Thus, the year 2012 witnessed advances in the modernization of the refinery in Normandy, France, and the construction of the Jubail refinery in Saudi Arabia, which is slated to start production in 2013.

In the Marketing & Services segment, the Group restructured its organization in 2012 to help achieve its ambitions for growth. It consolidated its leading position in the African continent and in the Middle-East, notably with the development of its activities in Jordan and its sale of specialty products. In Europe, it continued to optimize its activities by deploying its new Total Access service station concept in 300 service stations by the end of 2012. In New Energies, TOTAL stepped up its efforts to enhance its competitiveness in the field of photovoltaic solar energy against a backdrop of profound changes in the industry, and at the end of 2012, it announced the commercial success of its subsidiary SunPower with the sale of the Antelope Valley project in the United States.

The process initiated in 2004 to increase R&D budgets continued with expenditures of €805 million in 2012, up 4% compared with 2011, with the aim, in particular, of the continued improvement of the Group's technological expertise in the development of oil and gas resources and the development of solar, biomass, carbon capture and storage technologies in order to contribute to changes in the global energy mix.

Finally, in 2012, TOTAL reasserted the priority on safety and the environment as part of its operations throughout its business. For all of its projects conducted in a large number of countries, the Group puts an emphasis on Corporate Social Responsibility (CSR) challenges and the development of the local economies.

As of December 31, 2012, the Group's activities were conducted through three business segments as defined below:

an Upstream segment including the activities of Exploration & Production and Gas & Power;

a Refining & Chemicals segment that is a major production hub combining TOTAL's refining, petrochemicals, fertilizers and specialty chemicals operations. This segment also includes oil trading and shipping activities; and

a Marketing & Services segment including the global supply and marketing of oil products as well as New Energies activities.

Moreover, the Corporate segment includes the operating and financial activities of the holding companies. As a result of the reorganizations carried out in 2012, information by business segment for comparative periods has been adjusted according to the new organization in effect as from December 31, 2012.

Outlook

To create profitable and sustainable growth, TOTAL aims to invest in value-creating projects and to optimize its portfolio, in particular by divesting non-core assets and subsidiaries with limited growth potential or those in which the Group has a low working interest.

The Group's net investment budget for 2013 is \$22 billion (approximately €17 billion), stable compared with 2011 and 2012. In executing its 2012-2014 asset sale program of \$15-20 billion (approximately €12-15 billion), the Group sold \$6 billion (€4.7 billion) of assets in 2012 and anticipates reaching the low-end of its target range by the end of 2013 with the closing of the Usan sale and other divestments already in progress. The organic investment budget for 2013 is \$28 billion (approximately €22 billion), more than 80% of which will be dedicated to Upstream, principally for highly competitive and profitable projects scheduled to start up before 2017.

The Group also confirms its commitment with respect to R&D with a budget of about \$1.3 billion (approximately €1 billion) in 2013.

In the Upstream segment, TOTAL confirms its production growth targets for 2015, 3% per year on average over the period 2011-2015, and for 2017, a potential of 3 Mboe/d, all based on improved visibility. TOTAL is focused on delivering its projects on time and on budget. In 2013, expected production growth should be fueled by 2012 start-ups as well as anticipated 2013 start-ups, including Anguille in Gabon, Angola LNG, Kashagan in Kazakhstan, and the extension of OML 58 in Nigeria. In addition, the Group continues to work in cooperation with the UK authorities towards a safe and progressive restart of Elgin-Franklin during the first quarter 2013. Visibility on the Group's production growth targets will be further enhanced this year by the launch of additional major projects, notably in West Africa.

The 2013 exploration budget has been increased to \$2.8 billion (approximately €2.2 billion). The high-potential exploration program for 2013 reflects the Group's new dynamic, with drilling operations planned in Côte d'Ivoire, Gabon, Kenya and Brazil.

Table of Contents

In the Refining & Chemicals segment, the restructuring in progress is expected to yield productivity gains and provide synergies in 2013, and in turn contribute to increased profitability, in line with the objective of a segment ROACE of 13% in 2015. The year 2013 also should be highlighted by the start-up of Jubail in Saudi Arabia. This fully-integrated refinery will have a 400 kb/d capacity for heavy crude and will provide refined products to growth markets like the Middle East and Asia.

The Marketing & Services segment seeks to continue to strengthen its worldwide positions and to capitalize on its ability to respond to its customers' needs. New Energies will pursue its productivity, development, and innovation programs to increase its contribution.

The Group confirms its commitment in favor of a competitive policy for returns to shareholders, in keeping with its objective of sustainable growth.

CRITICAL ACCOUNTING POLICIES

A summary of the Group's accounting policies is included in Note 1 to the Consolidated Financial Statements. Management believes that the application of these policies on a consistent basis enables the Group to report useful and reliable information about the Group's financial condition and results of operations.

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of preparation of the financial statements and reported income and expenses for the period. Management reviews these estimates and assumptions on an ongoing basis, by reference to past experience and various other factors considered as reasonable which form the basis for assessing the book value of assets and liabilities. Actual results may differ significantly from these estimates, if different assumptions or circumstances apply.

Lastly, where the accounting treatment of a specific transaction is not addressed by any accounting standards or interpretation, management applies its judgment to define and apply accounting policies that will lead to relevant and reliable information, so that the financial statements:

give a true and fair view of the Group's financial position, financial performance and cash flows;

reflect the substance of transactions;

are neutral;

are prepared on a prudent basis; and

are complete in all material aspects.

The following summary provides further information about the critical accounting policies that involve significant elements of management judgment, and which could have a significant impact on the results of the Group. It should be read in conjunction with Note 1 to the Consolidated Financial Statements.

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The assessment of critical accounting policies below is not meant to be an all-inclusive discussion of the uncertainties in financial results that can occur from the application of

the full range of the Company's accounting policies. Materially different financial results could occur in the application of other accounting policies as well. Likewise, materially different results can occur upon the adoption of new accounting standards promulgated by the various rule-making bodies.

Successful efforts method of oil and gas accounting

The Group follows the successful efforts method of accounting for its oil and gas activities. The Group's oil and gas reserves are estimated by the Group's petroleum engineers in accordance with industry standards and SEC regulations. Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations, prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. These estimates do not include probable or possible reserves. Estimated oil and gas reserves are based on available reservoir data and prices and costs in the accounting period during which the estimate is made and are subject to future revision. The Group reassesses its oil and gas reserves at least once a year on all its properties.

Exploration leasehold acquisition costs are capitalized when acquired. During the exploration phase, management exercises judgment on the probability that prospects ultimately would partially or fully fail to find proved oil and gas reserves. Based on this judgmental approach, a leasehold impairment charge may be recorded. This position is assessed and adjusted throughout the contractual period of the leasehold based in particular on the results of exploratory activity and any impairment is adjusted prospectively.

Table of Contents

When a discovery is made, exploratory drilling costs continue to be capitalized pending determination of whether potentially economic oil and gas reserves have been discovered by the drilling effort. The length of time necessary for this determination depends on the specific technical or economic difficulties in assessing the recoverability of the reserves. If a determination is made that the well did not encounter oil and gas in economically viable quantities, the well costs are expensed and are reported in exploration expense.

Exploratory drilling costs are temporarily capitalized pending determination of whether the well has found proved reserves if both of the following conditions are met:

the well has found a sufficient quantity of reserves to justify, if appropriate, its completion as a producing well, assuming that the required capital expenditure is made; and

satisfactory progress toward ultimate development of the reserves is being achieved, with the Company making sufficient progress assessing the reserves and the economic and operating viability of the project.

The Company evaluates the progress made on the basis of regular project reviews which take into account the following factors:

First, if additional exploratory drilling or other exploratory activities (such as seismic work or other significant studies) are either underway or firmly planned, the Company deems there is satisfactory progress. For these purposes, exploratory activities are considered firmly planned only if they are included in the Company's three-year exploration plan/budget.

In cases where exploratory activity has been completed, the evaluation of satisfactory progress takes into account indicators such as the fact that costs for development studies are incurred in the current period, or that governmental or other third-party authorizations are pending or that the availability of capacity on an existing transport or processing facility awaits confirmation.

The successful efforts method requires, among other things, that the capitalized costs for proved oil and gas properties (which include the costs of drilling successful wells) be amortized on the basis of reserves that are produced in a period as a percentage of the total estimated proved reserves. The impact of changes in estimated proved reserves is dealt with prospectively by amortizing the remaining book value of the asset over the expected future production. If proved reserve estimates are revised downward, earnings could be affected by higher depreciation expense or an immediate write-down

of the property's book value. Conversely, if the oil and gas quantities were revised upwards, future per-barrel depreciation and depletion expense would be lower.

Valuation of long-lived assets

In addition to oil and gas assets that could become impaired under the application of successful efforts accounting, other assets could become impaired and require write-down if circumstances warrant. Conditions that could cause an asset to become impaired include lower-than-expected commodity sales prices, changes in the Group's business plans or a significant adverse change in the local or national business climate. The amount of an impairment charge would be based on estimates of the higher of the value in use or the fair value minus cost to sell compared with its book value. The value in use is based on the present value of expected future cash flow using assumptions commensurate with the risks involved in the asset group. The expected future cash flow used for impairment reviews is based on judgmental assessments of future production volumes, prices and costs, considering information available at the date of review.

Asset retirement obligations and environmental remediation

When legal and contractual obligations require it, the Group, upon application of International Accounting Standard (IAS) 37 and IAS 16, records provisions for the future decommissioning of production facilities at the end of their economic lives. Management makes judgments and estimates in recording liabilities. Most of these removal obligations are many years in the future and the precise requirements that will have to be met when the removal event actually occurs are uncertain. Asset removal technologies and costs are constantly changing, as well as political, environmental, safety and public expectations.

The Group also makes judgments and estimates in recording costs and establishing provisions for environmental clean-up and remediation costs, which are based on current information on costs and expected plans for remediation. For environmental provisions, actual costs can differ from estimates because of changes in laws and regulations, public expectations, discovery and analysis of site conditions and changes in clean-up technology.

Pensions and post-retirement benefits

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Accounting for pensions and other post-retirement benefits involves judgments about uncertain events, including estimated retirement dates, salary levels at retirement, mortality rates, rates of return on plan assets, determination of discount rates for measuring plan obligations, healthcare cost-trend rates and rates of

Table of Contents

utilization of healthcare services by retirees. These assumptions are based on the environment in each country. The assumptions used are reviewed at the end of each year and may vary from year-to-year, based on the evolution of the situation, which will affect future results of operations. Any differences between these assumptions and the actual outcome will also impact future results of operations.

The significant assumptions used to account for pensions and other post-retirement benefits are determined as follows.

Discount rates primarily reflect the high quality rates of AA-rated corporate bonds of a duration equivalent to that of the plan obligations. Inflation rates reflect market conditions observed on a country-by-country basis.

Salary increase assumptions (when relevant) are determined by each entity. They reflect an estimate of the actual future salary levels of the individual employees involved, including future changes attributed to general price levels (consistent with inflation rate assumptions), productivity, seniority, promotion and other factors.

Healthcare cost trend assumptions (when relevant) reflect an estimate of the actual future changes in the cost of the healthcare-related benefits provided to the plan participants and are based on past and current healthcare cost trends including healthcare inflation, changes in healthcare utilization, and changes in health status of the participants.

Demographic assumptions such as mortality, disability and turnover reflect the best estimate of these future events for the individual employees involved, based principally on available actuarial data.

Determination of expected rates of return on pension plan assets is made through compound averaging. For each plan, the distribution of investments among bonds, equities and cash and the expected rates of return on bonds, equities and cash are taken into account. A weighted-average rate is then calculated.

The effect pensions had on results of operations, cash flow and liquidity is fully set out in Note 18 to the Consolidated Financial Statements. Net employee benefit expense in 2012 amounted to €408 million and the Company's contributions to pension plans were €787 million.

Differences between projected and actual costs and between the projected return and the actual return on plan assets routinely occur and are called actuarial gains and losses.

Until December 31, 2012 (see IAS 19 discussion below), the Group applied the corridor method to amortize its actuarial losses and gains. This method amortizes the net cumulative actuarial gains and losses that exceed 10% of the greater of (i) the present value of the defined benefit obligation, and (ii) the fair value of plan assets, over the average expected remaining working lives of the employees participating in the plan.

The unrecognized actuarial losses of pension benefits as of December 31, 2012, were €2,510 million compared to €1,713 million for 2011. The increase in unrecognized actuarial losses is explained by actuarial losses due to a decrease in discount rates in 2012. As explained above, pension accounting principles allow for such actuarial losses to be deferred and amortized over future periods; in the Company's case, this is a period of fifteen years.

In June 2011, the IASB issued revised standard IAS 19 Employee benefits, which leads in particular to the full recognition of the net position in respect of employee benefits obligations (liabilities net of assets) in the balance sheet, to the elimination of the corridor approach currently used by the Group, the elimination of the depreciation of past services costs, and to the obligation to evaluate the expected return on plan assets on a normative basis (via the discount rate used to value the debt obligations). This standard is applicable retrospectively from January 1, 2013. The application of this standard will have an impact on January 1, 2013 of an increase in employee benefit provisions of €2.8 billion and a decrease in equity of €2.8 billion before tax (€1.7 billion after tax). The impact on the profit for 2011 and 2012 is not significant.

Income tax computation

The computation of the Group's income tax expense requires the interpretation of complex tax laws and regulations in many taxing jurisdictions around the world, the determination of expected outcomes from pending litigation, and the assessment of audit findings that are performed by numerous taxing authorities. Actual income tax expense may differ from management's estimates.

RESULTS 2010-2012

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As of and for the year ended December 31, (M€, except per share data)	2012	2011	2010
Non-Group sales	200,061	184,693	159,269
Net income (Group share)	10,694	12,276	10,571
Diluted earnings per share	4.72	5.44	4.71

Table of Contents

In October 2011, the Group announced a proposed reorganization of its Downstream and Chemicals segments. The procedure for informing and consulting with employee representatives took place and the reorganization became effective on January 1, 2012. This led to organizational changes, with the creation of: a Refining & Chemicals segment, a major production hub combining TOTAL's refining, petrochemicals, fertilizers and specialty chemicals operations, as well as oil trading and shipping activities; and a Supply & Marketing segment (renamed the Marketing & Services segment on November 13, 2012), which is dedicated to the global supply and marketing activities of oil products. A further reorganization of the Group's Upstream and Marketing & Services segments became effective as of July 1, 2012, with the Upstream segment now consisting of the activities of Gas & Power in addition to the exploration and production of hydrocarbons, and the Marketing & Services segment now consisting of the activities of New Energies in addition to the Group's worldwide businesses of supplying and marketing petroleum products. Historical numbers and related qualitative commentary contained herein have been restated on this basis.

Group results 2012 vs. 2011

The year 2012 was marked by an economic slowdown that dampened the oil demand from OECD countries. The dynamism of emerging countries and the needs brought about by the Fukushima accident in Japan, however, sustained the overall growth of the demand for oil products, particularly in Asia at the year end. Market supplies remained adequate mainly due to the increase in non-conventional oil production in North America, whereas the persistence of geopolitical factors put a strain on the supply.

In the Upstream segment, on average, the oil market environment was stable compared to the previous year. For 2012, the average Brent price remained around \$111.7/b. In 2012, TOTAL's average liquids price realization⁽¹⁾ increased by 3% to \$107.7/b from \$105.0/b in 2011. TOTAL's average natural gas price realization⁽¹⁾ increased by 3% to \$6.74/MBtu in 2012 from \$6.53/MBtu in 2011.

The euro-dollar exchange rate in 2012 averaged \$1.28/€ compared to \$1.39/€ in 2011.

In the Refining & Chemicals segment, the Group's European Refining Margin Indicator (ERMI) more than doubled to \$36.0/t in 2012 from \$17.4/t in 2011. This increase in 2012 was mainly due to high levels of planned maintenance in the refining sector, particularly in Europe during the 2012 summer. While refining margins improved in Europe, throughput at the Group's refineries decreased

on a global basis by 4% from 2011 to 2012, and the petrochemical environment weakened, particularly in Europe and in polymers.

In the Marketing & Services segment, Marketing activities continued to provide stable results despite sales volumes generally decreasing, due to, in particular, improved results from activities in the Asia-Pacific and Eastern European regions, and New Energies' improved performance.

Consolidated sales of TOTAL were €200.1 billion in 2012, an increase of 8% from €184.7 billion in 2011, essentially due to an increase in non-Group sales of the Refining & Chemicals segment of 18%.

Net income (Group share) in 2012 decreased by 13% to €10,694 million from €12,276 million in 2011, mainly due to the impacts of the after-tax inventory valuation effect and special items. The after-tax inventory valuation effect (as defined below under "Analysis of business segment results") had a negative impact on net income (Group share) of €157 million in 2012, and a positive impact of €834 million in 2011. The changes in fair value of trading inventories and storage contracts (as defined below under "Analysis of business segment results") had a negative impact on net income (Group share) of €7 million in 2012 and a positive impact of €32 million in 2011. Special items had a negative impact on net income (Group share) of €1,503 million in 2012, comprised essentially of an impairment of assets in the Barnett in the United States (€737 million), provisions for abandonment costs relating to Elgin in the UK (€217 million), a one-off tax of 4% on petroleum stocks in France (€158 million), an impairment of chemicals assets in Europe (€178 million) and a provision related to the progress of discussions between the Department of Justice, the SEC and TOTAL to resolve issues arising from an investigation concerning gas contracts awarded in Iran in the 1990s (€316 million, or \$398 million), which were partially offset by gains on asset sales (€581 million). Special items had a negative impact on net income (Group share) of €14 million in 2011, comprised mainly of €1,014 million of impairments and €1,538 million of gains on asset sales.

In 2012, income taxes amounted to €13,066 million, a decrease of 7% compared to €14,073 million in 2011, primarily as a result of the decrease in taxable income. The increase in the effective tax rate from 53% in 2011 to 55% in 2012 was mainly due to an increase in the portion of the Group's income before tax attributable to entities with a local tax rate much higher than the French tax rate (36.10%). The portion of the Upstream income before tax represented 92% in 2012, unchanged from 2011.

In 2012, TOTAL bought back 1.8 million of its own shares (*i.e.*, 0.08% of the share capital as of December 31, 2012)

Table of Contents

under the authorization granted by the Shareholders Meeting of May 11, 2012 (see Item 10. Share buybacks in 2012). The number of fully-diluted shares at December 31, 2012, was 2,270.4 million compared to 2,263.8 million at December 31, 2011.

Fully-diluted earnings per share, based on 2,267 million weighted-average shares, was €4.72 in 2012 compared to €5.44 in 2011, a decrease of 13%.

Group results 2011 vs. 2010

The year 2011 witnessed a number of geopolitical events that put pressure on market supplies. Despite the economic slowdown, demand for oil products continued to rise, fueled by the growth of emerging markets. Pressure on supply, plus rising demand, resulted in a sharp increase in the price of crude oil.

In the Upstream segment, the 2011 oil market environment was marked by a 40% increase in the average Brent price to \$111.3/b from \$79.5/b in 2010. In 2011, TOTAL's average liquids price realization⁽¹⁾ increased by 38% to \$105.0/b from \$76.3/b in 2010, in line with the increase in the average Brent price of oil. TOTAL's average natural gas price realization⁽¹⁾ increased by 27% to \$6.53/MBtu in 2011 from \$5.15/MBtu in 2010.

The average euro-dollar exchange rate was 1.39 \$/€ in 2011 compared to 1.33 \$/€ in 2010.

In the Refining & Chemicals segment, the Group's European Refining Margin Indicator (ERMI) fell to \$17.4/t in 2011 from \$27.4/t in 2010. Despite the gradual reduction of refining capacity, the overcapacity that has existed in the European refining market since 2009 continued into 2011, due to low demand in Europe. In the first half of 2011, Chemicals enjoyed a globally favorable environment, with Petrochemicals and Specialty Chemicals seeing their margins shrink in the second half of the year due to the drop in demand caused by the economic slowdown.

On the Marketing front, in 2011, the Group continued its optimization drive by selling off its distribution activities in the United Kingdom and launching a program to modernize part of its service station network in France with the Total access program.

Consolidated sales of TOTAL were €184.7 billion in 2011, an increase of 16% from €159.3 billion in 2010, as a result of an increase in non-Group sales in the Upstream, Refining & Chemicals and Marketing & Services segments of 20%, 18% and 13%, respectively.

Net income (Group share) in 2011 increased by 16% to €12,276 million from €10,571 million in 2010, mainly due to the impact of the increase in hydrocarbon prices on the Upstream segment's results. The after-tax inventory valuation effect (as defined below under Business Segment Reporting) had a positive impact on net income (Group share) of €834 million in 2011 and a positive impact of €748 million in 2010, in each case essentially due to the increase in oil prices. As from January 1, 2011, the Group accounts for changes in fair value of trading inventories and storage contracts (as defined below under Business Segment Reporting). Changes in fair value of these items had a positive impact on net income (Group share) of €32 million in 2011. Special items had a negative impact on net income (Group share) of €14 million in 2011, comprised mainly of €1,014 million of impairments (essentially impairments on European refining and renewable energy assets) and €1,538 million of gains on asset sales. Special items had a negative impact on net income (Group share) of €384 million in 2010, comprised essentially of asset impairments that had a negative impact of €1,224 million (essentially impairments on European refining assets) and gains on asset sales that had a positive impact of €1,046 million. Effective July 1, 2010, the Group no longer accounts for its interest in Sanofi as an equity affiliate, but treats such interest as a financial asset available for sale in the line Other investments of the balance sheet. In 2010, the Group's share of adjustment items related to Sanofi had a negative impact on net income (Group share) of €81 million.

In 2011, income taxes amounted to €14,073 million, an increase of 38% compared to €10,228 in 2010, primarily as a result of the increase in taxable income. The increase in the effective tax rate from 49% in 2010 to 53% in 2011 was mainly due to an increase in the portion of the Group's income before tax attributable to entities with a local tax rate much higher than the French tax rate (36.10%). The portion of the Upstream income before tax represented 92% in 2011 compared to 89% in 2010.

The Group did not buy back shares in 2011. The number of fully-diluted shares at December 31, 2011, was 2,263.8 million compared to 2,249.3 million at December 31, 2010.

Fully-diluted earnings per share, based on 2,257 million weighted-average shares, was €5.44 in 2011 compared to €4.71 in 2010, an increase of 15%.

⁽¹⁾ Consolidated subsidiaries, excluding fixed margins. Effective first quarter 2012, over/under-lifting valued at market prices.

⁽¹⁾ Consolidated subsidiaries, excluding fixed margin and buyback contracts.

Table of Contents

Business segment reporting

The financial information for each business segment is reported on the same basis as that used internally by the chief operating decision maker in assessing segment performance and the allocation of segment resources. Due to their particular nature or significance, certain transactions qualified as special items are excluded from the business segment figures. In general, special items relate to transactions that are significant, infrequent or unusual. However, in certain instances, certain transactions such as restructuring costs or asset disposals, which are not considered to be representative of the normal course of business, may be qualified as special items although they may have occurred in prior years or are likely to recur in following years.

In accordance with IAS 2, the Group values inventories of petroleum products in the financial statements according to the First-In, First-Out (FIFO) method and other inventories using the weighted-average cost method. Under the FIFO method, the cost of inventory is based on the historic cost of acquisition or manufacture rather than the current replacement cost. In volatile energy markets, this can have a significant distorting effect on the reported income. Accordingly, the adjusted results of the Refining & Chemicals and Marketing & Supply segments are presented according to the replacement cost method in order to facilitate the comparability of the Group's results with those of its competitors and to help illustrate the operating performance of these segments excluding the impact of oil price changes on the replacement of inventories. In the replacement cost method, which approximates the Last-In, First-Out (LIFO) method, the variation of inventory values in the statement of income is, depending on the nature of the inventory, determined using either the month-end prices differential between one period and another or the average prices of the period. The inventory valuation effect is the difference between the results under the FIFO and replacement cost methods.

As from January 1, 2011, the effect of changes in fair value presented as an adjustment item reflects, for trading inventories and storage contracts, differences between internal measures of performance used by TOTAL's management and the accounting for these transactions under IFRS. IFRS requires that trading inventories be recorded at their fair value using period-end spot prices. In order to best reflect the management of economic exposure through derivative transactions, internal indicators used to measure performance include valuations of trading inventories recorded at their fair value based on forward prices. Furthermore, TOTAL, in its trading

activities, enters into storage contracts, the future effects of which are recorded at fair value in the Group's internal economic performance. IFRS, by requiring accounting for storage contracts on an accrual basis, precludes recognition of this fair value effect.

Until June 30, 2010, the Group also adjusted for its equity share of adjustment items related to Sanofi. As of July 1, 2010, Sanofi is no longer accounted for as an equity affiliate (but is instead treated as a financial asset available for sale in the line Other investments of the balance sheet).

The adjusted business segment results (adjusted operating income and adjusted net operating income) are defined as replacement cost results, adjusted for special items, excluding (as from January 1, 2011) the effect of changes in fair value. For further information on the adjustments affecting operating income on a segment-by-segment basis, and for a reconciliation of segment figures to figures reported in the Company's audited consolidated financial statements, see Note 4 to the Consolidated Financial Statements.

The Group measures performance at the segment level on the basis of net operating income and adjusted net operating income. Net operating income comprises operating income of the relevant segment after deducting the amortization and the depreciation of intangible assets other than leasehold rights, translation adjustments and gains or losses on the sale of assets, as well as all other income and expenses related to capital employed (dividends from non-consolidated companies, income from equity affiliates and capitalized interest expenses) and after income taxes applicable to the above. The income and expenses not included in net operating income that are included in net income are interest expenses related to long-term liabilities net of interest earned on cash and cash equivalents, after applicable income taxes (net cost of net debt and non-controlling interests). Adjusted net operating income excludes the effect of the adjustments (special items and the inventory valuation effect) described above. For further discussion of the calculation of net operating income and the calculation of return on average capital employed (ROACE⁽¹⁾), see Note 2 to the Consolidated Financial Statements.

⁽¹⁾ ROACE = adjusted net operating income divided by average capital employed.

Table of Contents**Upstream segment results**

(M€)	2012	2011	2010
Non-Group sales	22,143	22,211	18,526
Operating income ^(a)	20,313	22,579	17,491
Equity in income (loss) of affiliates and other items	2,325	2,198	1,548
Tax on net operating income	(12,370)	(13,566)	(10,146)
Net operating income ^(a)	10,268	11,211	8,893
Adjustments affecting net operating income	918	(609)	(264)
Adjusted net operating income ^(b)	11,186	10,602	8,629
Investments	19,618	20,662	13,049
Divestments	2,798	2,591	2,067
ROACE	18%	21%	n/a ^(c)

^(a) For the definition of operating income and net operating income, see Note 2 to the Consolidated Financial Statements.

^(b) Adjusted for special items. See Notes 2 and 4 to the Consolidated Financial Statements.

^(c) The 2009 capital employed was not recalculated according to the Group's reorganization.

2012 vs. 2011

Upstream segment sales (excluding sales to other segments) were €22,143 million in 2012 compared to €22,211 million in 2011.

Oil and gas production averaged 2,300 kboe/d in 2012 compared to 2,346 kboe/d in 2011. This 2% decrease was essentially a result of normal decline (-4%), incidents at Elgin in the UK North Sea and Ibewa in Nigeria (-2%), disruptions related to security conditions in Yemen and the production shut-down in Syria, net of the positive effect of the return of production in Libya (-1.5%) and the price effect⁽¹⁾ (-0.5%), partially offset by start-ups and ramp-ups from new projects (+4.5%) and changes in the portfolio, comprised essentially of an increased share of Novatek production and the impact of the sale of CEPSA and assets in the UK, France, Nigeria and Cameroon (+1.5%).

Proved reserves based on SEC rules were 11,368 Mboe at December 31, 2012 (Brent at \$111.13/b), compared to 11,423 Mboe at December 31, 2011 (Brent at \$110.96/b). Based on the 2012 average rate of production, reserve life is more than thirteen years.

See Item 4. Information on the Company Exploration & Production Reserves for a discussion of proved reserves and Supplemental Oil and Gas Information (Unaudited) contained elsewhere herein for additional information on proved reserves, including tables showing changes in proved reserves by region.

Upstream net operating income in 2012 amounted to €10,268 million (for 2011, €11,211 million) from operating income of €20,313 million (for 2011, €22,579 million), with the difference between net operating income and operating income resulting primarily from taxes on net operating income of €12,370 million (for 2011, tax charge of €13,566 million), partially offset by income from equity affiliates and other items of €2,325 million (for 2011, income of €2,198 million). The decrease in net operating income in 2012 compared to 2011 was due primarily to the impact of special items (as discussed below).

Adjusted net operating income for the Upstream segment was €11,186 million in 2012 compared to €10,602 million in 2011, an increase of 6% essentially due to the more favorable euro/dollar exchange rate and the decrease in the effective tax rate for the Upstream segment partially mitigated by the decrease in hydrocarbon production and increased technical costs.

Adjusted net operating income for the Upstream segment excludes special items. The exclusion of special items had a positive impact on Upstream adjusted net operating income in 2012 of €918 million, consisting essentially of an impairment of assets in the Barnett in the United States (€737 million) and provisions for abandonment costs relating to Elgin in the UK (€217 million), and a negative impact of €609 million in 2011, consisting essentially of gains on the sales of the Group's interests in CEPSA, the Ocesa pipeline in Colombia and the Gassled pipeline in Norway.

Technical costs for consolidated subsidiaries, in accordance with ASC 932⁽²⁾ were \$22.8/boe⁽³⁾ in 2012, compared to \$18.9/boe in 2011, mainly due to increased depreciations of tangible assets relating to Pazflor, Halfaya, and Usan, as well as increased exploration expenses.

The Upstream segment's total capital expenditures decreased by 5% to €19,618 million in 2012 from €20,662 million in 2011, mainly due to lower acquisitions. Capital expenditures excluding acquisitions in 2012 mainly included projects in the following countries: Norway, Angola, Nigeria, Australia, Kazakhstan, the United Kingdom, Canada, Indonesia, and Gabon. Divestments by the Upstream segment were €2,798 million in 2012 compared to €2,591 million in 2011.

ROACE for the Upstream segment was 18% for the full year 2012 compared to 21% for the full year 2011, due essentially to higher average capital employed in 2012.

- (1) *The price effect refers to the impact of hydrocarbon prices on entitlement volumes from production sharing and buyback contracts. For example, as the price of oil or gas increases above certain pre-determined levels, TOTAL's share of production normally decreases.*
- (2) *FASB Accounting Standards Codification Topic 932, Extractive industries - Oil and Gas.*
- (3) *Excluding IAS 36 (impairment of assets).*

Table of Contents**2011 vs. 2010**

Upstream segment sales (excluding sales to other segments) increased by 20% to €22,211 million in 2011 from €18,526 million in 2010.

Oil and gas production averaged 2,346 kboe/d in 2011, compared to 2,378 kboe/d in 2010. This 1.3% decrease was due essentially to the result of normal decline, net of production ramp-ups on new projects (-1.5%), security conditions, mainly in Libya (-1.5%) and the price effect (-2%), partially offset by changes in the portfolio (+2.5%; integrating the net share of Novatek production and the impact of the sale of interests in CEPESA) and the end of OPEC reductions (+1%).

Proved reserves based on SEC rules were 11,423 Mboe at December 31, 2011 (Brent at \$110.96/b), compared to 10,695 Mboe at December 31, 2010 (Brent at \$79.02/b). Based on the 2011 average rate of production, reserve life is thirteen years.

See Item 4. Information on the Company Exploration & Production Reserves for a discussion of proved reserves and Supplemental Oil and Gas Information (Unaudited) contained elsewhere herein for additional information on proved reserves, including tables showing changes in proved reserves by region.

Upstream net operating income in 2011 amounted to €11,211 million (for 2010, €8,893 million) from operating income of €22,579 million (for 2010, €17,491 million), with the difference between net operating income and operating income resulting primarily from taxes on net operating income of €13,566 million (for 2010, tax charge of €10,146 million), partially offset by income from equity affiliates and other items of €2,198 million (for 2010, income of €1,548 million). The increase in net operating income in 2011 compared to 2010 was due primarily to the impact of higher hydrocarbon prices.

Adjusted net operating income for the Upstream segment was €10,602 million in 2011 compared to €8,629 million in 2010, an increase of 23%, essentially due to the impact of higher hydrocarbon prices partially offset by the impact of the mix effect, changes in foreign exchange rates and increased costs, exploration expenses and taxes.

Adjusted net operating income for the Upstream segment excludes special items. The exclusion of special items had a negative impact on Upstream adjusted net operating income in 2011 of €609 million, consisting essentially of gains on the sales of the Group's interests in CEPESA, the Ocesa pipeline in Columbia and the Gassed pipeline in

Norway, and a negative impact of €264 million in 2010, comprised principally of capital gains on sales of assets in Norway and Angola.

Technical costs for consolidated subsidiaries, in accordance with ASC 932⁽¹⁾ were \$18.9/boe⁽²⁾ in 2011, compared to \$16.6/boe in 2010, mainly due to depreciation, depletion and amortization (DD&A) charges related notably to the start-up of new projects and increased operating expenses per barrel.

The Upstream segment's total capital expenditures increased by 58% to €20,662 million in 2011 from €13,049 million in 2010. Capital expenditures excluding acquisitions in 2011 mainly included projects in the following countries: Angola, Nigeria, Norway, Australia, Kazakhstan, the United Kingdom, Canada, Indonesia, Gabon, the Republic of the Congo, and the United States. Divestments by the Upstream segment were €2,591 million in 2011 compared to €2,067 million in 2010.

Refining & Chemicals segment results

(M€)	2012	2011	2010
Non-Group sales	91,117	77,146	65,156
Operating income ^(a)	1,108	760	383
Equity in income (loss) of affiliates and other items	213	647	133
Tax on net operating income	(283)	(136)	92
Net operating income ^(a)	1,038	1,271	608
Adjustments affecting net operating income	376	(423)	404
Adjusted net operating income ^(b)	1,414	848	1,012
Investments	1,944	1,910	2,124
Divestments	304	2,509	763
ROACE	9%	5%	n/a ^(c)

^(a) For the definition of operating income and net operating income, see Note 2 to the Consolidated Financial Statements.

^(b) Adjusted for special items and the inventory valuation effect. See Notes 2 and 4 to the Consolidated Financial Statements.

^(c) The 2009 capital employed was not recalculated according to the Group's reorganization.

2012 vs. 2011

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Refining & Chemicals segment sales (excluding sales to other segments) were €91,117 million in 2012 compared to €77,146 million in 2011.

For the full year 2012, the Group's European Refining Margin Indicator (ERMI) was \$36.0/t, more than double the average during 2011. This increase in 2012 was mainly due to high levels of planned maintenance in the refining sector, particularly in Europe during the 2012 summer.

91

(1) *FASB Accounting Standards Codification Topic 932, Extractive industries - Oil and Gas.*

(2) *Excluding IAS 36 (impairment of assets).*

Table of Contents

Refinery throughput in 2012 was 1,786 kb/d, a 4% decrease compared to 1,863 kb/d in 2011, reflecting essentially the portfolio effect relating to the sale of the Group's interest in CEPSA at the end of July 2011 and the closure of the Rome refinery at the end of the third quarter 2012. Excluding these portfolio effects, throughput increased by 4% due to increased availability of the Group's refineries. For the full year 2012, the refinery utilization rate based on crude throughput was 82% (86% for crude and other feedstock) compared to 78% in 2011 (83% for crude and other feedstock). As in 2011, 2012 was marked by high levels of planned maintenance at European refineries, in particular the temporary shut-down of the Normandy refinery during the upgrading project at the end of 2012, as well as scheduled maintenance at the Provence and Feyzin refineries in France.

In 2012, Refining & Chemicals net operating income decreased to €1,038 million (for 2011, €1,271 million) from operating income of €1,108 million (for 2011, €760 million), with the difference between net operating income and operating income resulting primarily from taxes on net operating income of €283 million (for 2011, tax charge of €136 million), substantially offset by income from equity affiliates and other items of €213 million (for 2011, income of €647 million).

Adjusted net operating income for the Refining & Chemicals segment in 2012 was €1,414 million, an increase of 67% compared to €848 million in 2011. This increase was mainly due to the positive effect of improved refining margins in Europe, noting that throughput at the Group's refineries decreased on a global basis by 4% between the two periods, and the petrochemical environment weakened, particularly in Europe and in polymers. The 9% decrease in adjusted net operating income for Specialty Chemicals from €423 million in 2011 to €384 million in 2012 is attributable entirely to the sale of the resins business in mid-2011. Excluding this portfolio effect, the adjusted net operating income for the Specialty Chemicals would have increased slightly.

Adjusted net operating income for the Refining & Chemicals segment excludes any after-tax inventory valuation effect and special items. The exclusion of the inventory valuation effect had a positive impact on Refining & Chemicals adjusted net operating income in 2012 of €116 million compared to a negative impact of €669 million in 2011. The exclusion of special items had a positive impact on Refining & Chemicals adjusted net operating income in 2012 of €260 million, reflecting mainly an impairment on European chemicals assets, and a positive impact of €246 million in 2011, reflecting mainly impairments on European refining assets.

Investments by the Refining & Chemicals segment were €1,944 million in 2012 compared to €1,910 million in 2011. Divestments by the Refining & Chemicals segment were €304 million in 2012 compared to €2,509 million in 2011.

ROACE for the Refining & Chemicals segment was 9% for 2012 compared to 5% for 2011, due essentially to higher adjusted net operating income in 2012.

2011 vs. 2010

Refining & Chemicals segment sales (excluding sales to other segments) were €77,146 million in 2011 compared to €65,156 million in 2010, an increase of 18%.

For the full year 2011, the ERMI was \$17.4/t, a decrease of 36% compared to 2010.

Refinery throughput in 2011 was 1,863 kb/d, a 7% decrease compared to 2,009 kb/d in 2010 essentially due to the sale of the Group's interest in CEPSA and a higher level of major turnarounds than in 2010. In 2011, major turnarounds took place in the Antwerp, Grandpuits, Leuna, Lindsey and Port Arthur refineries. For the full year 2011, the refinery utilization rate based on crude throughput was 78% (83% for crude and other feedstock) compared to 73% in 2010 (77% for crude and other feedstock). In 2010, the utilization rate was impacted by the shutdown of the Dunkirk refinery and a distillation unit at the Normandy refinery as well as impacts from strikes in France.

In 2011, Refining & Chemicals net operating income increased to €1,271 million (for 2010, €608 million) from operating income of €760 million (for 2010, €383 million), with the difference between net operating income and operating income resulting primarily from income from equity affiliates and other items of €647 million (for 2010, income of €133 million) partially offset by taxes on net operating income of €136 million (for 2010, tax gain of €92 million). The increase in net operating income in 2011 compared to 2010 was due primarily to the impact of adjustment items (as detailed below).

The Refining & Chemicals segment's adjusted net operating income in 2011 was €848 million compared to €1,012 million in 2010. The decrease was essentially due to lower refining margins and the impact of the sale of the Group's stake in CEPSA.

Adjusted net operating income for the Refining & Chemicals segment excludes any after-tax inventory valuation effect and special items. The adjustment for the inventory valuation effect had a negative impact on Refining & Chemicals adjusted net operating income in 2011 of €669 million compared to a negative impact of €584 million in 2010. The exclusion of special items had a positive impact on Refining & Chemicals adjusted net operating income in 2011 of €246 million and a positive

Table of Contents

impact 2010 of €988 million, in both cases comprised essentially of impairments on European refining assets partially offset by gains on asset sales.

The persistence of an unfavorable economic environment for refining, affecting Europe in particular, led the Group to recognize an impairment in the Refining & Chemicals segment on European refining assets in the third and fourth quarters of 2011 in the amount of €700 million in operating income and €478 million in net income. These elements have been treated as adjustment items.

Globally, for the full-year 2011, the petrochemical activities benefited from ramp-ups in Qatar and South Korea, but suffered from deteriorating margins in the second half of the year in Europe and in the United States. The Specialty Chemicals division, excluding the effect of changes in the portfolio, maintained results at a level close to the 2010 level, with an adjusted net operating income in 2011 of €423 million compared to €475 million in 2010.

Investments by the Refining & Chemicals segment were €1,910 million in 2011, a decrease of 10% compared to €2,124 million in 2010. Divestments by the Refining & Chemicals segment were €2,509 million in 2011 compared to €763 million in 2010.

Marketing & Services segment results

(M€)	2012	2011	2010
Non-Group sales	86,614	85,325	75,580
Operating income ^(a)	1,068	1,457	1,522
Equity in income (loss) of affiliates and other items	(198)	(377)	208
Tax on net operating income	(383)	(438)	(545)
Net operating income ^(a)	487	642	1,185
Adjustments affecting net operating income	350	171	(204)
Adjusted net operating income ^(b)	837	813	981
Investments	1,301	1,834	1,019
Divestments	152	1,955	83
ROACE	12%	13%	n/a ^(c)

^(a) For the definition of operating income and net operating income, see Note 2 to the Consolidated Financial Statements.

^(b) Adjusted for special items and the inventory valuation effect. See Notes 2 and 4 to the Consolidated Financial Statements.

^(c) The 2009 capital employed was not recalculated according to the Group's reorganization.

2012 vs. 2011

For the full year 2012, Marketing & Services sales, excluding intra-Group sales, were €86,614 million, an increase of 2% compared to €85,325 million for 2011.

Refined product sales⁽¹⁾ were 1,710 kb/d in 2012 compared to 1,987 kb/d in 2011, a decrease of 14% almost entirely attributable to the sale of the Group's interest in CEPSA and

the sale of marketing activities in the UK. Excluding these portfolio effects, sales would have decreased by 1% on an annual basis with a notable decrease in Europe (3%) partially offset by increased sales in Asia and the Middle East.

In 2012, net operating income for the Marketing & Services segment was €487 million (for 2011, €642 million) from an operating income of €1,068 million (for 2011, €1,457 million), with the difference between net operating income and operating income resulting primarily from taxes on net operating income of €383 million (for 2011, tax charge of €438 million) and income from equity affiliates and other items of negative €198 million (for 2011, loss of €377 million). The decrease in 2012 in net operating income compared to 2011 was due primarily to the impact of the sale of the Group's stake in CEPSA as well as the difference in the inventory valuation effect.

Adjusted net operating income from the Marketing & Services segment was €837 million in 2012, an increase of 3% compared to €813 million in 2011. This increase is explained principally by the improved performance of New Energies. Marketing activities continued to provide stable results despite sales volumes generally decreasing, due to, in particular, improved results from activities in the Asia-Pacific and Eastern European regions.

Adjusted net operating income for the Marketing & Services segment excludes any after-tax inventory valuation effect and special items. The exclusion of the inventory valuation effect had a positive impact on Marketing & Services adjusted net operating income of €39 million in 2012 compared to a negative impact of €200 million in 2011. The exclusion of special items had a positive impact on Marketing & Services adjusted net operating income in 2012 of €311 million and a positive impact in 2011 of €371 million, in both cases reflecting mainly impairments and restructuring charges in New Energies.

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Investments by the Marketing & Services segment decreased 29% to €1,301 million in 2012 compared to €1,834 million in 2011, reflecting essentially the acquisition of a majority interest in SunPower in 2011. Divestments by the Marketing & Services segment were €152 million in 2012 compared to €1,955 million in 2011, comprised essentially of the sale of the Group's stake in CEP SA.

ROACE for the Marketing & Services segment was 12% for 2012 compared to 13% for 2011.

2011 vs. 2010

For the full year 2011, Marketing & Services segment sales, excluding intra-Group sales, were €85,325 million, an increase of 13% compared to €75,580 million for 2010.

⁽¹⁾ Excludes trading and bulk refining sales, which are reported under the Refining & Chemicals segment; includes share of TotalErg and, through July 31, 2011, CEP SA.

Table of Contents

Refined product sales were 1,987 kb/d in 2011, a decrease of 6% compared to 2,116 kb/d in 2010, due primarily to the impact of the sale of the Group's stake in CEPSA.

In 2011, net operating income for the Marketing & Services segment was €642 million (for 2010, €1,185 million) from an operating income of €1,457 million (for 2010, €1,522 million), with the difference between net operating income and operating income resulting primarily from taxes on net operating income of €438 million (for 2010, tax charge of €545 million) and income from equity affiliates and other items of negative €377 million (for 2010, income of €208 million). The decrease in 2011 in net operating income compared to 2010 was due primarily to the impact of the sale of the Group's stake in CEPSA and the negative contribution of New Energies in 2011.

The adjusted net operating income for the Marketing & Services segment in 2011 was €813 million compared to

€981 million in 2010. Adjusted net operating income for the Marketing & Services segment excludes any after-tax inventory valuation effect and special items. The exclusion of the inventory valuation effect had a negative impact on Marketing & Services adjusted net operating income of €200 million in 2011 and a negative impact of €169 million in 2010. The exclusion of special items had a positive impact on Marketing & Services adjusted net operating income of €371 million in 2011, reflecting mainly impairments and restructuring charges in New Energies, and a negative impact of €35 million in 2010.

Investments by the Marketing & Services segment increased 80% to €1,834 million in 2011 compared to €1,019 million in 2010. Divestments by the Marketing & Services segment were €1,955 million in 2011, comprised essentially of the sale of the Group's stake in CEPSA, compared to €83 million in 2010.

LIQUIDITY AND CAPITAL RESOURCES

(M€)	2012	2011	2010
Cash flow from operating activities	22,462	19,536	18,493
Including (increase) decrease in working capital	1,084	(1,739)	(496)
Cash flow used in investing activities	(17,072)	(15,963)	(11,957)
Total expenditures	(22,943)	(24,541)	(16,273)
Total divestments	5,871	8,578	4,316
Cash flow used in financing activities	(3,745)	(4,309)	(3,348)
Net increase (decrease) in cash and cash equivalents	1,645	(736)	3,188
Effect of exchange rates	(201)	272	(361)
Cash and cash equivalents at the beginning of the period	14,025	14,489	11,662
Cash and cash equivalents at the end of the period	15,469	14,025	14,489

TOTAL's cash requirements for working capital, capital expenditures, acquisitions and dividend payments over the past three years were financed primarily by a combination of funds generated from operations, borrowings and divestments of non-core assets. In the current environment, TOTAL expects its external debt to be principally financed from the international debt capital markets. The Group continually monitors the balance between cash flow from operating activities and net expenditures. In the Company's opinion, its working capital is sufficient for its present requirements.

Capital expenditures

The largest part of TOTAL's capital expenditures in 2012 was made up of additions to intangible assets and property, plant and equipment (approximately 87%), with the remainder attributable to equity-method affiliates and to acquisitions of subsidiaries. In the Upstream segment, as described in more detail under Supplemental Oil and Gas Information (Unaudited) Costs incurred in oil and gas property acquisition, exploration and development activities, capital expenditures in 2012 were principally

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development costs (approximately 75%, mainly for construction of new production facilities), exploration expenditures (successful or unsuccessful, approximately 7%) and acquisitions of proved and unproved properties (approximately 15%). In the Refining & Chemicals segment, about 80% of capital expenditures in 2012 were related to refining and petrochemical activities (essentially 45% for existing units including maintenance and major turnarounds and 55% for new construction), the balance being related to Specialty Chemicals. In the Marketing & Services segment, capital expenditures were split between marketing/retail activities (approximately 70%) and New Energies (approximately 30%). For information on expenditures by business segment, please refer to the discussion of TOTAL's results for each segment above.

Cash flow

Cash flow from operating activities was €22,462 million in 2012 compared to €19,536 million in 2011 and €18,493 million in 2010. The €2,926 million increase in cash flow from operating activities from 2011 to 2012 was due essentially to a reduction in working capital, as lower

Table of Contents

net income (Group share) was offset by an increase in depreciation and amortization charges. The cash flow from operating activities was also affected by the effect of changes in oil and oil product prices on the Group's working capital requirement. As IFRS rules require TOTAL to account for inventories of petroleum products according to the FIFO method, an increase in oil and oil product prices at the end of the relevant period compared to the beginning of the same period generates, all other factors remaining equal, an increase in inventories and accounts receivable net of an increase in accounts payable, resulting in an increase in working capital requirements. Similarly, a decrease in oil and oil products prices generates a decrease in working capital requirements. In 2012, the Group's working capital requirement decreased by €1,084 million, due in part to reductions in inventory and receivables. In 2011, the increase was €1,739 million.

Cash flow used in investing activities was €17,072 million in 2012 compared to €15,963 million in 2011 and €11,957 million in 2010. The increase from 2011 to 2012 was due essentially to the lower level of proceeds from disposals of non-current investments in 2012 as well as to the larger portfolio of upstream projects that were under development in 2012.

Total expenditures were €22,943 million in 2012, down 7% from €24,541 million in 2011, after having increased 51% from €16,273 million in 2010. During 2012, 86% of the expenditures were made by the Upstream segment (as compared to 84% in 2011 and 80% in 2010), 8% by the Refining & Chemicals segment (as compared to 8% in 2011 and 13% in 2010) and 6% by the Marketing & Services segment (as compared to 7% in 2011 and 6% in 2010). The main source of funding for these expenditures has been cash from operating activities. For additional information on expenditures, please refer to the discussions in [Overview](#) and [Results 2010-2012](#).

Divestments, based on selling price and net of cash sold, were €5,871 million in 2012, compared to €8,578 million in 2011 and €4,316 million in 2010. In 2012, the Group's principal divestments were asset sales of €4,586 million, consisting mainly of Sanofi shares and sales of assets in the Upstream segment in Great Britain, Norway, Nigeria and Colombia. In 2011, the Group's principal divestments were asset sales of €7,705 million, consisting mainly of the Group's interests in CEPASA, of its Marketing assets in the United Kingdom, of its photocure and coatings resins businesses, of its interests in Total E&P Cameroun and of Sanofi shares. In 2010, the Group's principal divestments

were asset sales of €3,452 million, consisting mainly of Sanofi shares and the Group's interests in the Valhall/Hod fields in Norway and in Block 31 in Angola.

Cash flow used in financing activities was €3,745 million in 2012, compared to €4,309 million in 2011 and €3,348 million in 2010. The decrease in cash flow used in financing activities in 2012 compared to 2011 was due primarily to a lower decrease in current borrowings (€(2,754) million in 2012 compared to €(3,870) million in 2011), higher issuance of non-current financial debt (€5,279 million in 2012 compared to €4,069 million in 2011) and a decrease in current financial assets and liabilities (€(947) million in 2012 compared to €896 million in 2011).

Indebtedness

TOTAL's non-current financial debt was €22,274 million at year-end 2012 compared to €22,557 million at year-end 2011 and €20,783 million at year-end 2010. For further information on the Company's level of borrowing and the type of financial instruments, including maturity profile of debt and currency and interest rate structure, see Note 20 to the Consolidated Financial Statements. For further information on the Company's treasury policies, including the use of instruments for hedging purposes and the currencies in which cash and cash equivalents are held, see [Item 11. Quantitative and Qualitative Disclosures About Market Risk](#).

Cash and cash equivalents were €15,469 million at year-end 2012 compared to €14,025 million at year-end 2011 and €14,489 million at year-end 2010.

Shareholders' equity

Shareholders' equity was €74,193 million at December 31, 2012, compared to €69,389 million at year-end 2011 and €61,271 million at year-end 2010. Changes in shareholders' equity in 2012 were primarily due to the addition of net income, partially offset by translation adjustments and the payment of dividends. Changes in shareholders' equity in 2011 were primarily due to the addition of net income and translation adjustments, which were only partially offset by the payment of dividends. Changes in shareholders' equity in 2010 were primarily due to the addition of net income and translation adjustments, which were only partially offset by the payment of dividends. In 2012, TOTAL bought back 1.8 million of its own shares (i.e., 0.08% of the share capital as of December 31, 2012) under the authorization

- (1) Excludes net current financial debt of €756 million related to assets classified in accordance with IFRS 5 as non-current assets held for sale and discontinued operations.
- (2) Net-debt-to-equity ratio = net debt (i.e., the sum of current borrowings, other current financial liabilities and non-current financial debt, net of current financial assets, net financial assets and liabilities related to assets classified in accordance with IFRS 5 as non-current assets held for sale, hedging instruments on non-current financial debt and cash and cash equivalents) divided by the sum of shareholders' equity and non-controlling interests after expected dividends payable.
- (3) Net cash flow = cash flow from operating activities less investments plus divestments.

Table of Contents

granted by the Shareholders Meeting of May 11, 2012 (see Item 10. Share buybacks in 2012). TOTAL did not repurchase any of its own shares during the years 2010 and 2011.

Net-debt-to-equity

As of December 31, 2012, TOTAL's net-debt-to-equity ratio⁽³⁾ was 21% compared to 23% and 22% at year-ends 2011 and 2010, respectively. Over the 2010-2012 period, TOTAL used its net cash flow⁽³⁾ to maintain this ratio generally in its targeted range of around 20% to 30%, primarily by managing net debt, while net income

increased shareholders' equity and dividends paid throughout the period decreased shareholders' equity. As of December 31, 2012, TOTAL S.A. had \$10,519 million of long-term confirmed lines of credit, of which \$10,463 million were unused.

In 2013, based on the Group's capital expenditures budget and after payment of dividends, the Company expects to maintain its net debt-to-equity ratio in the target range of around 20% to 30% in a \$100 per barrel market environment. For information on the Group's capital expenditures budget, please refer to the discussion in Overview .

GUARANTEES AND OTHER OFF-BALANCE SHEET ARRANGEMENTS

As part of certain project financing arrangements, Total S.A. provided in 2008 guarantees in connection with the financing of the Yemen LNG project for an amount of €584 million, presented under Guarantees given against borrowings in Note 23 to the Consolidated Financial Statements. Guarantees given against borrowings also include the guarantees provided in 2010 by Total S.A. in connection with the financing of the Jubail project (operated by SAUDI ARAMCO TOTAL Refining and Petrochemical Company (SATORP)) of up to €2,416 million, proportional to TOTAL's share in the project (37.5%). In addition, Total S.A. provided in 2010 a guarantee in favor of its partner in the Jubail project (Saudi Arabian Oil Company) with respect to Total Refining Saudi Arabia SAS's obligations under the shareholders

agreement with respect to SATORP. As of December 31, 2012, this guarantee is of up to €932 million and has been presented under Other operating commitments in Note 23 to the Consolidated Financial Statements. These guarantees and other information on the Company's commitments and contingencies are presented in Note 23 to the Consolidated Financial Statements. The Group does not currently consider that these guarantees, or any other off-balance sheet arrangements of Total S.A. nor any other members of the Group, have or are reasonably likely to have, currently or in the future, a material effect on the Group's financial condition, changes in financial condition, revenues or expenses, results of operation, liquidity, capital expenditures or capital resources.

CONTRACTUAL OBLIGATIONS

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Payment due by period (M€)	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Non-current debt obligations ^(a)		7,210	5,195	7,910	20,315
Current portion of non-current debt obligations ^(b)	4,251				4,251
Finance lease obligations ^(c)	27	87	56	190	360
Asset retirement obligations ^(d)	407	863	566	5,788	7,624
Operating lease obligations ^(c)	781	1,083	778	971	3,613
Purchase obligations ^(e)	12,005	11,107	9,981	50,126	83,219
Total	17,471	20,350	16,576	64,985	119,382

^(a) Non-current debt obligations are included in the items *Non-current financial debt* and *Hedging instruments of non-current financial debt* of the Consolidated Balance Sheet. The figures in this table are net of the non-current portion of issue swaps and swaps hedging bonds, and exclude non-current finance lease obligations of €333 million and net current financial debt of €756 million related to assets classified in accordance with IFRS 5 *non-current assets held for sale and discontinued operations*.

^(b) The current portion of non-current debt is included in the items *Current borrowings*, *Current financial assets* and *Other current financial liabilities* of the balance sheet. The figures in this table are net of the current portion of issue swaps and swaps hedging bonds and exclude the current portion of finance lease obligations of €27 million.

^(c) Finance lease obligations and operating lease obligations: the Group leases real estate, retail stations, ships, and other equipment through non-cancelable capital and operating leases. These amounts represent the future minimum lease payments on non-cancelable leases to which the Group is committed as of December 31, 2012, less the financial expense due on finance lease obligations for €108 million.

^(d) The discounted present value of Upstream asset retirement obligations, primarily asset removal costs at the completion date.

^(e) Purchase obligations are obligations under contractual agreements to purchase goods or services, including capital projects. These obligations are enforceable and legally binding on TOTAL and specify all significant terms, including the amount and the timing of the payments. These obligations mainly include: hydrocarbon unconditional purchase contracts (except where an active, highly liquid market exists and when the hydrocarbons are expected to be re-sold shortly after purchase), reservation of transport capacities in pipelines, unconditional exploration works and development works in Upstream, and contracts for capital investment projects in Downstream. This disclosure does not include contractual exploration obligations with host states where a monetary value is not attributed and purchases of booking capacities in pipelines where the Group has a participation superior to the capacity used.

Table of Contents

For additional information on the Group's contractual obligations, see Note 23 to the Consolidated Financial Statements. The Group has other obligations in connection with pension plans which are described in Note 18 to the Consolidated Financial Statements. As these obligations are not contractually fixed as to timing and amount, they have not been included in this disclosure. Other non-

current liabilities, detailed in Note 19 to the Consolidated Financial Statements, are liabilities related to risks that are probable and amounts that can be reasonably estimated. However, no contractual agreements exist related to the settlement of such liabilities, and the timing of the settlement is not known.

RESEARCH AND DEVELOPMENT

In 2012, Research & Development (R&D) expenses amounted to €805 million, compared with €776 million in 2011 and €715 million in 2010. The process initiated in 2004 to increase R&D budgets continued in 2012.

The portfolio managed by the entity tasked with developing SMEs specialized in innovative energy technologies and cleantechs has grown regularly since 2009.

In 2012, 4,110 people were dedicated to R&D activities, compared with 3,946 in 2011 and 4,087 in 2010. This is mainly due to changes in the scope of the Group's activities.

There are six major R&D focuses at TOTAL:

- developing knowledge, tools and technological mastery to discover and profitably operate complex oil and gas resources to help meet the global demand for energy;
- developing and industrializing solar, biomass and carbon capture and storage technologies to help prepare for future energy needs;
- developing practical, innovative and competitive materials and products that meet customers' specific needs, contribute to the emergence of new features and systems, enable current materials to be replaced by materials showing higher performance for users, and address the challenges of improved energy efficiency, lower environmental impact and toxicity, better management of their life cycle and waste recovery;
- developing, industrializing and improving first-level competitive processes for the conversion of oil, coal and biomass resources to adapt to changes in resources and markets, improve reliability and safety, achieve better energy efficiency, reduce the environmental footprint and maintain the Group's economic margins in the long term;
- understanding and measuring the impacts of the Group's operations and products on ecosystems (water, soil, air, biodiversity) to improve environmental safety, as part of the regulation in place, and reduce their environmental footprint to achieve sustainability in the Group's operations; and
- mastering and using innovative technologies such as biotechnologies, materials sciences, nanotechnologies, high-performance computing, information and communications technologies and new analytic techniques.

These issues are addressed synergistically within a portfolio of projects. Different aspects may be looked at independently by different divisions.

The Group intends to increase R&D in all of its business units through cross-functional themes and technologies. Attention is paid to synergies of R&D efforts between business units.

The Group has twenty-one R&D sites worldwide and has developed approximately 600 partnerships with other industrial groups and academic or highly specialized research institutes. TOTAL also has a permanently renewed network of scientific advisors worldwide that monitor and advise on matters of interest to the Group's R&D activities. Long-term partnerships with universities and academic laboratories, deemed strategic in Europe, the United States, Japan and China, as well as innovative small businesses are part of the Group's approach.

Each segment is developing an active intellectual property activity, aimed at protecting its innovations, allowing its activity to develop without constraints as well as facilitating its partnerships. In 2012, more than 250 new patent applications were issued by the Group.

Table of Contents

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS AND SENIOR MANAGEMENT

Composition of the Board of Directors

Directors are appointed by the shareholders for a three-year term (Article 11 of the Company's by-laws).

In case of the resignation or death of a director between two Shareholders' Meetings, the Board may temporarily appoint a replacement director. This appointment must be ratified by the next Shareholders' Meeting. The terms of office of the members of the Board are staggered to more evenly space the renewal of appointments and to ensure the continuity of the Board of Directors' work.

The Board of Directors appoints the Chairman of the Board from among its members. The Board of Directors also appoints the Chief Executive Officer who may or may not be a member of the Board.

As of December 31, 2012, the Board of Directors had fifteen members, including one director appointed by the shareholders to represent employee shareholders. Twelve of the members of the Board were independent (see "Director independence", below).

The following individuals were members of the Board of Directors of TOTAL S.A. (information as of December 31, 2012):

Christophe de Margerie

Born on August 6, 1951 (French).

Mr. de Margerie joined the Group after graduating from the *École Supérieure de Commerce* in Paris in 1974. He served in several positions in the Group's Finance Department and Exploration & Production division. In 1995, he was appointed President of Total Middle East. In May 1999, he joined the Executive Committee as President of the Exploration & Production division. He then became Senior Executive Vice President of Exploration & Production of the new TotalFinaElf group in 2000. In January 2002, he became President of the Exploration & Production division of TOTAL. He was appointed a member of the Board of Directors by the Shareholders' Meeting held on May 12, 2006 and became Chief

Executive Officer of TOTAL on February 14, 2007. On May 21, 2010, he was named Chairman and Chief Executive Officer of TOTAL. Mr. de Margerie is also a Director of the Institut du monde arabe.

Director of TOTAL S.A. since 2006. Last renewal: May 11, 2012 until 2015.

Chairman of the Strategic Committee.

Holds 105,556 TOTAL shares and 59,419 shares of the TOTAL ACTIONNARIAT FRANCE collective investment fund.

Principal other directorships

Member of the Supervisory Board of Vivendi*
Manager of CDM Patrimonial SARL

* *Company names marked with an asterisk are publicly listed companies.
Underlined companies are companies excluded from the group in which the director has his or her main duties.*

Table of Contents

Thierry Desmarest

Born on December 18, 1945 (French).

A graduate of the *École Polytechnique* and an Engineer of the French *Corps des Mines*, Mr. Desmarest served as Director of Mines and Geology in New Caledonia, then as technical advisor at the Offices of the Minister of Industry and the Minister of Economy. He joined TOTAL in 1981, where he held various management positions, then served as President of Exploration & Production until 1995. He served as Chairman and Chief Executive Officer of TOTAL from May 1995 until February 2007, and then as Chairman of the Board of TOTAL until May 21, 2010. He was appointed Honorary Chairman and remains a director of TOTAL and Chairman of the TOTAL Foundation.

Director of TOTAL S.A. since 1995 Last renewal: May 21, 2010 until 2013.

Chairman of the Nominating & Governance Committee, member of the Compensation Committee and the Strategic Committee.

Holds 186,576 shares.

Principal other directorships

Director of Sanofi*(1)
Director of L'Air Liquide*
Director of Renault S.A.*
Director of Renault S.A.S.
Director of Bombardier Inc. (Canada)*

Patrick Artus

Born on October 14, 1951 (French).

Independent director.

A graduate from the *École Polytechnique*, the *École Nationale de la Statistique et de l'Administration Économique* (ENSAE) and the *Institut d'études politiques de Paris*, Mr. Artus began his career at the INSEE (French National Institute for Statistics and Economic Studies) where his work included economic forecasting and modeling. He then worked at the Economics Department of the OECD (1980), later becoming the Head of Research at the ENSAE from 1982 to 1985. He was scientific adviser at the research department of the Banque de France, before joining the Natixis Group as the head of the

research department. He is an associate professor at the University of Paris I, Sorbonne. He is also a member of the council of economic advisors to the French Prime Minister and of the *Cercle des Économistes*.

Director of TOTAL S.A. since 2009 Last renewal: May 11, 2012 until 2015.

Member of the Compensation Committee and, since February 9, 2012, member of the Nominating & Governance Committee.

Holds 1,000 shares.

Principal other directorships

Director of IPSOS

(1) Non-consolidated company which was removed from the Company's scope of consolidation on July 1, 2010.

** Company names marked with an asterisk are publicly listed companies.*

Underlined companies are companies excluded from the group in which the director has his or her main duties.

Table of Contents

Patricia Barbizet

Born on April 17, 1955 (French).

Independent director.

A graduate of the *École Supérieure de Commerce* of Paris in 1976, Ms. Barbizet started her career in the Renault Group as the Treasurer of Renault Véhicules Industriels and then Chief Financial Officer of Renault Crédit International. She joined the Pinault group in 1989 as the Chief Financial Officer. In 1992, she became the Chief Executive Officer of Financière Pinault. She was the President of the Supervisory Board of the Pinault Printemps Redoute group until May 2005 and became Vice-President of the Board of Directors of PPR in May 2005. Patricia Barbizet is also a member of the Board of Directors of TOTAL, TF1, Air France-KLM and *Fonds stratégique d investissement*.

Director of TOTAL S.A. since 2008 Last renewal: May 13, 2011 until 2014.

Chairperson of the Audit Committee and member of the Strategic Committee.

Holds 1,000 shares.

Principal other directorships

Vice Chairman of the Board of Directors of PPR*
Chief Executive Officer and Director of Artémis
Member of the Supervisory Board of Financière Pinault
Chief Executive Officer (non-Director) of Financière Pinault
Director of Société Nouvelle du Théâtre Marigny
Permanent representative of Artémis at the Board of Directors of Agefi
Permanent representative of Artémis at the Board of Directors of Sebdo le Point
Member of the Management Board of Société Civile du Vignoble de Château Latour
Member of the Supervisory Board of Yves Saint Laurent
Administratore Delegato and *administratore* of Palazzo Grazzi
Chairman of the Board of Directors of Christie's International Plc
Board member of Gucci
Director of Air France-KLM*
Director of Bouygues*
Director of TF1*
Director of the Fonds stratégique d investissement (French government sovereign fund)

Gunnar Brock

Born on April 12, 1950 (Swedish).

Independent director.

A graduate of the Stockholm School of Economics with an MBA in Economics and Business Administration, Mr. Brock held various international positions at Tetra Pak. He served as Chief Executive Officer of Alfa Laval from 1992 to 1994 and as Chief Executive Officer of Tetra Pak from 1994 to 2000. After serving as Chief Executive Officer of Thule International, he was appointed Chief Executive Officer of Atlas Copco AB from 2002 to 2009. He is currently Chairman of the Board of Stora Enso Oy. Mr. Brock is also a member of the Royal Swedish Academy of Engineering Sciences and of the Board of Directors of the Stockholm School of Economics.

Director of TOTAL S.A. since May 21, 2010 and until 2013.

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Member of the Strategic Committee and, since February 9, 2012, member of the Compensation Committee and the Nominating & Governance Committee.

Holds 1,000 shares.

Principal other directorships

Chairman of the Board of Stora Enso Oy
Chairman of the Board of Mölnlycke Health Care Group
Member of the Board of Investor AB
Chairman of the Board of Rolling Optics
Member of the Board of Stena AB*
Member of the Board of Syngenta AG*

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Table of Contents

Claude Clément

Born on November 17, 1956 (French).

Mr. Clément joined the Group in February 1977 and started his career at Compagnie Française de Raffinage, which offered him professional training. He held various positions at the Refining Manufacturing Department in French and African refineries (Gabon, Cameroon). He is currently Manager of the Refining Manufacturing Methods at the Refining Manufacturing Division. Mr. Clément has been an elected member of the Supervisory Board of the TOTAL ACTIONS EUROPÉENNES , TOTAL DIVERSIFIÉ

À DOMINANTE ACTIONS and TOTAL ÉPARGNE SOLIDAIRE collective investment funds since 2010, and an elected member of the Supervisory Board of the TOTAL DIVERSIFIÉ À DOMINANTE OBLIGATIONS , TOTAL MONÉTAIRE and TOTAL OBLIGATIONS collective investment funds since 2010.

Director of TOTAL S.A. since May 21, 2010 and until 2013.

Holds 1,060 TOTAL shares and 3,640 shares of the TOTAL ACTIONNARIAT FRANCE collective investment fund.

Marie-Christine Coisne-Roquette

Born on November 4, 1956 (French).

Independent director.

A graduate of the University of Paris X Nanterre (law and English) and admitted to the Paris and New York Bar Associations in 1980, Ms. Coisne-Roquette worked as an attorney in Paris and New York until 1988, when she joined the family-owned Sonepar group. From 1988 to 1998, while also serving as Chief Executive Officer of the family-owned Colam Entreprendre holding company, she held several consecutive operational directorships at Sonepar S.A., where she was appointed Chairman of the Board in 1998. She has served as Chairman and Chief Executive Officer of Sonepar since 2002. A member of the Executive Board of MEDEF since 2000, Ms. Coisne-Roquette has chaired that organization's Tax Commission since 2005. Ms. Coisne-Roquette is also a director of the Association Nationale des Sociétés par Actions (ANSA).

Director of TOTAL S.A. since May 13, 2011 and until 2014.

Member of the Audit Committee.

Holds 1,130 shares.

Principal other directorships

Chairperson and Chief Executive Officer of Sonepar S.A.
Chairperson and Chief Executive Officer of Colam Entreprendre
Director of Hagemeyer Canada, Inc.
President of the Supervisory Board of OTRA N.V.
Director of Sonepar Canada, Inc.
President of the Supervisory Board of Sonepar Deutschland GmbH
Director of de Sonepar Ibérica
Director of de Sonepar Italia Holding
Director of de Sonepar Mexico
Member of the Supervisory Board of Sonepar Nederland B.V.
Director of Sonepar USA Holdings, Inc.

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Director of Feljas and Masson SAS

Permanent representative of Colam Entreprenre, member of the Board of Directors at Cabus & Raulot (S.A.S)

Permanent representative of Colam Entreprenre and Sonepar, co-managers of Sonedis (*société civile*)

Permanent representative of Sonepar, Director of Sonepar France

Permanent representative of Sonepar, President of Sonepar International (S.A.S)

Permanent representative of Colam Entreprenre, Director of Sovemarco Europe (S.A.)

Co-manager of Développement Mobilier & Industriel (D.M.I.) (*société civile*)

Manager of Ker Coro (*Société civile immobilière*)

* *Company names marked with an asterisk are publicly listed companies.*

Underlined companies are companies excluded from the group in which the director has his or her main duties.

Table of Contents

Bertrand Collomb

Born on August 14, 1942 (French).

Independent director.

A graduate of the *École Polytechnique* and a member of France's engineering *Corps des Mines*, Mr. Collomb held a number of positions within the Ministry of Industry and other cabinet positions from 1966 to 1975. He joined the Lafarge group in 1975, where he served in various management positions. He served as Chairman and Chief Executive Officer of Lafarge from 1989 to 2003, then as Chairman of the Lafarge Board of Directors from 2003 to 2007, and has been the Honorary Chairman since 2007. He is also Chairman of the *Institut des Hautes Études pour la Science et la Technologie* (IHEST).

Director of TOTAL S.A. since 2000 Last renewal: May 11, 2012 until 2015.

Member of the Nominating & Governance Committee and, until February 9, 2012, member of the Compensation Committee.

Holds 4,932 shares.

Principal other directorships

Director of DuPont* (United States of America)

Director of Atco* (Canada)

Paul Desmarais, jr⁽¹⁾

Born on July 3, 1954 (Canadian).

Independent director.

A graduate of McGill University in Montreal and of the *Institut européen d'administration des affaires* (INSEAD) in Fontainebleau, Mr. Desmarais was elected Vice Chairman (1984) and then Chairman of the Board (1990) of Corporation Financière Power, a company he helped found. Since 1996, he has served as Chairman of the Board and Co-Chief Executive Officer of Power Corporation of Canada.

Director of TOTAL S.A. since 2002 Last renewal: May 13, 2011 until 2014.

Holds 2,000 ADRs (corresponding to 2,000 shares).

Principal other directorships

Chairman of the Board, Co-Chief Executive Officer and Member of the Executive Committee of Power Corporation of Canada*

Co-Chairman of the Board and member of the Executive Committee of Corporation Financière Power* (Canada)

Vice Chairman and Acting Managing Director of Pargesa Holding SA* (Switzerland)

Director and member of the Executive Committee of La Great-West, compagnie d'assurance-vie (Canada)

Director and member of the Executive Committee of Great-West Life & Annuity Insurance Company (United States of America)

Director and member of the Executive Committee of Great-West Lifeco Inc.* (Canada)

Director of Great-West Financial (Canada) Inc. (Canada)

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Director and member of the Permanent Committee of Groupe Bruxelles Lambert SA* (Belgium)
Director and member of the Executive Committee of Groupe Investors Inc. (Canada)
Director and member of the Executive Committee of Groupe d'assurance London Inc. (Canada)
Director and member of the Executive Committee of London Life, compagnie d'assurance-vie (Canada)
Director and member of the Executive Committee of Mackenzie Inc.
Director and Deputy Chairman of the Board of La Presse, ltée (Canada)
Director and Deputy Chairman of Gesca ltée (Canada)
Director of GDF Suez* (France)
Director of Lafarge* (France)
Director and member of the Executive Committee of Compagnie d'Assurance du Canada sur la Vie (Canada)
Director and member of the Executive Committee of the Corporation Financière Canada Life-Vie (Canada)
Director and member of the Executive Committee of IGM Inc.* (Canada)
Director and Chairman of the Board of 171263 Canada Inc. (Canada)
Director of 152245 Canada Inc. (Canada)
Director of GWL-A Financial Inc. (United States of America)
Director of Great-West Financial (Nova Scotia) Co. (Canada)

⁽¹⁾ *Mr. Desmarais, jr is a director of Groupe Bruxelles Lambert, which acting in concert with Compagnie Nationale à Portefeuille, to the Company's knowledge, owns 5.4% of the Company's shares and 5.4% of the voting rights. Mr. Demarais, jr disclaims beneficial ownership of such shares.*

* *Company names marked with an asterisk are publicly listed companies.*

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Table of Contents

Director of Great-West Life & Annuity Insurance Company of New York (United States of America)
Director of Power Communications Inc. (Canada)
Director and Vice Chairman of the Board of Power Corporation International (Canada)
Director and member of the Executive Committee of Putnam Investments LLC (United States of America)
Member of the Supervisory Board of Power Financial Europe B.V. (Netherlands)
Director of Canada Life Capital Corporation Inc. (Canada)
Director and member of the Executive Committee of The Canada Life Insurance Company of Canada (Canada)
Director and member of the Executive Committee of Crown Life Insurance Company (Canada)
Director and Deputy Chairman of the Board of Groupe de Communications Square Victoria Inc. (Canada)
Member of the Supervisory Board of Parjointco N.V. (Netherlands)

Anne-Marie Idrac

Born on July 27, 1951 (French).

Independent director.

A graduate of the *Institut d Etudes Politiques de Paris* and formerly a student at the *École Nationale d Administration* (ENA 1974), Ms. Idrac began her career holding various positions as a senior civil servant at the Ministry of Infrastructure (*Ministère de l Équipement*) in the fields of environment, housing, urban planning and transportation. She served as Executive Director of the public development authority of Cergy-Pontoise from 1990 to 1993 and Director of land transport from 1993 to 1995. Ms. Idrac was State Secretary for Transport from May 1995 to June 1997, elected member of Parliament for

Yvelines from 1997 to 2002, regional councilor for Ile-de-France from 1998 to 2002, and State Secretary for Foreign Trade from March 2008 to November 2010. She also served as Chairperson-CEO of RATP from 2002 to 2006 and then as Chairperson of SNCF from 2006 to 2008.

Director of TOTAL S.A. since May 11, 2012 and until 2015.

Holds 1,000 shares.

Principal other directorships

Director of Bouygues*
Director of Saint Gobain*
Member of the Supervisory Board of Vallourec*
Director of Mediobanca S.p.A.* (Italy)

Barbara Kux

Born on February 26, 1954 (Swiss).

Independent director.

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Holder of an MBA (with honors) from INSEAD in Fontainebleau, Ms. Kux joined McKinsey & Company in 1984 as a Management Consultant, where she was responsible for strategic assignments for international groups. After serving as manager for development of emerging markets at ABB and then at Nestlé between 1989 and 1999, she was appointed Executive Director of Ford in Europe from 1999 to 2003. In 2003, Ms. Kux became a member of the Management Committee of the

Philips group and, starting in 2005, was in charge of sustainable development. Since 2008, she has been a member of the Management Board of Siemens AG. She is also responsible for sustainable development at the Group and is in charge of the Group's supply chain.

Director of TOTAL S.A. since May 13, 2011 and until 2014.

Member of the Strategic Committee.

Holds 1,000 shares.

Principal other directorships

Member of the Management Board of Siemens AG*

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Table of Contents

Gérard Lamarche⁽¹⁾

Born July 15, 1961 (Belgian).

Independent director.

Mr. Lamarche graduated in economic science from Louvain-La-Neuve University and the INSEAD business school (Advanced Management Program for Suez Group Executives). He also followed the Global Leadership Series course of training at the Wharton International Forum in 1998-99. He started his career in 1983 at Deloitte Haskins & Sells in Belgium, before becoming a consultant in mergers and acquisitions in Holland in 1987. In 1988, Mr. Lamarche joined Société Générale de Belgique as an investment manager and management controller between 1989 and 1991, then as a consultant in strategic operations from 1992 to 1995. He joined Compagnie Financière de Suez as a project manager for the Chairman and Secretary of the Executive Committee (1995-1997), before taking part in the merger between Compagnie de Suez and Lyonnaise des Eaux, which became Suez Lyonnaise des Eaux (1997), and then being appointed as the acting Managing Director in charge of Planning, Management Control and Accounts. In 2000, Mr. Lamarche pursued his career in industry by joining NALCO (the American subsidiary of the Suez group and the world leader in the treatment of industrial water) as the Director and Chief Executive Officer. In March 2004, he was appointed Chief Executive Officer in charge of Finance of the Suez group, before being appointed Senior

Executive and Vice President in charge of Finance and member of the Management Committee and the Executive Committee of the GDF Suez group in July 2008. On April 12, 2011, Mr. Lamarche became a director on the Board of Directors of Groupe Bruxelles Lambert (GBL). He has been the acting Managing Director since January 2012. Mr. Lamarche is also a director of Legrand. In January 2012, he was also appointed by co-option as director of TOTAL S.A. for a one-year term. He is also a member of TOTAL S.A.'s Audit Committee and Strategic Committee. In April 2012, he was appointed as a non-voting member (*censeur*) of GDF Suez and in May 2012 as director of Lafarge for a four-year term.

Director of TOTAL S.A. since 2012 Appointment by co-option: January 12, 2012, confirmed on May 11, 2012 until 2013.

Member of the Audit Committee and the Strategic Committee since January 12, 2012.

Holds 2,775 shares.

Principal other directorships

Acting Managing Director and Director of Groupe Bruxelles Lambert*
Director and Chairman of the Audit Committee of Legrand*
Director of Lafarge*
Non-voting member (*censeur*) of GDF Suez*

Anne Lauvergeon

Born on August 2, 1959 (French).

Independent director.

Chief Mining Engineer and a graduate of the *École Normale Supérieure* with a doctorate in physical sciences, Ms. Lauvergeon held various positions in industry before becoming Deputy Chief of Staff in the Office of the President of the Republic in 1990. She joined Lazard Frères et Cie as Managing Partner in 1995. From 1997 to 1999, she was Executive Vice President and member of the Executive Committee of Alcatel, in charge of industrial partnerships and international affairs. Ms. Lauvergeon

served as Chairperson of the Management Board of Areva from July 2001 to June 2011 and Chairperson and Chief Executive Officer of Areva NC (formerly Cogema) from June 1999 to June 2011.

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Director of TOTAL S.A. since 2000 Last renewal: May 11, 2012 until 2015.

Member of the Strategic Committee.

Holds 2,000 shares.

Principal other directorships

Director of Vodafone Group Plc*
Chairperson of the Supervisory Board of Libération

⁽¹⁾ *Mr. Lamarche is the Acting Managing Director and a Director of Groupe Bruxelles Lambert, which acting in concert with Compagnie Nationale à Portefeuille, to the Company's knowledge, owns 5.4% of the Company's shares and 5.4% of the voting rights. Mr. Lamarche disclaims beneficial ownership of such shares.*

* *Company names marked with an asterisk are publicly listed companies.
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Table of Contents

Claude Mandil

Born on January 9, 1942 (French).

Independent director.

A graduate of the *École Polytechnique* and a General Engineer from France's engineering school *Corps des Mines*, Mr. Mandil served as a Mining Engineer in the Lorraine and Bretagne regions. He then served as Project Manager at the *Délégation de l'Aménagement du Territoire et de l'Action Régionale* (City and Department planning - DATAR) and as Interdepartmental Head of Industry and Research and regional delegate of the Agence nationale de valorisation de la recherche (State technology transfer agency - ANVAR). From 1981 to 1982, he served as technical advisor on the staff of the Prime Minister, in charge of the industry, energy and research sectors. He was appointed Chief Executive Officer, then Chairman and Chief Executive Officer of the *Institut de Développement Industriel* (Industry Development Institute - IDI) until 1988. He was Chief Executive Officer of the *Bureau de*

Recherches Géologiques et Minières (BRGM) from 1988 to 1990. From 1990 to 1998, Mr. Mandil served as Chief Executive Officer for Energy and Commodities at the French Industry Ministry and became France's first representative to the Management Board of the International Energy Agency (IEA). He served as Chairman of the IEA from 1997 to 1998. In 1998, he was appointed Deputy Chief Executive Officer of Gaz de France and, in April 2000, Chairman of the *Institut Français du Pétrole* (French Institute for Oil). From 2003 to 2007, he was the Executive Director of the IEA. Mr. Mandil is also director of the Institut Veolia Environnement and of Schlumberger SBC Energy Institute.

Director of TOTAL S.A. since 2008 Last renewal: May 13, 2011 and until 2014.

Member of the Strategic Committee and, since February 9, 2012, member of the Compensation Committee and the Nominating & Governance Committee.

Holds 1,000 shares.

Michel Pébereau⁽¹⁾

Born on January 23, 1942 (French).

Independent director.

Honorary Inspector General of Finance, Mr. Pébereau held various positions in the Ministry of Economy and Finance, before serving, from 1982 to 1993, as Chief Executive Officer and then as Chairman and Chief Executive Officer of Crédit Commercial de France (CCF). He was Chairman and Chief Executive Officer of BNP then BNP Paribas from 1993 to 2003, Chairman of the Board of Directors from 2003 to 2011, and is currently Honorary Chairman of BNP Paribas and Chairman of the BNP Paribas foundation. He is also a member of the Académie des Sciences Morales et Politiques, member of the Executive Board of the Mouvement des entreprises de France, member of the Policy Board of the Institut de l'Entreprise, Honorary Chairman of the Supervisory Board of the Institut Aspen, Chairman of the Governing Board of the Institut d'études politiques de Paris, and director of the ARC foundation.

Director of TOTAL S.A. since 2000 Last renewal: May 11, 2012 until 2015.

Chairman of the Compensation Committee and, until February 9, 2012, member of the Nominating & Governance Committee.

Holds 2,356 shares.

Principal other directorships

Director of BNP Paribas*

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Director of Compagnie de Saint-Gobain*

Director of AXA*

Director of EADS N.V.*

Director of Pargesa Holding S.A.* (Switzerland)

Director of BNP Paribas SA (Switzerland)

Member of the Supervisory Board of Banque Marocaine pour le Commerce et l Industrie*

Non-voting member (*censeur*) of Galeries Lafayette

(1) Mr. Pébereau is a director of Pargesa Holding SA, part of Group Bruxelles Lambert, which acting in concert with Compagnie Nationale à Portefeuille, to the Company's knowledge, owns 5.4% of the Company's shares and 5.4% of the voting rights. Mr. Pébereau disclaims beneficial ownership of such shares.

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Table of Contents

Other information

During the year 2012, the following TOTAL S.A. directorships expired: (i) Thierry de Rudder (term of office: January 12, 2012); and (ii) Daniel Bouton (term of office: May 11, 2012).

The Board noted the absence of potential conflicts between the Directors' duties in the best interests of the Company and the private interests of its directors. To the Company's knowledge, the members of the Board of TOTAL S.A. are not related by close family ties; there are no arrangements or agreements with clients or suppliers that facilitated their appointment; there is no service agreement binding a director of TOTAL S.A. to one of its subsidiaries and providing for special benefits upon termination of such agreement.

The current members of the Board of Directors of the Company have informed the Company that they have not been convicted, have not been associated with a bankruptcy, receivership or liquidation, and have not been incriminated or publicly sanctioned or disqualified, as stipulated in item 14.1 of Annex I of EC Regulation 809/2004 of April 29, 2004.

At its meeting on September 15, 2009, the Board of Directors appointed Mr. Paris de Bollardière Secretary of the Board.

Representatives of the Worker's Council: pursuant to Article L. 2323-62 of the French Labor Code, members of the Worker's Council attend, with consultative rights, all meetings of the Board. In compliance with the second paragraph of such article, since July 7, 2010 four members of the Worker's Council attend Board meetings.

Director independence

At its meeting on February 12, 2013, the Board of Directors, on the recommendation of the Nominating & Governance Committee, reviewed the independence of the Company's directors as of December 31, 2012. At the Committee's suggestion, the Board considered that, pursuant to the AFEP-MEDEF Code, a director is independent when he or she has no relationship of any kind with the Company, its Group or its Management, that may compromise the exercise of his or her freedom of judgment.

For each director, this assessment relies on the independence criteria set forth in the AFEP-MEDEF Code as reminded hereafter:

- not to be an employee or a director of the Company, or a Group company, and not having been in such a position for the previous five years;
- not to be a director of a company in which the Company holds a directorship or in which an employee appointed as such or an executive director of the company is a director;
- not to be a material customer, supplier, investment banker or commercial banker of the Company or Group, and for which the Company or the Group is not a material part of their business;
- not to be related by close family ties to a corporate executive officer;
- not to have been an auditor of the Company within the previous five years;
- not to have been a director of the Company for more than twelve years (upon expiry of the term of office during which the 12-year limit was reached).

The AFEP-MEDEF Code expressly stipulates that the Board can decide that the implementation of certain defined criteria is not relevant or induces an interpretation that is particular to the Company.

With regard to the criterion applicable to twelve years of service, the Board, at its meeting on February 12, 2013, pursuant to the report of the Nominating & Governance Committee, observed that Mr. Collomb, Ms. Lauvergeon and Mr. Pébereau had exceeded 12 years of service on December 31, 2012. In assessing the independence of these directors, the Board disregarded this criterion considering that it has no relevance given the specific characteristics of the oil and gas sector, which relies on long-term investment cycles on one hand and given the objectivity that these three directors have demonstrated in the Board's activity on the other hand. Besides, it deemed that the experience acquired on the Board by these three directors strengthened their freedom of speech and their independence of judgment and benefited the Group. The Board also noted that the criterion related to the length of term of office was not one of the independence criteria required by the New York Stock Exchange (NYSE). Accordingly, it held that Mr. Collomb, Ms. Lauvergeon and Mr. Pébereau could be deemed as independent.

Concerning material relationships, as a customer, supplier, investment banker or finance banker, between a director and the Company, the Board deemed that the level of activity between Group companies and a bank at which Mr. Pébereau is a former corporate executive officer, which is less than 0.1% of its net banking income⁽¹⁾ and less than 5% of the Group's overall assets, represents neither a material portion of the overall activity of such bank nor a material portion of the Group's external financing. The Board concluded that Mr. Pébereau could be considered independent.

(1) 2012 net banking income estimated based on BNP Paribas financial statements as of September 30, 2012.

Table of Contents

Likewise, the Board of Directors also deemed that the level of activity between Group companies and one of its suppliers, Vallourec, of which Ms. Idrac is a member of the Supervisory Board, which is less than 3.1% of Vallourec's turnover and less than 0.6% of the Group's purchasing in 2012, represents neither a material portion of the supplier's overall activity nor a material portion of the Group's purchasing. The Board concluded that Ms. Idrac could be considered independent.

Furthermore, the Board deemed that the level of activity between Group companies and Stena AB of which Mr. Brock is a director, was nil in 2012. The Board concluded that Mr. Brock could be considered independent.

Mmes. Barbizet, Coisne-Roquette, Idrac, Kux and Lauvergeon, and Messrs. Artus, Brock, Collomb, Desmarais, Lamarche, Mandil, and Pébereau were deemed to be independent directors.

80% of the directors were independent on December 31, 2012.

General Management

Management form

Based on the recommendation of the Nominating & Governance Committee, the Board of Directors decided at its meeting on May 21, 2010 to reunify the positions of Chairman of the Board and Chief Executive Officer and to appoint the Chief Executive Officer to the position of Chairman of the Board until his term of office expires (*i.e.*, until the Shareholders' Meeting called to approve the financial statements for fiscal year 2011).

As a result, Mr. de Margerie has served as Chairman and Chief Executive Officer of TOTAL S.A. since May 21, 2010.

The Board of Directors deemed that the unified management form was the most appropriate to the Group's business and to the specificities of the oil and gas sectors. This decision took into account the advantage of unified management and the composition of the Board Committees which include a large proportion of independent directors, thereby ensuring balanced authority (for further information regarding the reasons for selecting the unified management form, see Corporate Governance - Board of Directors practices, below).

The management form selected will remain in effect until a decision to the contrary is made by the Board of Directors.

The Executive Committee

The Executive Committee, under the responsibility of the Chairman and Chief Executive Officer, is the decision-making body of the Group.

It implements the strategy formulated by the Board of Directors and authorizes related investments, subject to the approval of the Board of Directors for investments exceeding 3% of the Group's equity or notification of the Board for investments exceeding 1% of equity.

In 2012, the Executive Committee met at least twice a month, except in August when it met only once.

As of December 31, 2012, the members of TOTAL's Executive Committee were as follows:

Christophe de Margerie, Chairman of the Executive Committee, Chairman and Chief Executive Officer;
Philippe Boisseau, President of Marketing & Services and New Energies;
Yves-Louis Darricarrère, President of Upstream (Exploration & Production division and Gas & Power division);
Jean-Jacques Guilbaud, Chief Administrative Officer;
Patrick de La Chevadière, Chief Financial Officer; and
Patrick Pouyanné, President of Refining & Chemicals.

The Management Committee

The Management Committee facilitates coordination among the different entities of the Group and monitors the operating results of the operational divisions and the activity reports of the functional divisions.

In addition to the members of the Executive Committee, the following twenty-six individuals from various operating divisions and non-operating departments served as members of the Management Committee as of December 31, 2012:

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Corporate: René Chappaz, Peter Herbel, Jean-Marc Jaubert, Helle Kristoffersen, Manoelle Lepoutre, Françoise Leroy, Jean-François Minster, Jacques-Emmanuel Saulnier, François Viaud;

Upstream: Marc Blaizot, Arnaud Breuillac, Olivier Cleret de Langavant, Isabelle Gaildraud, Michel Hourcard, Jacques Marraud des Grottes, Philippe Sauquet;

Refining & Chemicals: Pierre Barbé, Bertrand Deroubaix, Jacques Maigné, Jean-Jacques Mosconi, Bernard Pinatel, Bernadette Spinoy; and

Marketing & Services: Benoît Luc, Momar Nguer, Jérôme Paré, Jérôme Schmitt.

In addition, Jérôme Schmitt served as the Group's Treasurer until January 1, 2012. Effective January 2, 2012, Humbert de Wendel is the Group's Treasurer.

⁽¹⁾ Based on the 2011 consolidated turnover published by Vallourec.

Table of Contents

COMPENSATION

Board Compensation

The overall amount of directors' fees allocated to members of the Board of Directors was set at €1.1 million for each fiscal year by the Shareholders' Meeting on May 11, 2007.

In 2012, the overall amount of directors' fees allocated to the members of the Board of Directors was €1.1 million, noting that there were fifteen directors as of December 31, 2012, as at year-end 2011.

The allocation of the overall amount of fees for 2012 remains based on an allocation scheme comprised of fixed compensation and variable compensation based on fixed amounts per meeting, which makes it possible to take into account each director's actual attendance at the meetings of the Board of Directors and its Committees.

To take into account the creation of the Strategic Committee, the Board of Directors decided at its meeting of October 27, 2011, to set out the allocation of fees and the fixed and variable amounts per meeting as follows. These conditions were maintained by the Board of Directors at its meeting on February 9, 2012, which also decided on a prorated proportion of the total amounts paid to each director, if the allocation of €1.1 million authorized by the Shareholders' Meeting is exceeded:

a fixed amount of €20,000 is to be paid to each director (calculated *pro rata temporis* in case of a change during the period), apart from the Chairman of the Audit Committee, who is to be paid €30,000 and the other Audit Committee members, who are to be paid €25,000;

an amount of €5,000 per director for each Board of Directors' meeting actually attended;

an amount of €3,500 per director for each Compensation Committee, Nominating & Governance Committee or Strategic Committee meeting actually attended;

an amount of €7,000 per director for each Audit Committee meeting actually attended;

a premium of €2,000 for travel from a country outside France to attend a Board of Directors or Committee meeting;

the Chairman and Chief Executive Officer does not receive directors' fees as director of TOTAL S.A. or any other company of the Group.

After taking the actual presence at each Board of Directors or Committee meeting into consideration, the total amount paid to each director is determined, after prorating the amount set for each director, such that the overall amount paid remains below the maximum limit of €1.1 million.

See the table "Directors' fees and other compensation received by Directors" below for additional compensation information.

Principles and rules applied to determine the compensation and other benefits of the corporate executive officers

The principles and rules applied to determine the compensation and other benefits received by the corporate executive officers, which was approved by the Board of Directors on February 9, 2012, is reproduced below.

Based on a proposal by the Compensation Committee, the Board adopted the following principles for determining the compensation and other benefits of the corporate executive officers (the Chairman and the Chief Executive Officer):

Compensation and benefits for the Chairman and the Chief Executive Officer are set by the Board of Directors after considering proposals from the Compensation Committee. Such compensation shall be reasonable and fair, in a context that values both teamwork and motivation within the Company. Compensation for the Chairman and the Chief Executive Officer is related to market practice, work performed, results obtained and responsibilities held.

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Compensation for the Chairman and the Chief Executive Officer includes both a fixed portion and a variable portion. The fixed portion is reviewed at least every two years.

The amount of variable compensation is reviewed each year and may not exceed a stated percentage of fixed compensation. Variable compensation is determined based on pre-defined quantitative and qualitative criteria that are periodically reviewed by the Board of Directors. Quantitative criteria are limited in number, objective, measurable and adapted to the Group's strategy.

Variable compensation is designed to reward short-term performance and progress towards medium-term objectives. The compensation is determined in line with the annual assessment of the performance of the Chairman and the Chief Executive Officer and the company's medium-term strategy.

The Board of Directors keeps track of the fixed and variable portions of the compensation of the Chairman and the Chief Executive Officer over several years and in light of the company's performance.

Table of Contents

⁽¹⁾ *ExxonMobil, BP, Royal Dutch-Shell and Chevron.*

The Group does not have a specific pension plan for the Chairman and the Chief Executive Officer. They are eligible for retirement benefits and pensions schemes available to certain employee categories in the Group under conditions determined by the Board.

Stock options and performance shares are designed to align the long-term interests of the Chairman and the Chief Executive Officer with those of the shareholders.

The allocation of options and performance shares to the Chairman and the Chief Executive Officer is examined in light of all the forms of compensation of each person.

The exercise price for stock options awarded is not discounted compared with the market price, at the time of the grant, for the underlying share.

Stock options and performance shares are awarded at regular intervals to prevent any opportunistic behavior.

The exercise of options and the definitive allocation of performance shares to which the Chairman and the Chief Executive Officer are entitled are subject to performance criteria that must be met over several years.

The Board puts in place restrictions on the transfer of a portion of shares held upon the exercise of options and the definitive allocation of performance shares, applicable to the Chairman and the Chief Executive Officer until the end of their term of office.

The Chairman and the Chief Executive Officer may not be granted stock options or performance shares when they leave office.

After three years in office, the Chairman and the Chief Executive Officer are required to hold at least the number of Company shares set by the Board.

The components of the compensation of the Chairman and the Chief Executive Officer are made public after the Board of Directors' meeting at which they are approved.

Compensation of the Chairman and Chief Executive Officer

The compensation paid to Mr. de Margerie for his duties as Chairman and Chief Executive Officer for fiscal year 2012 was set by the Board of Directors of TOTAL S.A. at its meeting of February 9, 2012, based on a recommendation

by the Compensation Committee in line with the guidance of the AFEP-MEDEF Corporate Governance Code.

The compensation of the Chairman and Chief Executive Officer includes an annual fixed base salary of €1,500,000, unchanged from the amount set by the Board of Directors meeting on May 21, 2010 and a variable portion not to exceed 165% of the fixed base salary. The fixed base salary was set by comparison with the compensation paid to the Chairman and the Chief Executive Officer of the main companies included in the CAC 40 index. The maximum percentage of the fixed base salary represented by the variable portion is based on equivalent practice at a reference sample of companies, including energy companies.

The variable portion is based on criteria determined by the Board of Directors. The equivalent of up to 100% of the fixed base salary is linked to economic criteria, which varies on a straight-line basis to avoid threshold effects. The criteria based on the Chairman and Chief Executive Officer's personal contribution account for an additional amount that cannot exceed 65% of the fixed base salary.

The economic criteria were selected so as to not only take into account the short-term performance in terms of return on investment for shareholders, but also the progress made by the Group toward medium-term objectives by comparison with data for the oil and gas industry. They include:

return on equity for a maximum of 50% of the base salary;

the Company's earnings performance compared with that of four major competing oil companies⁽⁴⁾, assessed by reference to the average growth over three years of two indicators, earnings per share and consolidated net income. Each indicator represents a maximum of 25% of the base salary.

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The Chairman and Chief Executive Officer's personal contribution is evaluated on the basis of objective, mainly operational criteria related to the Group's business segments and established in line with its strategy, including health, safety and environment (HSE) performance and oil and gas production and reserves growth.

With respect to the fiscal year 2012, based on a recommendation by the Compensation Committee, the Board of Directors at its meeting of February 12, 2013, after having assessed to what extent financial performance criteria had been met and examined the Chairman and Chief Executive Officer's personal contribution, set the

Table of Contents

variable portion payable to Chairman and Chief Executive Officer for fiscal year 2012 at 116.11% of his fixed base salary, i.e. €1,741,000 this variable portion being payable in 2013.

The total gross compensation paid to Mr. de Margerie in his role as Chairman and Chief Executive Officer for the 2012 fiscal year amounts to €3,241,000 and was made up of a fixed base salary of €1,500,000 and a variable portion of €1,741,000, to be paid in 2013.

Mr. de Margerie's total gross compensation as Chairman and Chief Executive Officer for 2011 was €3,030,000, composed of a fixed base salary of €1,500,000 and a variable portion of €1,530,000 paid in 2012.

Moreover, on February 12, 2013, the Board of Directors, acting on a recommendation of the Compensation Committee, decided that the compensation for Mr. de Margerie as Chairman and Chief Executive Officer for fiscal year 2013 will be composed of a fixed base salary of €1,500,000, unchanged from the amount set by the Board of Directors on May 21, 2010, and a variable portion, to be paid in 2014, not exceeding 180% of the base salary, based on practices at a reference sample of companies, including energy companies.

The Board of Directors also decided to maintain the nature and respective weights of the various criteria for the attribution of the Chairman and Chief Executive Officer's variable portion, which therefore remain identical to those that determined the variable portion due in 2012, apart from the introduction of an additional criterion based on Corporate Social Responsibility (CSR) performance for the determination of the personal contribution made by the Chairman and Chief Executive Officer.

Consequently, the various criteria for the attribution of the Chairman and Chief Executive Officer's variable portion are based, for a maximum amount of 100% of the base salary, on economic parameters that refer to quantitative targets reflecting the Group's performance (these economic parameters being assessed on a straight-line basis between two levels of performance, so as to avoid thresholds effects), and for a maximum amount of 80% of the base salary, the personal contribution of the Chairman and Chief Executive Officer that provide for a qualitative assessment of management.

The economic criteria include:

- return on equity for a maximum of 50% of the base salary;
- the Company's results, in comparison with the results of four major competing oil companies, assessed by reference to the average growth over three years of two indicators, earnings per share and consolidated net income. Each indicator represents a maximum of 25% of the base salary.

The expected levels of achievement in terms of the quantitative economic parameter targets set for the Chairman and Chief Executive Officer by the Board of Directors on February 12, 2013 in order to determine his variable portion have been precisely established, but will not be made public for reasons of confidentiality

The personal contribution of the Chairman and Chief Executive Officer will account for no more than 80% of the base salary and will be assessed according to six pre-established, precisely defined qualitative criteria, including in particular the Health, Safety and Environment performance, which is to be measured mainly according to the achievement of the annual Total Recordable Incident Rate (TRIR) target, the increase in the production of hydrocarbons, the increase in hydrocarbon reserves, the performance of the Refining & Chemicals and Marketing & Services segments assessed on the basis of the annual targets of these activities, the success of strategic negotiations and the CSR performance, which is to be measured in particular according to the achievement of the CO₂ emissions targets, energy efficiency and the Group's position in the rankings of non-financial rating agencies.

As Chairman and Chief Executive Officer, Mr. de Margerie will continue to benefit from the use of a company car, the health coverage provided for Group employees and the eligibility to the life insurance plan open to the Group's executive officers (see Pensions and other commitments below).

Executive officers' compensation

In 2012, the aggregate amount paid directly or indirectly by the French and foreign Group companies as compensation to the executive officers of TOTAL in office at December 31, 2012 (members of the Management Committee and the Treasurer) as a Group was €21.1 million (thirty-three individuals), including €8.2 million paid to the six members of the Executive Committee. Variable compensation accounted for 40% of the aggregate amount of €21.1 million paid to executive officers.

Pensions and other commitments

- 1) Pursuant to applicable law, the Chairman and Chief Executive Officer is eligible for the basic French social security pension and for pension benefits under the ARRCO (Association pour le Régime de Retraite Complémentaire des Salariés) and AGIRC (Association Générale des Institutions de Retraite des

Cadres) government-sponsored supplementary pension

Table of Contents

schemes. He also participates in the internal defined contribution pension plan and the defined benefit supplementary pension plan, known as RECOUP, created by the Company. This supplementary pension plan, which is not limited to the Chairman and Chief Executive Officer, is described in point 2 below. The sum of the supplementary pension plan benefits and external pension plan benefits may not exceed 45% of the compensation used as the calculation basis. In the event this percentage is exceeded, the supplementary pension is reduced accordingly.

The compensation taken into account when calculating the supplementary pension is the retiree's final three-year average gross compensation (fixed and variable portions).

As of December 31, 2012, Mr. de Margerie's aggregate benefit entitlement under all of the above pension plans would amount to 23.31% of his gross annual compensation received in 2012 (2012 fixed base salary and variable portion for 2011, paid in 2012).

2) The Chairman and Chief Executive Officer participates in a defined benefit supplementary pension plan financed by TOTAL S.A. and open to all employees of the Group whose annual compensation is greater than eight times the ceiling for calculating French social security contributions (€37,032 in 2013). Compensation above this amount does not qualify as pensionable compensation under either government-sponsored or contractual pension schemes. To be eligible for this supplementary pension plan, participants must meet specific age and length of service (5 years) criteria. They must also still be employed by the Company upon retirement, unless they retire due to disability or had taken early retirement at the Group's initiative after the age of 55.

The plan provides participants with a pension equal to the sum of 1.8% of the portion of the reference compensation between eight and forty times the annual ceiling for calculating French social security contributions, and 1% of the reference compensation between forty and sixty times the annual ceiling for calculating French social security contributions, which is multiplied by the number of years of service (up to twenty years). It is adjusted in line with changes in the value of the ARRCO pension point and strictly capped as described in point 1 above.

As of December 31, 2012, the Group's pension obligations to Mr. de Margerie under the defined benefit supplementary pension plan represented the equivalent of 18.85% of his gross annual compensation paid in 2012.

3) The Chairman and Chief Executive Officer is also entitled to a lump-sum retirement benefit equal to that available to eligible members of the Group under the French National Collective Bargaining Agreement for the Petroleum Industry. This benefit amounts to 25% of the gross annual compensation (fixed and variable portions) received in the 12-month period preceding retirement. Pursuant to the provisions of Article L. 225-42-1 of the French Commercial Code, this benefit is subject to the performance conditions detailed in point 7 below.

This retirement benefit cannot be combined with the compensation for loss of office described in point 5 below.

4) The Chairman and Chief Executive Officer also participates in the same life insurance plan as the Group's employees, covering supplementary benefits or annuities in the event of temporary incapacity for work and disability, together with a life insurance plan funded by the Company and open to the executive officers of the Group. Upon death, the plan guarantees a payment equal to two years' gross compensation (fixed and variable portions), increased to three years upon accidental death, as well as, in the event of disability, a payment proportional to the degree of disability.

5) If the Chairman and Chief Executive Officer is removed from office or his term of office is not renewed by the Company, he is entitled to compensation for loss of office equal to two years' gross annual compensation. The calculation will be based on the gross compensation (including both fixed and variable portions) paid in the 12-month period preceding the termination or non-renewal of his term of office.

This compensation for loss of office will be paid in the event of a change of control or strategy. It will not be due in cases of gross negligence or willful misconduct or if the Chairman and Chief Executive Officer leaves the Company of his own volition, accepts new responsibilities within the Group, or may claim full retirement benefits within a short time period.

Pursuant to the provisions of Article L. 225-42-1 of the French Commercial Code, this benefit is subject to the performance conditions detailed in point 7 below.

Table of Contents

6) Commitments with regard to the pension and life insurance plans for the Chairman and Chief Executive Officer and the retirement benefit and compensation for loss of office arrangements set out in point 5 were approved on February 9, 2012, by the Board of Directors and by the Shareholders Meeting on May 11, 2012.

7) In addition, in compliance with Article L. 225-42-1 of the French Commercial Code, the commitments described in points 3 and 5 are subject to performance conditions that are deemed to be met if at least two of the following three criteria are satisfied:

- the average ROE (return on equity) over the three years immediately preceding the year in which the officer retires is at least 12%;
- the average ROACE (return on average capital employed) over the three years immediately preceding the year in which the officer retires is at least 10%;

TOTAL's oil and gas production growth over the three years immediately preceding the year in which the officer retires is greater than or equal to the average production growth rate of the four other major international oil companies that are its competitors: ExxonMobil, Shell, BP and Chevron.

In compliance with the AFEP-MEDEF Corporate Governance Code, the Board of Directors decided that payment of the lump-sum retirement benefit or compensation for loss of office shall be subject to demanding performance conditions combining both internal and external performance criteria.

The three criteria were selected to take into account the Company's general interest, shareholder interests

and standard market practices, especially in the oil and gas industry.

More specifically, ROE criteria enable the payment of the retirement benefit or compensation for loss of office to be tied to the Company's overall shareholder return. Shareholders can use ROE to gauge the Company's ability to generate profit from the capital they have invested and from prior years' earnings reinvested in the Company.

ROACE is used by most oil and gas companies to assess the operational performance of average capital employed, regardless of whether it is funded by equity or debt. ROACE is an indicator of the return on capital employed by the Company for operational activities and, as a result, makes it possible to tie the payment of the retirement benefit or compensation for loss of office to the value created for the Company.

The third and last criterion used by the Board of Directors is the Group's oil and gas production growth compared with that of its competitors. This indicator is widely used in the industry to measure operational performance and the ability to ensure the sustainable development of the Group, most of whose capital expenditure is allocated to upstream activities.

8) In addition, regarding the implementation of the pension commitments described in points 1 and 2 above made by the Company for directors for fiscal year 2012, the annual supplementary pension received by Mr. Desmarest in relation to his previous employment by the Group was approximately €575,290 (December 31, 2012 value), adjusted in line with changes in the value of the ARRCO pension point.

9) As of December 31, 2012, the total amount of the Group's commitments under pension plans and similar for company officers is equal to €40.6 million.

Chairman and Chief Executive Officer Summary table at February 28, 2013	Employment contract	Retirement benefit and supplementary pension plans	Benefits or advantages due or likely to be due upon termination or change of office	Benefits related to a non-compete agreement
Christophe de Margerie	NO	YES	YES	NO
Chairman and Chief Executive Officer		(retirement benefit) ^(b)	(compensation for loss of office) ^(e)	
Start of the office: February 2007 ^(a)		(internal defined supplementary pension plan ^(c) and corporate RECOUP defined contribution pension plan ^(d) also applicable to certain Group employees)		
Term of current office:				

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The Shareholders Meeting called in 2015 to approve the financial statements for the year ending December 31, 2014

- (a) Chairman and Chief Executive Officer (since May 21, 2010)*
- (b) Payment subject to performance conditions in accordance with the decision of the Board of Directors on February 9, 2012. Details of these commitments are set out in points 3 and 7 above. This retirement benefit cannot be combined with the compensation for loss of office described below.*
- (c) Representing an annual pension that would be equivalent, as of December 31, 2012, to 18.85% of the annual compensation for 2012.*
- (d) Mr. de Margerie's pension benefit represented a booked expense of €2,182 for fiscal year 2012.*
- (e) Payment subject to performance conditions in accordance with the decision of the Board of Directors on February 9, 2012. Details of these commitments are set out in points 5 and 7 above.*

Table of Contents

Stock options and performance share grants policy

General policy

In addition to its policy to develop employee shareholding, TOTAL S.A. is also pursuing a policy to associate employees and executives with the Group's future results. This policy consists in awarding free performance shares and stock options.

Stock options and performance share grants put in place by TOTAL S.A. concern only TOTAL shares. No options for or grants of performance shares of any of the Group's listed subsidiaries are awarded by TOTAL S.A.

All grants are approved by the Board of Directors, based on recommendations by the Compensation Committee. For each plan, the Compensation Committee recommends a list of beneficiaries, the conditions and the number of options or free shares awarded to each beneficiary. The Board of Directors then gives final approval for this list and the grant conditions.

Stock options have a term of eight years, with an exercise price set at the average of the closing TOTAL share prices on Euronext Paris during the twenty trading days prior to the grant date, without any discount. The exercise of the options is subject to a presence condition and performance conditions based on the return on equity (ROE) of the Group, that vary depending on the plan and beneficiary category. As of 2011, all options granted are subject to performance conditions. Subject to the presence condition and applicable performance conditions being met, options may only be exercised after an initial two-year vesting period and the shares issued upon exercise are subject to a two-year mandatory holding period. However, for the 2007 to 2011 option plans, options awarded to beneficiaries employed by non-French subsidiaries at the grant date can be converted to bearer form or transferred after the 2-year vesting period at the end of which the options may be exercised.

Performance shares awarded under selective plans become final after a two-year vesting period, subject to a presence condition and a performance condition based on the return on equity (ROE) of the Group. At the end of this vesting period, and provided that the conditions set are satisfied, the performance share grants are finally awarded. However, these shares may not be transferred prior to the end of an additional two-year mandatory holding period. For beneficiaries employed by non-French subsidiaries on the grant date, the vesting period for performance shares may be increased to four years; in such cases, there would be no mandatory holding period. As of 2011, all performance shares granted to executive officers are subject to performance conditions.

Stock option and performance share grants to the Chairman and Chief Executive Officer are subject to his presence in the Group and specific performance conditions regarding the Group's return on equity (ROE) and return on average capital employed (ROACE), determined by the Board of Directors, on a recommendation by the Compensation Committee.

The award of free shares or stock options are used to extend, based upon individual performance assessments at the time of each plan, the Group-wide policy of developing employee shareholding.

Grants to the Chairman and Chief Executive Officer

No stock options have been awarded in 2012. The Chairman and Chief Executive Officer has been awarded share subscription options, the exercise of which has been subject, since 2007, to a presence condition and performance conditions based on the Group's ROE and ROACE.

Pursuant to Article L. 225-185 of the French Commercial Code, the Board of Directors decided that, for the 2007 to 2011 share subscription option plans, the corporate officers (the Chairman of the Board and the Chief Executive Officer, and as from May 21, 2010 the Chairman and Chief Executive Officer) are required to hold for as long as they remain in office, a number of TOTAL shares representing 50% of the capital gains, net of tax and other deductions, resulting from the exercise of stock options under these plans. Once the Chairman and Chief Executive Officer holds a number of shares (directly or through collective investment funds invested in Company stock) corresponding to more than five times his current gross annual fixed compensation, this holding requirement will be reduced to 10%. If in the future this ratio is no longer met, the previous 50% holding requirement will once again apply.

As of 2011, the Chairman and Chief Executive Officer receives performance share grants, the final awarding of which is subject to a presence condition and performance conditions.

For the 2011 and 2012 plans for the award of performance shares, the Board of Directors decided that the Chairman and Chief Executive Officer will have to hold for as long as he remains in office, 50% of the capital gains, net of tax and other deductions, from shares granted under performance share grant plans. Once the Chairman and Chief Executive Officer holds a number of shares (directly or through collective investment funds invested in Company stock) corresponding to more than five times his gross annual fixed compensation at that time, this holding requirement will be reduced to 10%. If in the future this

Table of Contents

ratio is no longer met, the previous 50% holding requirement will once again apply.

In light of this holding requirement, this acquisition of the performance shares is not subject to an additional purchase of the company's shares.

The Chairman and Chief Executive Officer has given a commitment not to hedge the price risk on the TOTAL stock options and shares he has been granted to date, and on the shares he holds. This measure is now included in the rules of procedure of the board of directors.

In 2012, the Board of Directors decided not to award any subscription or share purchase options.

2011 share subscription option plan: the Board of Directors decided that, provided the presence condition within the Group is satisfied, the number of options finally granted to the Chairman and Chief Executive Officer will be subject to two performance conditions:

For 50% of the share subscription options granted, the performance condition states that the number of options finally granted is based on the average ROE of the Group. The average ROE is calculated by the Group from the consolidated balance sheet and statement of income of the Group for fiscal years 2011 and 2012. The acquisition rate is equal to zero if the average ROE is less than or equal to 7%; varies on a straight-line basis between 0% and 100% if the average ROE is more than 7% and less than 18%; and is equal to 100% if the average ROE is more than or equal to 18%.

For 50% of the share subscription options granted, the performance condition states that the number of options finally granted is based on the average ROACE of the Group as published by TOTAL. The average ROACE is calculated based on the Group's consolidated balance sheet and statement of income for fiscal years 2011 and 2012. The acquisition rate is equal to zero if the average ROACE is less than or equal to 6%; varies on a straight-line basis between 0% and 100% if the average ROACE is more than 6% and less than 15%; and is equal to 100% if the average ROACE is more than or equal to 15%.

2010 share subscription option plan: the Board of Directors decided that, provided the presence condition within the Group is satisfied, the number of options finally granted to the Chairman and Chief Executive Officer will be subject to two performance conditions:

For 50% of the share subscription options granted, the performance condition states that the number of options finally granted is based on the average ROE of the Group. The average ROE is calculated by the Group based on TOTAL's consolidated balance sheet and statement of income for fiscal years 2010 and 2011. The acquisition rate is equal to zero if the average ROE is less than or equal to 7%; varies on a straight-line basis between 0% and 100% if the average ROE is more than 7% and less than 18%; and is equal to 100% if the average ROE is more than or equal to 18%.

For 50% of the share subscription options granted, the performance condition states that the number of options finally granted is based on the average ROACE of the Group. The average ROACE is calculated by the Group based on TOTAL's consolidated balance sheet and statement of income for fiscal years 2010 and 2011. The acquisition rate is equal to zero if the average ROACE is less than or equal to 6%; varies on a straight-line basis between 0% and 100% if the average ROACE is more than 6% and less than 15%; and is equal to 100% if the average ROACE is more than or equal to 15%.

2012 performance share plan: the Board of Directors decided that, provided the presence condition within the Group is satisfied, the number of shares finally granted to the Chairman and Chief Executive Officer will be subject to two performance conditions:

For 50% of the shares granted, the performance condition states that the number of shares finally granted is based on the average ROE of the Group. The average ROE is calculated by the Group from the consolidated balance sheet and statement of income of the Group for fiscal years 2012 and 2013. The acquisition rate is equal to zero if the average ROE is less than or equal to 8%, varies on a straight-line basis between 0% and 100% if the average ROE is more than 8% and less than 16%, and is equal to 100% if the average ROE is more than or equal to 16%.

For 50% of the share granted, the performance condition states that the number of shares finally granted is based on the average ROACE of the Group. The average ROACE is calculated by the Group from the consolidated balance sheet and statement of income of the Group for fiscal years 2012 and 2013. The acquisition rate is equal to zero if the average ROACE is less than or equal to 7%; varies on a straight-line basis between 0% and 100% if the average ROACE is more than 7% and less than 15%; and is equal to 100% if the average ROACE is more than or equal to 15%.

2011 performance share plan: the Board of Directors decided that, provided the presence condition within the

Table of Contents

Group is satisfied, the number of shares finally granted to the Chairman and Chief Executive Officer will be subject to two performance conditions:

For 50% of the share granted, the performance condition states that the number of shares finally granted is based on the average ROE of the Group. The average ROE is calculated by the Group from the consolidated balance sheet and statement of income of the Group for fiscal years 2011 and 2012. The acquisition rate is equal to zero if the average ROE is less than or equal to 7%; varies on a straight-line basis between 0% and 100% if the average ROE is more than 7% and less than 18%; and is equal to 100% if the average ROE is more than or equal to 18%.

For 50% of the share granted, the performance condition states that the number of shares finally granted is based on the average ROACE of the Group. The average ROACE is calculated by the Group from the consolidated balance sheet and statement of income of the Group for fiscal years 2011 and 2012. The acquisition rate is equal to zero if the average ROACE is less than or equal to 6%; varies on a straight-line basis between 0% and 100% if the average ROACE is more than 6% and less than 15%; and is equal to 100% if the average ROACE is more than or equal to 15%.

The Chairman and Chief Executive Officer was not awarded any performance shares as part of the plans in the period 2006 to 2010.

Grants to employees

Share subscription option plans

In 2012, the Board of Directors decided not to award any stock options of share purchases.

2011 share subscription option plan: the Board of Directors decided that, provided the presence condition within the Group is satisfied, for each grantee other than the Chairman and Chief Executive Officer, the options will be finally granted to the beneficiary provided that the performance condition is fulfilled. The performance condition states that the number of options finally granted is based on the average of the ROE of the Group. The average ROE is calculated by the Group from the consolidated balance sheet and statement of income of the Group for fiscal years 2011 and 2012.

The acquisition rate:

is equal to zero if the average ROE is less than or equal to 7%;
varies on a straight-line basis between 0% and 100% if the average ROE is more than 7% and less than 18%; and
is equal to 100% if the average ROE is more than or equal to 18%.

2010 share subscription option plan: the Board of Directors decided that, provided the presence condition was satisfied:

For each grantee of up to 3,000 options, other than the Chairman and Chief Executive Officer, the options will be finally granted to their beneficiary.

For each grantee of more than 3,000 options and less or equal to 50,000 options (other than the Chairman and Chief Executive Officer):

The first 3,000 options and two-thirds of the options above the first 3,000 options will be finally granted to their beneficiary;
The outstanding options, that is one-third of the options above the first 3,000 options, will be finally granted provided that the performance condition described below is fulfilled.

For each grantee of more than 50,000 options, other than the Chairman and Chief Executive Officer:

The first 3,000 options, two-thirds of the options above the first 3,000 options and below the first 50,000 options, and one-third of the options above the first 50,000 options, will be finally granted to their beneficiary;

The outstanding options, that is one-third of the options above the first 3,000 options and below the first 50,000 options, and two-thirds of the options above the first 50,000 options will be finally granted provided that the performance condition is fulfilled.

The performance condition states that the number of options finally granted is based on the average ROE of the Group. The average ROE is calculated by the Group based on TOTAL's consolidated balance sheet and statement of income for fiscal years 2010 and 2011.

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The acquisition rate:

is equal to zero if the average ROE is less than or equal to 7%;

varies on a straight-line basis between 0% and 100% if the average ROE is more than 7% and less than 18%; and

is equal to 100% if the average ROE is more than or equal to 18%.

The acquisition rate applicable to the subscription options that were subject to the performance condition of the 2010 Plan was 100%.

Table of Contents

Performance share plans

2012 performance share plan: the Board of Directors decided that, for each senior executive⁽¹⁾ (other than the Chairman and Chief Executive Officer), conditional on their presence in the Group, the shares will be finally granted subject to a performance condition. This condition is based on the average ROE as published by the Group and calculated based on the Group's consolidated balance sheet and statement of income for fiscal years 2012 and 2013. The acquisition rate:

is equal to zero if the average ROE is less than or equal to 8%;
varies on a straight-line basis between 0% and 100% if the average ROE is more than 8% and less than 16%; and
is equal to 100% if the average ROE is more than or equal to 16%.

The Board of Directors decided also that, conditional on their presence in the Group, for each beneficiary (other than the Chairman and Chief Executive Officer and the senior executives) of more than 100 shares, the shares in excess of this number will be finally granted subject to the performance condition mentioned before.

2011 performance share plan: the Board of Directors decided that, provided that the presence condition within the Group is satisfied, for executives officers⁽¹⁾ (other than the Chairman and Chief Executive Officer), the number of shares finally granted will be subject to the performance condition set out below. This condition is based on the average ROE as published by the Group and calculated based on the Group's consolidated balance sheet and statement of income for fiscal years 2011 and 2012.

The acquisition rate:

is equal to zero if the average ROE is less than or equal to 7%;
varies on a straight-line basis between 0% and 100% if the average ROE is more than 7% and less than 18%; and
is equal to 100% if the average ROE is more than or equal to 18%.

Moreover, the Board of Directors decided also that, conditional on their presence in the Group, for each beneficiary (other than the Chairman and Chief Executive Officer and the senior executives) of more than 100 shares, the shares in excess of this number will be finally granted subject to the performance condition. This condition is based on the average ROE as published by the Group and calculated based on the Group's consolidated balance sheet and statement of income for fiscal years 2011 and 2012.

The acquisition rate:

is equal to zero if the average ROE is less than or equal to 7%;
varies on a straight-line basis between 0% and 100% if the average ROE is more than 7% and less than 18%; and
is equal to 100% if the average ROE is more than or equal to 18%.

2010 performance share plan: the Board of Directors decided that, provided that the presence condition is satisfied, for each beneficiary of more than 100 shares, half of the shares in excess of this number will be finally granted subject to a performance condition. This condition is based on the average ROE calculated by the Group based on TOTAL's consolidated balance sheet and statement of income for fiscal years 2010 and 2011.

The acquisition rate:

is equal to zero if the average ROE is less than or equal to 7%;
varies on a straight-line basis between 0% and 100% if the average ROE is more than 7% and less than 18%; and
is equal to 100% if the average ROE is more than or equal to 18%.

The acquisition rate applicable to the performance shares under the 2010 Plan was 100%.

⁽¹⁾ *The senior executives are employees other than the Chairman and Chief Executive Officer and directors.*

Table of Contents**Summary of compensation, stock options and performance shares awarded to the Chairman and Chief Executive Officer**

Fiscal Year (€)	2012	2011
Christophe de Margerie		
Chairman and Chief Executive Officer (since May 21, 2010)		
Compensation due for fiscal year as Chairman and Chief Executive Officer	3,241,000	3,030,000
In-kind benefits ^(a)	7,409	6,991
Value of options awarded ^(b)		702,400
Value of performance shares awarded ^(c)	1,664,730	437,440
Total	4,913,139	4,176,831

^(a) Mr. de Margerie has the use of a company car; he receives the health coverage provided for Group employees and is eligible for the life insurance plan open to the Group's executive officers.

^(b) The value of options awarded was calculated on the day when they were awarded using the Black-Scholes model based on the assumptions used for the consolidated accounts (see Note 25 to the Consolidated Financial Statements).

^(c) The value of performance shares was calculated on the day when they were awarded.

Chairman and Chief Executive Officer's compensation

Fiscal Year (€)	2012		2011	
	Amount due	Amount paid ^(a)	Amount due	Amount paid ^(a)
Christophe de Margerie				
Chairman and Chief Executive Officer (since May 21, 2010)				
Fixed compensation	1,500,000	1,500,000	1,500,000	1,500,000
Variable compensation ^(b)	1,741,000	1,530,000	1,530,000	1,581,670
Extraordinary compensation				
Directors' fees				
In-kind benefits ^(c)	7,409	7,409	6,991	6,991
Total	3,248,409	3,037,409	3,036,991	3,088,661

^(a) Variable portion paid for prior fiscal year.

^(b) The variable portion for the Chairman and Chief Executive Officer is calculated by taking into account the Group's return on equity during the relevant fiscal year, the Group's earnings compared with those of the other major international oil companies that are its competitors as well as the Chairman and Chief Executive Officer's personal contribution based on operational target criteria. The variable portion to be allocated to the Chairman and Chief Executive Officer for fiscal year 2012 can reach a maximum amount of 165% of the fixed base salary. The variable portion due for 2012 was determined by the Board of directors held on February 12, 2013 according to the economic performance criteria and the assessment of the personal contribution of the Chairman and Chief Executive Officer. The Chairman and Chief Executive Officer's variable portion due for 2012 represents 116.11% of his fixed base salary (i.e., 1,741,000 euros rounded down to the nearest thousand euro).

^(c) Mr. de Margerie has the use of a company car; he receives the health coverage provided for Group employees and is eligible for the life insurance plan open to the Group's executive officers.

Table of Contents**Directors fees and other compensation received by Directors**

Total compensation (including in-kind benefits) paid to each Director in the year indicated (Article L. 225-102-1 of the French Commercial Code, 1st and 2nd paragraphs)

Gross amount (€)	2012	2011
Christophe de Margerie	(a)	(a)
Thierry Desmarest	651,304 ^(b)	639,854 ^(b)
Patrick Artus ^(c)	72,921	65,500
Patricia Barbizet ^(d)	118,883	115,500
Daniel Bouton ^(e)	28,472	63,500
Gunnar Brock ^(f)	79,992	75,500
Claude Clément	163,429 ^(g)	156,365 ^(g)
Marie-Christine Coisne-Roquette ^(h)	100,763	48,460
Bertrand Collomb ⁽ⁱ⁾	69,827	72,500
Paul Desmarais, jr	64,966	51,000
Anne-Marie Idrac ^(j)	32,075	
Bertrand Jacquillat ^(k)		55,040
Barbara Kux ^(l)	71,153	26,770
Gérard Lamarche ^(m)	121,695	
Anne Lauvergeon ⁽ⁿ⁾	60,546	63,500
Lord Levene of Portsoken ^(o)		19,230
Claude Mandil ^(p)	69,827	63,500
Michel Pébereau ^(q)	65,408	77,500
Thierry de Rudder ^(r)	6,912	138,500

(a) For the Chairman and Chief Executive Officer, see the summary compensation tables Summary of compensation, stock options and performance shares awarded to the Chairman and Chief Executive Officer and Chairman and Chief Executive Officer's compensation. The Chairman and Chief Executive Officer did not receive any directors' fees.

(b) Chairman of the Nominating & Governance Committee, member of the Compensation Committee and Strategic Committee. Including, for 2012, the director's fees received (€76,014) and the retirement benefit received (€575,290) and including, for 2011, the director's fees received (€77,500) and the retirement benefit received (€562,354).

(c) Member of the Compensation Committee. Member of the Nominating & Governance Committee as from February 9, 2012.

(d) Chairperson of the Audit Committee, Member of the Strategic Committee.

(e) Director until May 11, 2012.

(f) Member of the Strategic Committee. Member of the Compensation Committee. Member of the Nominating & Governance Committee as from February 9, 2012.

(g) Including for 2012, the directors' fees received, representing €60,546, as well as the compensation received from Total Raffinage Marketing (a subsidiary of TOTAL S.A.), representing €102,883 and including for 2011, directors' fees received, representing €58,500 as well as the compensation received from Total Raffinage Marketing, representing €97,865.

(h) Director and member of the Audit Committee since May 13, 2011.

(i) Member of the Nominating and Governance Committee. Member of the Compensation Committee until February 9, 2012.

(j) Director since May 11, 2012.

(k) Director and member of the Audit Committee until May 13, 2011.

(l) Director since May 13, 2011. Member of the Strategic Committee.

(m) Director and member of the Audit Committee and member of the Strategic Committee since January 12, 2012.

(n) Member of the Strategic Committee

(o) Director until May 13, 2011.

(p) Member of the Strategic Committee. Member of the Compensation Committee and the Nominating & Governance Committee since February 9, 2012.

(q) Chairman of the Compensation Committee. Member of the Nominating & Governance Committee until February 9, 2012.

(r) Director, Member of the Audit Committee and Member of the Strategic Committee until January 12, 2012.

Over the past two years, the directors currently in office have not received any compensation or in-kind benefits from companies controlled by TOTAL S.A., except for Mr. Clément, who is an employee of Total Raffinage Marketing. The compensation indicated in the table above (except for that of the Chairman and Chief Executive Officer, Mr. Clément and Mr. Desmarest) consists solely of Directors' fees (gross amount) paid during the relevant period. None of the Directors have service contracts linking them to TOTAL S.A. or any of its subsidiaries that provide for benefits upon termination of employment.

Table of Contents**Performance shares awarded in 2012 to the Chairman and Chief Executive Officer****or any Director**

	Date	Number of shares awarded during fiscal year	Value of shares (€ ^a)	Acquisition date	Availability date	Performance condition
Christophe de Margerie Chairman and Chief Executive Officer	2012 Plan 07/26/2012	53,000	1,664,730	07/27/2014	07/27/2016	For 50% of the shares, the condition is based on the Group's average ROE in 2012 and 2013.
Claude Clément Director representing employee shareholders	2012 Plan 07/26/2012	260	8,167	07/27/2014	07/27/2016	For 50% of the shares, the condition is based on the Group's average ROACE in 2012 and 2013. Shares in excess of the first 100 shares are subject to a condition based on the average ROE for the Group's 2012 and 2013 fiscal years.
Total		53,260	1,672,897			

^(a) The value of performance shares was calculated on the day when they were awarded, according to the method used for the consolidated accounts.

Performance shares definitively awarded and available in 2012 to the Chairman and**Chief Executive Officer or any Director**

	Shares finally awarded during fiscal year		Shares that became available during fiscal year	
	Date	Number	Date	Number
Christophe de Margerie Chairman and Chief Executive Officer				
Claude Clément Director representing employee shareholders	2010 Plan 09/14/2010	240	2008 Plan 10/09/2008	300
Total		240		300

Table of Contents**TOTAL stock option grants**

The following table gives a breakdown of stock options awarded by category of beneficiaries (main executive officers, other executive officers and other employees) for the plans in effect during 2012.

		Number of beneficiaries	Number of options awarded ^(a)	Percentage	Average number of options per beneficiary ^(a)
2004 Plan^(c): Subscription options	Main executive officers ^(b)	30	423,500	12.6%	14,117
Decision of the Board on July 20, 2004	Other executive officers	319	902,400	26.8%	2,829
Exercise price: €159.40; discount: 0.0%	Other employees	3,997	2,039,730	60.6%	510
Exercise price as of May 24, 2006: €39.30 ^(f)	Total	4,346	3,365,630	100%	774
2005 Plan^(c): Subscription options	Main executive officers ^(b)	30	370,040	24.3%	12,335
Decision of the Board on July 19, 2005	Other executive officers	330	574,140	37.6%	1,740
Exercise price: €198.90; discount: 0.0%	Other employees	2,361	581,940	38.1%	246
Exercise price as of May 24, 2006: €49.04 ^(f)	Total	2,721	1,526,120	100%	561
2006 Plan^(c): Subscription options	Main executive officers ^(b)	28	1,447,000	25.3%	51,679
Decision of the Board on July 18, 2006	Other executive officers	304	2,120,640	37.0%	6,976
Exercise price: €50.60; discount: 0.0%	Other employees	2,253	2,159,600	37.7%	959
	Total	2,585	5,727,240	100%	2,216
2007 plan^{(c)(d)}: Subscription options	Main executive officers ^(b)	27	1,329,360	22.8%	49,236
Decision of the Board on July 17, 2007	Other executive officers	298	2,162,270	37.1%	7,256
Exercise price: €60.10; discount: 0.0%	Other employees	2,401	2,335,600	40.1%	973
	Total	2,726	5,827,230	100%	2,138
2008 plan^{(c)(d)(e)}: Subscription options	Main executive officers ^(b)	26	1,227,500	27.6%	47,212
Awarded on October 9, 2008, by decision of the Board of Directors on September 9, 2008	Other executive officers	298	1,988,420	44.7%	6,673
Exercise price: €42.90 euros; discount: 0.0%	Other employees	1,690	1,233,890	27.7%	730
	Total	2,014	4,449,810	100%	2,209
2009 plan^{(c)(d)(f)}: Subscription options	Main executive officers ^(b)	26	1,201,500	27.4%	46,212
Decision of the Board on September 15, 2009	Other executive officers	284	1,825,540	41.6%	6,428
Exercise price: €39.90; discount: 0.0%	Other employees	1,742	1,360,460	31.0%	781
	Total	2,052	4,387,500	100%	2,138
2010 plan^{(c)(d)(g)}: Subscription options	Main executive officers ^(b)	25	1,348,100	28.2%	53,924
Decision of the Board on September 14, 2010	Other executive officers	282	2,047,600	42.8%	7,261
Exercise price: €38.20; discount: 0.0%	Other employees	1,790	1,392,720	29.0%	778
	Total	2,097	4,788,420	100%	2,283
2011 plan^{(c)(d)}: Subscription options	Main executive officers ^(b)	29	846,600	55.7%	29,193
Decision of the Board on September 14, 2011	Other executive officers	177	672,240	44.3%	3,798
Exercise price: €33.00; discount: 0.0%	Other employees				
	Total	206	1,518,840	100%	7,373

(a) To take into account the spin-off of Arkema, pursuant to the provisions in effect on the date of the Shareholders Meeting on May 12, 2006, at its meeting of March 14, 2006, the Board of Directors resolved to adjust the rights of TOTAL stock options holders. For each plan and each holder, the exercise prices for TOTAL stock options were multiplied by 0.986147 and the number of unexercised stock options was multiplied by 1.014048 (and then rounded up), effective as of May 24, 2006. In addition, to take into account the four-for-one stock split approved by the Shareholders Meeting on May 12, 2006, the exercise price for stock options was divided by four and the number of unexercised stock options was multiplied by four. The presentation in this table of the number of options initially awarded has not been adjusted to reflect the four-for-one stock split.

(b) Members of the Management Committee and the Treasurer as of the date of the Board meeting awarding the options. Mr. Desmarest has not been a member of the Management Committee since February 14, 2007. Mr. Desmarest was awarded 110,000 options under the 2007 Plan and no options since 2008.

(c) The options are exercisable, subject to a presence condition, after a 2-year vesting period from the date of the Board meeting awarding the options and expire eight years after this date. The underlying shares may not be transferred during the 4-year period from the date of the Board meeting awarding the options (except for the 2008 Plan). The presence condition states that the termination of the employment contract will result in the employee losing the right to exercise the options.

(d) The 4-year transfer restriction period does not apply to employees of non-French subsidiaries as of the date of the grant, who may transfer the underlying shares after a 2-year period from the date of the grant.

(e) For the 2008 Plan, the options acquisition rate, linked to the performance condition, was 60%.

(f) For the 2009 Plan, the options acquisition rate, linked to the performance condition, was 100%.

(g) For the 2010 Plan, the options acquisition rate, linked to the performance condition, was 100%.

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For 2007, 2008 and 2009 share subscription option plans, the Board of Directors decided that for each beneficiary of more than 25,000 options, one-third of the options awarded in excess of this number be subject to a performance condition. For the 2010 share subscription option plan, the options granted to beneficiaries of more than 3,000 options are subject to a performance condition for part of the options. For the 2011 share subscription option plan, all of the options are subject to a performance condition.

In 2012, the Board of Directors decided not to award any stock options.

In addition, Mr. Clément, the Director representing employee shareholders, has not exercised any option and has not been awarded any share subscription options under the 2012 Plan.

Table of Contents**TOTAL stock options as of December 31, 2012****Outstanding TOTAL stock option plans**

Type of options	2004 Plan Subscription options	2005 Plan Subscription options	2006 Plan Subscription options	2007 Plan Subscription options	2008 Plan Subscription options	2009 Plan Subscription options	2010 Plan Subscription options	2011 Plan Subscription options	Total
Date of the Shareholders Meeting	05/14/2004	05/14/2004	05/14/2004	05/11/2007	05/11/2007	05/11/2007	05/21/2010	05/21/2010	
Grant date ^(a)	07/20/2004	07/19/2005	07/18/2006	07/17/2007	10/09/2008	09/15/2009	09/14/2010	09/14/2011	
Total number of options awarded, including^(b):	13,462,520	6,104,480	5,727,240	5,937,230	4,449,810	4,387,500	4,788,420	1,518,840	46,376,040
Directors^(c)	240,000	240,000	400,000	310,000	200,000	200,000	240,000	160,000	1,990,000
<i>C. de Margerie</i>	<i>n/a</i>	<i>n/a</i>	<i>160,000</i>	<i>200,000</i>	<i>200,000</i>	<i>200,000</i>	<i>240,000</i>	<i>160,000</i>	<i>1,160,000</i>
<i>C. Clément</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>			
<i>T. Desmarest</i>	<i>240,000</i>	<i>240,000</i>	<i>240,000</i>	<i>110,000</i>					<i>830,000</i>
Additional grant	24,000	134,400							158,400
Adjustments related to the spin-off of Arkema^(d)	196,448	90,280							286,728
Date as of which the options may be exercised	07/21/2006	07/20/2007	07/19/2008	07/18/2009	10/10/2010	09/16/2011	09/15/2012	09/15/2013	
Expiry date	07/20/2012	07/19/2013	07/18/2014	07/17/2015	10/09/2016	09/15/2017	09/14/2018	09/14/2019	
Exercise price (€ ^(f))	39.30	49.04	50.60	60.10	42.90	39.90	38.20	33.00	
Cumulative number of options exercised as of December 31, 2012	2,008,886	38,497	8,620		1,830	21,280	36,500	9,400	2,125,013
Cumulative number of options canceled as of December 31, 2012	11,674,082	130,643	97,094	88,245	117,512	31,440	90,477	4,400	12,233,893
Number of options:									
Outstanding as of January 1, 2012	12,094,524	6,162,536	5,623,506	5,850,365	4,335,698	4,357,800	4,700,043	1,508,440	44,632,912
awarded in 2012									
canceled in 2012 ^(g)	(11,351,931)	(2,516)	(1,980)	(1,380)	(3,600)	(2,700)	(4,140)	(3,400)	(11,371,647)
exercised in 2012	(742,593)				(1,630)	(20,200)	(34,460)		(798,883)
outstanding as of December 31, 2012		6,160,020	5,621,526	5,848,985	4,330,468	4,334,900	4,661,443	1,505,040	32,462,382

^(a) The grant date is the date of the Board meeting awarding the options, except for the share subscription option plan of October 9, 2008, approved by the Board on September 9, 2008.

^(b) The number of options awarded before May 23, 2006, has been multiplied by four to take into account the four-for-one stock split approved by the Shareholders Meeting on May 12, 2006.

^(c) Options awarded to directors at the time of grant.

^(d) Adjustments approved by the Board at its meeting on March 14, 2006, pursuant to the provisions in effect at the time of the Board meeting and at the time of the Shareholders Meeting on May 12, 2006, related to the spin-off of Arkema. These adjustments were made on May 22, 2006 effective as of May 24, 2006.

^(e) Exercise price as of May 24, 2006. The exercise prices of TOTAL stock options under the plans in force at that date were multiplied by 0.25 to take into account the four-for-one stock split on May 18, 2006. Moreover, following the spin-off of Arkema, the exercise prices of TOTAL stock options under these plans were multiplied by an adjustment factor equal to 0.986147 effective as of May 24, 2006. The exercise prices effective before May 24, 2006 are given in Note 25, points A, B and C to the Consolidated Financial Statements.

^(f) Out of the 11,371,647 options canceled in 2012, 11,351,931 options that were not exercised expired due to the expiry of the 2004 subscription option Plan on July 20, 2012.

^(g) The acquisition rate applicable to the subscription options that were subject to the performance condition of the 2010 Plan was 100%.

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If all the outstanding stock options as of December 31, 2012 were exercised, the corresponding shares would represent 1.35% of the Company's potential share capital⁽¹⁾ as of such date.

(1) Out of a total potential share capital of 2,398,395,528 shares.

Table of Contents**TOTAL stock options awarded to Mr. de Margerie, Chairman and Chief Executive Officer of TOTAL S.A.**

Type of options	2004 Plan Subscription options	2005 Plan Subscription options	2006 Plan Subscription options	2007 Plan Subscription options	2008 Plan Subscription options	2009 Plan Subscription options	2010 Plan Subscription options	2011 Plan Subscription options	Total
Expiry date	07/20/2012	07/19/2013	07/18/2014	07/17/2015	10/09/2016	09/15/2017	09/14/2018	09/14/2019	
Exercise price (€) ^(a)	39.30	49.04	50.60	60.10	42.90	39.90	38.20	33.00	
Options awarded by the Board^(b)	128,000	130,000	160,000	200,000	200,000	200,000	240,000	160,000	1,418,000
Adjustments related to the spin-off of Arkema^(c)	1,800	1,828							3,628
Outstanding options as of January 1, 2012	129,800	131,828	160,000	200,000	176,667	200,000	240,000	160,000	1,398,295
Options awarded in 2012									
Options exercised in 2012									
Options canceled in 2012	(129,800)								(129,800)
Options outstanding as of December 31, 2012		131,828	160,000	200,000	176,667	200,000	240,000	160,000	1,268,495

^(a) Exercise price as of May 24, 2006. The exercise prices of TOTAL stock options under the plans in force at that date were multiplied by 0.25 to take into account the four-for-one stock split on May 18, 2006. Moreover, following the spin-off of Arkema, the exercise prices of TOTAL stock options under these plans were multiplied by an adjustment factor equal to 0.986147 effective as of May 24, 2006. The exercise prices effective before May 24, 2006 are given in Note 25, points A, B and C to the Consolidated Financial Statements.

^(b) The number of options awarded before May 23, 2006, has been multiplied by four to take into account the four-for-one stock split approved by the Shareholders Meeting on May 12, 2006.

^(c) Adjustments approved by the Board at its meeting on March 14, 2006, pursuant to the provisions in effect at the time of the Board meeting and of the Shareholders Meeting on May 12, 2006, related to the spin-off of Arkema. These adjustments were made on May 22, 2006 effective as of May 24, 2006.

For 2007 to 2011 Plans, the Board has subjected the options granted to the Chairman and Chief Executive Officer to performance conditions. For the 2009 and 2010 Plans, the acquisition rate, linked to the performance conditions, was 100%.

As of December 31, 2012, the outstanding options of the Chairman and Chief Executive Officer represented 0.053%⁽¹⁾ of the Company's potential share capital as of such date.

Mr. Desmarest, Chairman of the Board of Directors until May 21, 2010, was not awarded any share subscription options under the 2008 to 2010 Plans.

In 2012, the Board of Directors decided not to award any subscription or share purchase options.

⁽¹⁾ Out of a total potential share capital of 2,398,395,528 shares.

Table of Contents**Stock options awarded to the ten employees (other than corporate executive officers) receiving the largest awards/stock options exercised by the ten employees (other than corporate executive officers) exercising the largest number of options**

	Total number of options awarded/exercised	Exercise price (€)	Grant date ^(a)	Expiry date
Options awarded in 2012 to the ten employees of TOTAL S.A., or any company in the Group, receiving the largest number of options				
Options exercised in 2012 by the ten employees of TOTAL S.A., or any company in the Group, exercising the largest number of options ^(b)	122,556	39.30	07/20/2004	07/20/2012
	122,556	39.30^(c)		

^(a) The grant date is the date of the Board meeting awarding the options.

^(b) Exercise price as of May 24, 2006. The exercise prices of TOTAL stock options under the plans in force at that date were multiplied by 0.25 to take into account the four-for-one stock split on May 18, 2006. Moreover, following the spin-off of Arkema, the exercise prices of TOTAL stock options under these plans were multiplied by an adjustment factor equal to 0.986147 effective as of May 24, 2006. The exercise prices effective before May 24, 2006 are given in Note 25, points A, B and C to the Consolidated Financial Statements.

^(c) Weighted-average price.

Table of Contents**TOTAL global free and performance shares as of December 31, 2012****History of the distribution of TOTAL performance share grants**

The following table gives a breakdown of TOTAL performance share grants by category of beneficiary (main executive officers, other executive officers and other employees).

		Number of beneficiaries	Number of shares awarded ^(a)	Percentage	Average number of shares per beneficiary
2008 plan^(b)	Main executive officers ^(c)	25	49,100	1.8%	1,964
Awarded on October 9, 2008, by decision of the Board of Directors on September 9, 2008	Other executive officers	300	348,156	12.5%	1,161
	Other employees ^(d)	9,028	2,394,712	85.8%	265
	Total	9,353	2,791,968	100%	299
2009 Plan^(b)	Main executive officers ^(c)	25	48,700	1.6%	1,948
Decision of the Board on September 15, 2009	Other executive officers	284	329,912	11.1%	1,162
	Other employees ^(d)	9,693	2,593,406	87.3%	268
	Total	10,002	2,972,018	100%	297
2010 plan^{(e)(b)}	Main executive officers ^(c)	24	46,780	1.6%	1,949
Decision of the Board on September 14, 2010	Other executive officers	283	343,080	11.4%	1,212
	Other employees ^(d)	10,074	2,620,151	87.0%	260
	Total	10,381	3,010,011	100%	290
2011 Plan	Main executive officers ^(c)	29	184,900	5.1%	6,376
Decision of the Board on September 14, 2011	Other executive officers	274	624,000	17.1%	2,277
	Other employees ^(d)	9,658	2,840,870	77.8%	294
	Total	9,961	3,649,770	100%	366
2012 Plan	Main executive officers ^(c)	33	416,100	9.7%	12,609
Decision of the Board on July 26, 2012	Other executive officers	274	873,000	20.3%	3,186
	Other employees ^(d)	9,698	3,006,830	70.0%	310
	Total	10,005	4,295,930	100%	429

^(a) The number of performance shares awarded shown in this table has not been adjusted to take into account the four-for-one stock split approved by the Shareholders Meeting on May 12, 2006.

^(b) For the 2009 and 2010 Plans, the acquisition rates of the shares awarded, linked to the performance conditions, were 100%. For the 2008 Plan, the acquisition rate, linked to the performance condition, was 60%.

^(c) Members of the Management Committee and the Treasurer as of the date of the Board meeting granting the performance shares. The Chairman of the Board and the Chief Executive Officer were not awarded any performance shares, with the exception of the 2011 and 2012 Plans. On July 26, 2012, the Board of Directors of TOTAL S.A. decided to grant 53,000 performance shares to Mr. de Margerie. On September 14, 2011, the Board of Directors of TOTAL S.A. decided to grant 16,000 performance shares to Christophe de Margerie.

^(d) Mr. Clément, employee of Total Raffinage Marketing, a subsidiary of TOTAL S.A. and the director of TOTAL S.A. representing employee shareholders, was awarded 320 performance shares under the 2005 Plan, 200 performance shares under the 2007 Plan, 500 performance shares under the 2008 Plan, 240 performance shares under the 2010 Plan, 240 performance shares under the 2011 Plan and 260 shares under the 2012 Plan.

^(e) Excluding free shares granted as part of the 2010 global free share plan.

The grant of these performance shares, which were bought back by the Company on the market, will become final after a 2-year acquisition period. This final grant is subject to a presence condition and a performance condition. Moreover, the transfer of the performance shares will not be permitted until the end of a 2-year mandatory holding period.

Table of Contents**Performance share plans**

	2008 Plan	2009 Plan	2010 Plan	2011 Plan	2012 Plan
Date of the Shareholders Meeting	05/16/2008	05/16/2008	05/16/2008	05/13/2011	05/13/2011
Grant date ^(a)	10/09/2008	09/15/2009	09/14/2010	09/14/2011	07/26/2012
Closing price on grant date	€35.945	€41.615	€39.425	€32.69	€36.12
Average repurchase price per share paid by the Company	€41.63	€38.54	€39.11	€39.58	€38.81
Total number of performance shares awarded, including to Directors ^(b)	2,791,968	2,972,018	3,010,011	3,649,770	4,295,930
Ten employees with largest grants ^(c)	588		240	16,240	53,260
Ten employees with largest grants ^(c)	20,000	20,000	20,000	91,400	191,100
Start of the vesting period	10/09/2008	09/15/2009	09/14/2010	09/14/2011	07/26/2012
Date of final grant, subject to specific condition (end of the acquisition period)	10/10/2010	09/16/2011	09/15/2012	09/15/2013	07/27/2014
Transfer possible from (end of the mandatory holding period)	10/10/2012	09/16/2013	09/15/2014	09/15/2015	07/27/2016
Number of performance shares:					
Outstanding as of January 1, 2012			2,988,051	3,630,191	
Awarded in 2012					4,295,930
Canceled in 2012	96	832	(32,650)	(18,855)	
Finally granted in 2012 ^{(d)(e)(f)}	(96)	(832)	(2,955,401)	(5,530)	
Outstanding as of December 31, 2012 ^(e)				3,605,806	4,295,930

^(a) The grant date is the date of the Board meeting awarding the performance share grant, except for the performance shares awarded on October 9, 2008, approved by the Board on September 9, 2008.

^(b) Thierry Desmarest, Chairman of the Board of Directors of TOTAL S.A. until May 21, 2010, and Christophe de Margerie, Chief Executive Officer since February 13, 2007 and Chairman and Chief Executive Officer since May 21, 2010, were not awarded performance shares under the plans approved by the Board of Directors of TOTAL S.A. on September 9, 2008, September 15, 2009 and September 14, 2010. On September 14, 2011, the Board of Directors of TOTAL S.A. decided to grant 16,000 performance shares to Christophe de Margerie. On July 26, 2012, the Board of Directors of TOTAL S.A. decided to grant 53,000 performance shares to Christophe de Margerie. In addition, Daniel Boeuf, Director of TOTAL S.A. representing employee shareholders until December 31, 2009, was awarded performance shares further to a decision by the Board of Directors of TOTAL S.A. on September 9, 2008. Daniel Boeuf did not receive any free shares further to the decision of the Board of Directors of TOTAL S.A. on September 15, 2009. Finally, Claude Clément, Director of TOTAL S.A., representing employee shareholders since May 21, 2010, was awarded 240 performance shares further to the decision of the Board of Directors of TOTAL S.A. on September 14, 2011, and 260 shares further to the decision of the Board of Directors of TOTAL S.A. on July 26, 2012. Moreover, Claude Clément was awarded 240 performance shares further to the decision of the Board of Directors of TOTAL S.A. on September 14, 2010.

^(c) Employees of TOTAL S.A., or of any Group company, who were not directors of TOTAL S.A. as of the date of grant.

^(d) Shares finally granted following the death of their beneficiaries (2011 Plan for fiscal year 2012).

^(e) Including performance shares finally granted for which the entitlement right had been canceled erroneously.

^(f) The acquisition rate linked to the performance condition of the 2010 Plan is 100%

In case of a final grant of the outstanding performance shares as of December 31, 2012, the corresponding shares would represent 0.33%⁽¹⁾ of the Company's potential share capital as of such date.

⁽¹⁾ Out of a total potential share capital of 2,398,395,528 shares.

Table of Contents**Follow-up on the global free share plan**

In addition to the restricted shares granted, the Board of Directors decided at its meeting on May 21, 2010, to implement a global free share plan intended for all the Group employees, that is more than 100,000 employees. On June 30, 2010, rights to 25 free shares were granted to every employee. The final grant is subject to a continued employment condition during the plan's vesting period. Depending on the countries in which the Group companies are located, the acquisition period is either 2 years, followed by a holding period of 2 years in countries with a 2+2 structure, or 4 years, without a holding period in countries with a 4+0 structure. Moreover, the granted shares are not subject to any performance condition. After the acquisition period, the granted shares will become new shares derived from an increase in the capital of TOTAL S.A., further to the incorporation of reserves or issue premiums. On July 2, 2012, the Chairman and Chief Executive Officer acknowledged the creation and definitive grant of 1,366,950 shares to the beneficiaries designated after the two-year vesting period.

	2010 Plan (2+2) ^(b)	2010 Plan (4+0) ^(c)	Total
Date of the Shareholders Meeting	05/16/2008	05/16/2008	
Grant date^(a)	06/30/2010	06/30/2010	
Final grant date (end of the acquisition period)	07/01/2012	07/01/2014	
Transfer authorized as from	07/01/2014	07/01/2014	
Number of restricted shares			
Outstanding as of January 1, 2010			
Notified	1,508,850	1,070,650	2,579,500
Cancelled	(125)	(75)	(200)
Finally granted ^(d)	(75)		(75)
Outstanding as of January 1, 2011	1,508,650	1,070,575	2,579,225
Notified			
Cancelled	(29,175)	(54,625)	(83,800)
Finally granted ^(d)	(475)	(425)	(900)
Outstanding as of January 1, 2012	1,479,000	1,015,525	2,494,525
Notified			
Cancelled	(111,725)	(40,275)	(152,000)
Finally granted ^{(d)(e)}	(1,367,275)	(350)	(1,367,625)
Outstanding as of December 31, 2012		974,900	974,900

^(a) The June 30, 2010 grant was decided by the Board of Directors on May 21, 2010.

^(b) Vesting period of two years followed by a holding period of two years.

^(c) Vesting period of four years without a holding period.

^(d) Final grant following the death or disability of the beneficiary of the shares.

^(e) 1,366,950 shares awarded to the beneficiaries designated after the 2-year vesting period for countries with a 2+2 structure.

In case of a final grant of the outstanding restricted shares as of December 31, 2012, the corresponding shares would represent 0.041%⁽¹⁾ of the Company's potential share capital as of such date.

⁽¹⁾ Out of a total potential share capital of 2,398,395,528 shares.

Table of Contents**Free TOTAL performance shares granted to Mr. de Margerie, Chairman and Chief Executive Officer of TOTAL S.A.**

	2011 Plan	2012 Plan	Total
Date of the shareholders meeting	05/13/2011	05/13/2011	
Grant date	09/14/2011	07/26/2012	
Closing price on grant date	€32.690	€36.120	
Average repurchase price per share paid by the Company	€39.58	€38.81	
Shares awarded by the Board	16,000	53,000	69,000
Start of the acquisition period	09/14/2011	07/26/2012	
Date of final grant, subject to specific condition (end of the acquisition period)	09/15/2013	07/27/2014	
Transfer possible from (end of the mandatory holding period)	09/15/2015	07/27/2016	
Finally granted in 2012			
For the 2011 and 2012 Plans, the Board has subjected the performance shares granted to the Chairman and Chief Executive Officer to performance and presence conditions.			

In case of a final grant of the outstanding shares of the Chairman and Chief Executive Officer, as of December 31, 2012, the corresponding shares would represent 0.0029%⁽¹⁾ of the Company's potential share capital as of such date.

Mr. Desmarest, Chairman of the Board of Directors until May 21, 2010, was not awarded any performance shares under the 2005 to 2010 Plans.

Performance share grants to the ten employees (other than corporate executive officers) receiving the largest number of performance shares

	Number of performance shares granted/finally awarded	Grant date	Final grant date (end of the acquisition period)	Availability date (end of mandatory holding period)
Performance share grants approved by the Board meeting on July 26, 2012 to the ten TOTAL S.A. employees (other than directors) receiving the largest number of performance shares ^(a)	191,100	07/26/2012	07/27/2014	07/27/2016
Performance shares finally awarded in 2012 following the performance share plan approved by the Board meeting on September 14, 2010, to the ten employees (other than corporate executive officers) at the time of such approval receiving the largest number of performance shares ^(b)	20,000	09/14/2010	09/15/2012	09/15/2014

^(a) Grant approved by the Board on July, 26 2012. Grants of these performance shares will become final, subject to a performance condition, after a 2-year acquisition period (i.e., on July 27, 2014). Moreover, the transfer of the performance shares will not be permitted until the end of a 2-year mandatory holding period (i.e., on July 27, 2016).

^(b) This final grant is subject to a performance condition. The acquisition rate of the shares awarded, linked to the performance condition, was 100%. Moreover, the transfer of the performance shares finally awarded will only be permitted after the end of a 2-year mandatory holding period (i.e., from September 15, 2014).

⁽¹⁾ Out of a total potential share capital of 2,398,395,528 shares.

Table of Contents**CORPORATE GOVERNANCE**

For several years, TOTAL has been actively examining corporate governance matters. At its meeting on November 4, 2008, the Board of Directors confirmed its decision to refer to the Corporate Governance Code for Listed Companies published by the principal French business confederations, the Association Française des Entreprises Privées (AFEP) and the Mouvement des Entreprises de France (MEDEF) (AFEP-MEDEF Code) for corporate governance matters.

The AFEP-MEDEF Code was amended in April 2010 to make recommendations related to the balanced number of men and women sitting in Board meetings. The code recommends that a target of at least 20% of women be reached before April 2013 and at least 40% before April

2016. These requirements were also stipulated in the French law of January 27, 2011 regarding balanced representation of men and women on Boards of Directors and Supervisory Boards and equal opportunity. The law states that the 20% threshold must be attained at the end of the 2014 Shareholders Meeting and that the 40% threshold must be attained at the end of the 2017 Shareholder s Meeting.

As of December 31, 2012, the Company s Board of Directors had five female members out of a total of fifteen members (*i.e.*, one-third of the directors) and four directors of foreign nationality (*i.e.*, 27% of the directors). The Board of Directors will continue its reflections in order to further diversify its composition in the years to come.

The following table shows the recommendations made in the AFEP-MEDEF Code which the Company has not followed, as well as the reasons for such decision, pursuant to Article L. 225-37 of the French Commercial Code.

Recommendations not followed	Explanation
<p>Director independence criteria (paragraph 8 of the Code)</p> <p>Criteria to be examined for a director to be considered independent:</p> <p>Has not been a director of the Company for more than 12 years.</p>	<p>In assessing the independence of three directors, the Board has disregarded the criterion of a maximum term of office of 12 years. The Board was of the opinion that this criterion has no relevance, given the specific characteristics of the oil and gas sector, which relies on long-term investment cycles on one hand, and given the objectivity that these three directors have demonstrated in the Board s activity on the other hand.</p> <p>Besides, it deemed that the experience acquired on the Board by these three directors strengthened their freedom of speech and their independence of judgment and benefited the Group. The Board also noted that the criterion related to the length of term of office was not one of the independence criteria required by the New York Stock Exchange (NYSE).</p>
<p>The Board s assessment (paragraph 9 of the Code)</p> <p>The purpose of the Board s assessment must be to measure each director s actual contribution to the Board s work as a result of his/her competence and involvement in the deliberations</p>	<p>The Board deemed that it is not appropriate to measure each director s actual contribution to the Board s work given the collegial nature of this body. It nevertheless ensured of the full involvement of the directors in the Board s work in view of the attendance rate of directors in the meetings of the Board and the Committees and observed that important matters had been properly prepared and debated. Moreover, as part of the review of the composition of the Board and its committees, the Nominating & Governance Committee checked whether the various qualifications of the directors were well-balanced.</p>

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It is recommended that directors who are external to the company meet periodically without the participation of the in house directors.

Also because of the collegiate nature of the Board of Directors, no formal meeting of the directors without the participation of the in house directors is planned.

Fixed compensation of the Chairman and Chief Executive Officer (paragraph 20.2.1 of the Code)

The principles and rules applied to determine the compensation of the corporate executive officers, as set out by the Board of Directors, stipulate that the fixed compensation of the Chairman and the Chief Executive Officer is reviewed with a minimum frequency of two years. Following such reviews, the fixed compensation of the Chairman and Chief Executive Officer has remained unchanged since the time of his appointment as Chairman and Chief Executive Officer.

In principle, the fixed compensation must be reviewed at relatively long intervals, e.g. every three years.

Table of Contents

Recommendations not followed	Explanation
<p>Grant of performance shares</p> <p>(paragraph 20.2.3 of the Code)</p> <p>It is necessary to ensure that:</p> <p>Awards are made in the same calendar periods, e.g. after the disclosure of the financial statements for the previous financial year, and probably each year, in order to limit any windfall effects. The number of awarded options and shares must not be markedly different from the company's earlier practices, unless a material change to the scope of business justifies a revision of the scheme.</p> <p>In accordance with terms determined by the Board and announced upon the award, the performance shares awarded to the Chairman and the Chief Executive Officer are conditional upon the acquisition of a defined quantity of shares upon the availability of the awarded shares.</p>	<p>The Board of Directors decided to award performance shares at its meeting on July 26, 2012 rather than in September given its decision to not award stock subscription or stock purchase options in 2012. The volumes awarded to the relevant categories of recipients were adapted accordingly.</p> <p>Given the share holding requirement to which the Chairman and the Chief Executive Officer are subject and the large number of TOTAL shares and shares of the Total Actionnariat France collective investment fund (invested exclusively in TOTAL shares) effectively held by the Chairman and Chief Executive Officer, the Board of Directors, on the recommendation of the Compensation Committee, deemed that it was not necessary, at the time of grant, to make the performance shares awarded to the Chairman and Chief Executive Officer subject to the purchase of a quantity of shares at the time of availability of the performance shares.</p>

Additional pension schemes

(paragraph 20.2.5 of the Code)

<p>Additional pension schemes with defined benefits must be subject to the condition that the beneficiary is a director or an employee of the company when asserting his or her pension rights pursuant to applicable rules.</p>	<p>It appeared justified not to deprive the concerned beneficiaries of the benefit of the pension commitments made by the Company, in special cases of the disability or departure of a beneficiary over 55 years of age at the initiative of the Group.</p>
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Rules of procedure of the Board of Directors

At its meeting on February 13, 2007, the Board of Directors adopted rules of procedure to replace the Directors' Charter.

The Board's rules of procedure specify the obligations of each director and set forth the mission and working procedures of the Board of Directors. They also define the respective responsibilities and authority of the Chairman and of the Chief Executive Officer. They are reviewed on a regular basis to match the changes in rules and practices related to governance.

At its meeting on October 30, 2012, the Board of Directors, on the recommendation of the Nominating & Governance Committee, decided to amend the Board's rules of procedure in order to increase the abstention period for trading in the Company's financial instruments from fifteen days to thirty days prior to each disclosure of periodic earnings, as well as on the disclosure date. It also decided to more precisely formalize, in the Board's rules of procedure, the preventive rules applicable to directors for transactions in the financial instruments of the Company, subsidiaries of the Company and listed companies in

which TOTAL holds an interest, as well as the rules prohibiting them from carrying out any transactions in financial instruments related to the Company's share, buying on margin or short selling these financial instruments and using hedging products on shares held by them and options granted to them, where applicable.

An unabridged version of these rules of procedure, which were approved by the Board of Directors of TOTAL S.A.⁽¹⁾ and are dated as of October 30, 2012, is set forth below:

Mission of the Board of Directors: The mission of the Board of Directors is to determine the strategic direction of the Group and supervise the implementation of this vision. With the exception of the powers and authority expressly reserved for shareholders and within the limits of the Company's legal purpose, the Board may address any issue related to the operation of the Company and take any decision concerning the matters falling within its purview. Within this framework, the

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Board's duties and responsibilities include, but are not limited to, the following:

appointing the corporate officers⁽²⁾ and supervising the handling of their responsibilities;

(1) In these rules of procedure, TOTAL S.A. is referred to as the Company and, collectively with all of its direct and indirect subsidiaries, as the Group .

(2) Corporate officer means the Chairman and Chief Executive Officer if the Chairman of the Board of Directors is the Chief Executive Officer of the Company, and otherwise the Chairman of the Board of Directors and the Chief Executive Officer, as well as, where applicable, any Deputy Chief Executive Officer, based on the organization adopted by the Board of Directors.

Table of Contents

defining the Company's strategic orientation and, more generally, that of the Group;
 approving investments or divestments under study by the Group that concern amounts greater than 3% of shareholders' equity;
 reviewing information on significant events related to the Company's affairs, in particular for investments or divestments that are greater than 1% of shareholders' equity;
 conducting audits and investigations as it may deem appropriate. The Board, with the assistance of the Audit Committee where appropriate, ensures that:

- the proper definition of authority within the Company and the proper exercise of duties and responsibilities by the bodies of the Company are in place;
 - no individual is authorized to contract on behalf of the Company or to commit to pay, or to make payments, on behalf of the Company, without proper supervision and control;
 - the internal control function operates properly and that the statutory auditors are able to conduct their audits under appropriate circumstances;
 - the committees it has created duly perform their responsibilities;
- monitoring the quality of the information provided to the shareholders and the financial markets through the financial statements that it approves and the annual reports, or when major transactions are conducted;
 convening and setting the agenda for Shareholders' Meetings or meetings of bond holders;
 preparing, for each year, a list of the directors it deems to be independent under generally recognized corporate governance criteria.

Obligations of the Directors of TOTAL S.A.: Before accepting a directorship, every candidate receives a copy of TOTAL S.A.'s by-laws and these rules of procedure. He ensures that he has broad knowledge of the general and particular commitments related to his duty, especially the laws and regulations governing directorships in French limited liability companies (*société anonyme*) whose shares are listed in one or several regulated markets.

Accepting a directorship involves upholding the Directors' ethical rules as described in the Code of Corporate Governance to which the Company refers. It also involves upholding the rules of procedure and the Group's values as described in its Code of Conduct.

When directors participate in and vote at Board meetings, they are required to represent the interest of the shareholders and the Company as a whole.

Independence of judgment: Directors undertake, under any circumstance, to maintain the independence of their analysis, judgment, decision-making and actions as well as not to be unduly influenced, directly or indirectly, by other directors, particular groups of shareholders, creditors, suppliers and, more generally, any third party.

Participation in the Board's work: Directors undertake to devote the amount of time required to consider the information they are given and otherwise prepare for meetings of the Board and of the committees on which they sit. Directors may request any additional information that they feel is necessary or useful from the Chairman and Chief Executive Officer. Directors, if they consider it necessary, may request training on the Company's specificities, businesses and activities, and any other training that is of use in the exercise of their duties as Directors.

Directors attend all Board meetings and all committees or Shareholders' Meetings, unless they have previously contacted the Chairman to inform him of scheduling conflicts.

Files reviewed at each meeting of the Board as well as the information collected before or during the meetings are confidential. Directors cannot use them for or share them with a third party whatever the reason. Directors take any necessary measures to keep them confidential. Confidentiality and privacy are lifted when such information is made publicly available by the Company.

The Chairman of the Board makes sure that the Company provides the directors with the relevant information, including criticisms, in particular financial statement reports and press releases, and the main press articles about the Company.

Duty of loyalty: Directors cannot take advantage of their office or duties to ensure, for themselves or a third party, any monetary or non-monetary benefit.

They notify the Board of Directors of any potential conflicts of interest with the Company or any other company of the Group. They refrain from participating in the vote relating to the corresponding resolution or even to the debate preceding the vote.

Table of Contents

Directors must inform the Board of Directors of their entering into a transaction that involves directly the Company or any other company of the Group before such transaction is closed.

Directors cannot take any responsibility in a personal capacity in companies or businesses that are competing with the Company or any other company of the Group without previously informing the Board.

Directors are committed not to seek or accept directly or indirectly from the Company or any other company of the Group benefits that may be considered as compromising their independence.

Duty of expression: Directors are committed to clearly expressing their opposition if they deem that a decision made by the Board of Directors is contrary to the Company's corporate interest and should strive to convince the Board of the relevancy of their position.

Transactions in the Company's securities and stock exchange rules: While in office, directors are required to hold the minimum number of registered shares of the Company as set by the by-laws.

In general, directors must act with the highest degree of prudence and vigilance when completing any personal transaction involving the financial instruments of the Company, its subsidiaries and affiliates which are listed or issue listed financial instruments.

To this purpose, directors act in compliance with the following procedures:

- Any shares and ADRs of TOTAL S.A. and its publicly-traded subsidiaries are to be held in registered form, either with the Company or its agent, or administered registered shares with a French broker (or U.S. broker for ADRs) whose contact details are communicated to the Board's Secretary by the director.
- Directors refrain from directly or indirectly completing (or recommending the completion of) any transaction involving the financial instruments (shares, ADRs or any other financial instruments related to such financial instruments) of the Company, its publicly-traded subsidiaries or affiliates or listed financial instruments for which the director has inside information. Inside information is specific information which has not yet been made public and which directly or indirectly concerns one or more issuers of financial instruments or one or more financial instruments and which, if it were made public, could have a significant impact on the price of the financial instruments concerned or on the price of financial instruments related to them.
- Any transaction on the Company's financial instruments (share, ADR or related financial instruments) is strictly prohibited on the day when the Company discloses its periodic earnings (quarterly, interim and annual) as well as the thirty calendar days preceding such date.
- Moreover, directors comply, where applicable, with the provisions of Article L. 225-197-1 of the French Commercial Code, which stipulates that free shares may not be sold:

during the ten trading days preceding and the three trading days following the date on which the consolidated financial statements or, failing that, the annual financial statements, are made public;

during the period between the date on which the Company's corporate bodies have knowledge of information which, if it were made public, could have a significant impact on the price of the shares of the Company, and ten trading days following the date on which such information is made public.

- Directors are prohibited from carrying out any transaction on financial instruments related to the Company's share (Paris option market (MONEP), warrants, exchangeable obligations, etc.) and from buying on margin or short selling such financial instruments.

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- Directors are also prohibited from hedging the shares of the Company and any financial instruments related to them, and in particular:

all shares of the Company which they hold, and, where applicable,

Company share subscription or purchase options,

rights to the shares of the company which may be awarded free of charge,

Table of Contents

shares of the Company from the exercise of options or granted free of charge.

- Directors make all necessary arrangements to declare to the French Financial Markets Authority (Autorité des marchés financiers) and inform the Board's secretary, under the form and timeframe provided for by applicable laws, of any transaction on the company's securities entered into by himself or any other individual with whom he is closely related.

Workings of the Board of Directors: The Board of Directors meets at least four times a year and as often as circumstances may require.

Before each meeting of the Board, the agenda is sent out to directors and, whenever possible, it is sent together with the documents that are necessary to consider.

Directors can delegate their authority to another director at the meetings of the Board, within the limit of one delegation per director per meeting. Each director may represent only one of his/her colleagues during the same Board meeting.

Whenever authorized by the law, those directors attending the meeting of the Board via video conference (in compliance with the technical requirements set by applicable regulations) are considered present for the calculation of the quorum and majority.

The Board allocates directors' fees to, and may allocate additional directors' fees to, directors who participate on specialized committees within the total amount established by the Shareholders' Meeting. The Chairman and the Chief Executive Officer are not awarded directors' fees for their work on the Board and Committees.

The Board of Directors, based on the recommendation of its Chairman, appoints a Secretary. Every member of the Board of Directors can refer to the Secretary and benefit from his assistance. The Secretary is responsible for the working procedures of the Board of Directors. The Board shall review such procedures periodically.

The Board conducts, at regular intervals not to exceed three years, an assessment of its practices. Such assessment is carried out possibly under the supervision of an independent director or with the contribution of an outside counsel. In addition, the Board of Directors conducts an annual discussion of its methods.

Responsibility and authority of the Chairman: The Chairman represents the Board, and, except under exceptional circumstances, is the sole member authorized to act and speak on behalf of the Board.

He is responsible for organizing and presiding over the Board's activities and monitors corporate bodies to ensure that they are functioning effectively and respecting corporate governance principles. He coordinates the activity of the Board and its committees. He sets the agenda for the meeting by including the issues proposed by the Chief Executive Officer.

He ensures that directors have in due course clear and appropriate information that is necessary to carry out their duties.

He is responsible, with the Group's general management, for maintaining relations between the Board and the Company's shareholders. He monitors the quality of the information disclosed by the Company.

In close cooperation with the Group's general management, he may represent the Group in high-level discussions with government authorities and the Group's important partners, on both a national and international level.

He is regularly informed by the Chief Executive Officer of events and situations that are important for the Group relating to the strategy, organization, monthly financial reporting, major investment and divestment projects and major financial operations. He may request that the Chief Executive Officer or other Company directors, provided the Chief Executive Officer is informed, provide any useful information for the Board or its committees to carry out their duties.

He may meet with the statutory auditors in order to prepare the work of the Board of Directors and the Audit Committee.

He presents every year in a report to the Shareholders' Meeting on the conditions surrounding the preparation and organization of the Board's work, the potential limits set by the Board of Directors concerning the powers of the Chief Executive Officer, and the internal control procedures implemented by the Company. For this purpose, he receives from the Chief Executive Officer the relevant information.

Authority of the Chief Executive Officer: The Chief Executive Officer is responsible for the general management of the Company. He chairs the Group's Executive Committee and Management Committee. Subject to the Company's corporate governance rules and in particular the rules of procedure of the Board of Directors, he has the full extent of authority to act on behalf of the Company in all instances, with the exception of actions that are, by law, reserved to the Board of Directors or to Shareholders' meetings.

Table of Contents

The Chief Executive Officer is responsible for periodic reporting of the Group's results and outlook to shareholders and the financial community.

At each meeting of the Board, the Chief Executive Officer reports the highlights of the Group's activity.

Committees of the Board of Directors: The Board of Directors approved the creation of:

- an Audit Committee;
- a Nominating & Governance Committee;
- a Compensation Committee; and
- a Strategic Committee.

The missions and composition of these committees are defined in their relevant rules of procedure approved by the Board of Directors. The Committees carry out their duty for and report to the Board of Directors. Each committee reports on its activities to the Board of Directors.

Board of Directors practices

Management form

On May 21, 2010, the Board of Directors decided to reunify the positions of Chairman and Chief Executive Officer and appoint the Chief Executive Officer as Chairman of the Board. This decision was made further to the work done by the Nominating & Governance Committee and in the best interests of the Company, taking into account the advantage of the unified management and the majority of independent directors appointed at the Committees, which ensures balanced authority.

The Board of Directors deemed that the unified management form was the most appropriate to the Group's organization, modus operandi and business, and the specificities of the oil and gas sector. It respects the respective prerogatives of the various Company instances (Shareholders' Meeting, Board of Directors, general management).

It was confirmed during the Board of Directors' meeting held on May 11, 2012, at which Mr. Christophe de Margerie was reappointed as Chairman and Chief Executive Officer.

Moreover, the Company by-laws and the respective rules of procedure of the Board of Directors and the Committees provide the guarantees required to implement best governance practices within a unified management framework. In particular, the by-laws allow the Board to nominate one or two Vice-Chairmen. They also state that the Board of Directors can be summoned by any means, even verbally, or at short notice in the event of an emergency, by the Chairman, a Vice-Chairman, or one-third of the members, at any time and whenever the Company's interest so requires. The rules of procedure of the Board of Directors also state that each Director is

required to inform the Board of Directors of any conflicts of interest, actual or potential, with the Company or with any other company in the Group, and to abstain from voting on the resolution in question, and even to refrain from taking part in the debate preceding the vote.

In addition, the current composition of the Board of Directors and its Committees ensures a balance of power within the Company's bodies given the high proportion of independent directors serving on the Board and Committees, the full involvement of the directors in the activity of the Board and Committees, and the diversity of their profiles, skills and expertise.

Performance and evaluation

At its meeting of February 9, 2012, the Board of Directors discussed its practices on the basis of a formal evaluation carried out by means of a detailed questionnaire completed by all of the directors. The responses were then submitted for examination by the Nominating & Governance Committee and summarized. This summary was discussed by the Board of Directors.

The formal evaluation showed a generally positive opinion of the practices of the Board of Directors and the Committees, which highlighted that the improvements requested by the directors in 2011 had been made. The Board therefore stated that it was generally satisfied with its practices and suggested improvements mainly relating to more in-depth strategic reflection. This has already been put in place with the Strategic Committee, and work in this area will continue for the benefit of the Board of Directors and the Group.

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At its meeting on February 12, 2013, the Board of Directors discussed its practices on the basis of a formal evaluation organized by an external consultant. This evaluation was carried out in the form of interviews conducted by the external consultant with each Director based on a detailed questionnaire.

The evaluation showed that the Directors were satisfied with the workings of the Board of Directors and its Committees and that the Directors noted an improvement. Suggestions for progress were made in the conclusions of the report. At the recommendation of the Nominating & Governance Committee, the Board of Directors approved the proposed guidelines, which mainly entail increasing the number of Strategic Committee meetings and holding a Board meeting at an industrial site.

Committees of the Board of Directors

The Committees of the Board of Directors are: an Audit Committee; a Nominating & Governance Committee; a Compensation Committee; and a Strategic Committee. The unabridged version of the rules of procedure of the Committees of the Board of Directors is available herein, followed by the composition of each Committee.

Table of Contents

Audit Committee

At its meeting on February 12, 2013, the Board of Directors decided to amend the rules of procedure of the Audit Committee in order to more precisely formalize the missions and practices of the Committee.

The unabridged version of the rules of procedure of the Audit Committee, as approved by the Board of Directors on February 12, 2013, is available herein.

Rules of procedure (unabridged version)

The Board of Directors of TOTAL S.A. (hereafter referred to as the Company and, collectively with all its direct and indirect subsidiaries, as the Group) has approved the following rules of procedure of the Company's Audit Committee (hereafter, the Committee).

The members of the Committee are directors of the Company and therefore uphold the rules of procedure of the Board of Directors of TOTAL S.A.

Duties: To allow the Board of Directors of TOTAL S.A. to ensure that internal control is effective and that published information available to shareholders and financial markets is reliable, the duties of the Committee include:

- recommending the appointment of statutory auditors and their compensation, ensuring their independence and monitoring their work;
- establishing the rules for the use of statutory auditors for non-audit services and verifying their implementation;
- supervising the audit by the statutory auditors of the Company's statutory financial statements and consolidated financial statements;
- examining the assumptions used to prepare the financial statements, assessing the validity of the methods used to handle significant transactions and examining the Company's statutory financial statements and consolidated annual, semi-annual, and quarterly financial statements prior to their examination by the Board of Directors, after regularly monitoring the financial situation, cash position and commitments included in the annual financial statements of the Company;
- supervising the implementation of internal control and risk management procedures and their effective application, with the assistance of the internal audit department;
- supervising procedures for preparing financial information;
- monitoring the implementation and activities of the disclosure committee, including reviewing the conclusions of this committee;
- reviewing the annual work program of internal and external auditors;
- receiving information periodically on completed audits and examining annual internal audit reports and other reports (statutory auditors, annual report, etc.);
- reviewing the choice of appropriate accounting principles and methods used to prepare the company's consolidated and statutory financial statements and ensuring the continuity of the methods;
- reviewing the Group's policy for the use of derivative instruments;
- reviewing, if requested by the Board of Directors, major transactions contemplated by the Group;
- reviewing significant litigation annually;
- implementing and monitoring compliance with the financial code of ethics;
- proposing to the Board of Directors, for implementation, a procedure for complaints or concerns of employees, shareholders and others, related to accounting, internal accounting controls or auditing matters, and monitoring the implementation of this procedure;
- where applicable, reviewing significant transactions of the Group during which a conflict of interest may have occurred; and
- reviewing the procedure for booking the Group's proved reserves.

Composition: The Committee is made up of at least three directors designated by the Board of Directors. Members must be independent directors.

In selecting the members of the Committee, the Board of Directors pays particular attention to their independence and their financial and accounting qualifications.

The Board of Directors appoints one of the members of the Committee to serve as the financial expert on the Committee.

Members of the Committee may not be executive officers of the Company or one of its subsidiaries, nor own more than 10% of the Company's shares, whether directly or indirectly, individually or acting together with another party.

Members of the Committee may not receive from the Company and its subsidiaries, either directly or indirectly, any compensation other than: (i) directors' fees paid for their services as directors or as members of the committee, or, if applicable, as members of another committee of the Company's Board; and (ii) compensation and pension benefits related to prior employment by the Company, or another Group company, which are not dependent upon future work or activities.

The term of office of the members of the Committee coincides with the term of their appointment as director.

Table of Contents

The term of office as a member of the Committee may be renewed at the same time as the appointment as director.

However, the Board of Directors can change the composition of the Committee at any time.

Organization of activities: The Committee appoints its own Chairman. The Chairman appoints the Committee secretary, who may be the Chief Financial Officer of the Company.

The Committee deliberates when at least one-half of its members are present. A member of the Committee cannot be represented.

The Committee meets at least seven times a year: each quarter to review the statutory financial statements of TOTAL S.A., the annual and quarterly consolidated financial statements, and at least three other times a year to review matters not directly related to the review of the quarterly financial statements.

The Committee may also meet at the request of its Chairman, at least one half of its members, the Chairman and Chief Executive Officer, and, if the functions of Chairman of the Board of Directors and Chief Executive Officer are separate, the Chairman of the Board of Directors or the Chief Executive Officer.

The Committee Chairman prepares the schedule of its meetings.

At each committee meeting where the quarterly financial statements are reviewed, the Group's Chief Financial Officer presents the consolidated and statutory financial statements of TOTAL S.A. as well as the Group's financial position and, in particular, its liquidity, cash flow and debt situation. A memo describing the company's risk exposure and off-balance sheet commitments is communicated to the Audit Committee. This review of the financial statements includes a presentation by the Statutory Auditors underscoring the key points observed during their work.

As part of monitoring the efficiency of the internal control and risk management systems, the Committee is informed of the work program of the Group Internal Control and Audit Department and its organization, on which it may issue an opinion. The Committee also receives a summary of the internal audit reports, which is presented at each committee meeting where the quarterly financial statements are reviewed. The risk management processes implemented within the Group and updates to them are presented regularly to the Audit Committee.

The Committee may meet with the Chairman and Chief Executive Officer and, if the functions of Chairman of the Board of Directors and Chief Executive Officer are separate, the Chairman of the Board of Directors, the Chief Executive Officer and, if applicable, any acting Managing

Director of the Company, and perform inspections and consult with managers of operating or non-operating departments, as may be useful in performing its duties. The Chairman of the committee gives prior notice of such meeting to the Chairman and Chief Executive Officer and, if the functions of Chairman of the Board of Directors and Chief Executive Officer are separate, both the Chairman of the Board of Directors and the Chief Executive Officer. In particular, the Committee is authorized to consult with those involved in preparing or auditing the financial statements (Chief Financial Officer and principal Finance Department managers, Audit Department, Legal Department) by asking the Company's Chief Financial Officer to call them to a meeting.

The Committee consults with the statutory auditors and, at least once a year, without any Company representative being present. If it is informed of a substantial irregularity, it recommends that the Board of Directors take all appropriate action.

If it deems it necessary to accomplish its duties, the Committee may request from the Board of Directors the resources to engage external consultants.

The proposals made by the Committee to the Board of Directors are adopted by a majority of the members present at the Committee meeting. The Chairman of the Committee casts the deciding vote if an even number of members is present at the meeting.

The Committee can adopt proposals intended for the Board of Directors without meeting if all the members of the Committee so agree and sign each proposal.

A written summary of Committee meetings is drawn up.

Report: The Committee submits written reports to the Board of Directors regarding its work.

It periodically evaluates its performance based on these rules of procedure and, if applicable, offers suggestions for improving its performance.

Members of the Audit Committee in 2012

The Committee is made up of three members.

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The Committee's members are Ms. Barbizet, Ms. Coisne-Roquette and, since January 12, 2012, Mr. Lamarche, who was appointed to replace his predecessor, Mr. de Rudder, who resigned from his position.

All of the members of the Committee are independent directors and have recognized experience in the financial and accounting fields, as illustrated in their summary professional background.

The Committee is chaired by Ms. Barbizet.

At its meeting on July 28, 2011, the Board of Directors decided to appoint Ms. Barbizet to serve as the Audit

Table of Contents

Committee financial expert based on a recommendation by the Audit Committee.

Compensation Committee

Rules of procedure (unabridged version)

The Board of Directors of TOTAL S.A. (hereafter referred to as the *Company* and, collectively with all its direct and indirect subsidiaries, as the *Group*) has approved the following rules of procedure of the *Company*'s Compensation Committee (hereafter, the *Committee*).

The members of the Committee are directors of the *Company* and therefore uphold the rules of procedure of the Board of Directors of TOTAL S.A.

The Committee is focused on:

- examining the executive compensation policies implemented by the *Group* and the compensation of members of the Executive Committee;
- evaluating the performance and recommending the compensation of each corporate executive officer; and
- preparing reports which the *Company* must present in these areas.

Duties: The Committee's duties include:

- examining the main objectives proposed by the *Company*'s general management regarding compensation of the *Group*'s executive officers, including stock option and restricted share grant plans and equity-based plans, and advising on this subject;
- presenting recommendations and proposals to the Board of Directors concerning:
 - compensation, pension and life insurance plans, in-kind benefits and other compensation (including severance benefits) for the corporate executive officers of the *Company*; in particular, the Committee proposes compensation structures that take into account the *Company*'s strategy, objectives and earnings and market practices,
 - stock option and restricted share grants, particularly grants of registered shares to the corporate executive officers;
- examining the compensation of the members of the Executive Committee, including stock option and restricted share grant plans and equity-based plans, pension and insurance plans and in-kind benefits;
- preparing and presenting reports in accordance with these rules of procedure;
- examining, for the parts within its remit, reports to be sent by the Board of Directors or its Chairman to the shareholders; and
- preparing recommendations requested at any time by the Chairman of the Board of Directors or the general management of the *Company* regarding compensation.

Composition: The Committee is made up of at least three directors designated by the Board of Directors. A majority of the members must be independent directors.

Members of the Compensation Committee may not receive from the *Company* and its subsidiaries, either directly or indirectly, any compensation other than: (i) directors' fees paid for their services as directors or as members of the committee, or, if applicable, as members of another committee of the *Company*'s Board; (ii) compensation and pension benefits related to prior employment by the *Company*, or another *Group* company, which are not dependent upon future work or activities.

The term of office of the members of the Committee coincides with the term of their appointment as director. The term of office as a member of the Committee may be renewed at the same time as the appointment as director.

However, the Board of Directors can change the composition of the Committee at any time.

Organization of activities: The Committee appoints its Chairman and its secretary. The secretary is a *Company* senior executive.

The Committee deliberates when at least one-half of its members are present. A member of the Committee cannot be represented.

The Committee meets at least twice a year. It meets on an as-needed basis through notice by its Chairman or by one-half of its members.

The Committee invites the Chairman of the Board or the Chief Executive Officer of the *Company*, as applicable, to present recommendations. Neither the Chairman nor the Chief Executive Officer may be present during the Committee's deliberations regarding his own situation. If the Chairman of the Board is not the Chief Executive Officer of the *Company*, the Chief Executive Officer may not be present during the Committee's deliberations regarding the situation of the Chairman of the Board.

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While maintaining the appropriate level of confidentiality for its discussions, the Committee may request from the Chief Executive Officer to be assisted by any senior executive of the Company whose skills and qualifications could facilitate the handling of an agenda item.

If it deems it necessary to accomplish its duties, the Committee may request from the Board of Directors the resources to engage external consultants.

Table of Contents

The proposals made by the Committee to the Board of Directors are adopted by a majority of the members present at the Committee meeting. The Chairman of the Committee casts the deciding vote if an even number of Committee members is present at the meeting.

The Committee can adopt proposals intended for the Board of Directors without meeting if all the members of the Committee so agree and sign each proposal.

A written summary of Committee meetings is drawn up.

Report: The Committee reports on its activities to the Board of Directors.

At the request of the Chairman of the Board, the Committee examines all draft reports of the Company regarding compensation of the executive officers or any other issues relevant to its area of expertise.

Members of the Compensation Committee in 2012

The Compensation Committee has had five members since February 9, 2012, the date on which the Board of Directors decided to change the composition of the Committee.

The Committee's members are Messrs. Artus, Desmarest and Pébereau, and, since February 9, 2012, Messrs. Brock and Mandil. The Committee is chaired by Mr. Pébereau.

80% of the Committee members are independent directors, given that the Board of Directors considers Messrs. Artus, Brock, Mandil and Pébereau independent.

Nominating & Governance Committee

Rules of procedure (unabridged version)

The Board of Directors of TOTAL S.A. (hereafter referred to as the Company and, collectively with all its direct and indirect subsidiaries, as the Group) has approved the following rules of procedure of the Company's Nominating & Governance Committee (hereafter, the Committee).

The members of the Committee are directors of the Company and therefore uphold the rules of procedure of the Board of Directors of TOTAL S.A.

The Committee is focused on:

- recommending to the Board of Directors the persons that are qualified to be appointed as directors, so as to guarantee the scope of coverage of the Directors' competencies and the diversity of their profiles;
- recommending to the Board of Directors the persons that are qualified to be appointed as corporate executive officers;
- preparing the Company's corporate governance rules and supervising their implementation; and
- examining any questions referred to it by the Board or the Chairman of the Board, in particular questions related to ethics and situations of conflicting interests.

Duties: The Committee's duties include:

- presenting recommendations to the Board for its membership and the membership of its committees, and the qualification in terms of independence of each candidate for Directors' positions on the Board of Directors;
- proposing annually to the Board of Directors the list of directors who may be considered as independent directors;
- examining, for the parts within its remit, reports to be sent by the Board of Directors or its Chairman to the shareholders;
- assisting the Board of Directors in the selection and evaluation of the corporate executive officers and examining the preparation of their possible successors, including cases of unforeseeable absence;
- recommending to the Board of Directors the persons that are qualified to be appointed as directors;
- recommending to the Board of Directors the persons that are qualified to be appointed as members of a Committee of the Board of Directors;
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proposing methods for the Board of Directors to evaluate its performance, and in particular preparing means of regular self-assessment of the workings of the Board of Directors, and the possible assessment thereof by an external consultant;

- proposing to the Board of Directors the terms and conditions for allocating directors' fees and the conditions under which expenses incurred by the directors are reimbursed;
- developing and recommending to the Board of Directors the corporate governance principles applicable to the Company;
- examining any questions referred to it by the Board or the Chairman of the Board, in particular questions related to ethics and situations of conflicting interests;
- preparing recommendations requested at any time by the Board of Directors or the general management of the Company regarding appointments or governance;

Table of Contents

- examining the conformity of the Company's governance practices with the recommendations of the Code of Corporate Governance adopted by the Company; and
- examining changes in the duties of the Board of Directors.

Composition: The Committee is made up of at least three directors designated by the Board of Directors. At least one half of the members must be independent directors.

Members of the Nominating & Governance Committee, other than the Company's corporate executive officers, may not receive from the Company and its subsidiaries any compensation other than: (i) directors' fees paid for their services as directors or as members of the committee, or, if applicable, as members of another committee of the Company's Board; (ii) compensation and pension benefits related to prior employment by the Company, or another Group company, which are not dependent upon future work or activities.

The term of office of the members of the Committee coincides with the term of their appointment as director. The term of office as a member of the Committee may be renewed at the same time as the appointment as director.

However, the Board of Directors can change the composition of the Committee at any time.

Organization of activities: The Committee appoints its Chairman and its secretary. The secretary is a Company senior executive.

The Committee deliberates when at least one-half of its members are present. A member of the Committee cannot be represented.

The Committee meets at least twice a year. It meets on an as-needed basis through notice by its Chairman or by one-half of its members.

The Committee invites the Chairman of the Board or the Chief Executive Officer of the Company, as applicable, to present recommendations. The corporate executive officers, whether they are members of the Committee or invited to its meetings, may not be present at deliberations concerning their own situation.

While maintaining the appropriate level of confidentiality for its discussions, the Committee may request from the Chief Executive Officer to be assisted by any senior executive of the Company whose skills and qualifications could facilitate the handling of an agenda item.

If it deems it necessary to accomplish its duties, the Committee may request from the Board of Directors the resources to engage external consultants.

The proposals made by the Committee to the Board of Directors are adopted by a majority of the members present at the Committee meeting. The Chairman of the Committee casts the deciding vote if an even number of Committee members is present at the meeting.

The Committee can adopt proposals intended for the Board of Directors without meeting if all the members of the Committee so agree and sign each proposal.

A written summary of Committee meetings is drawn up.

Report: The Committee reports on its activities to the Board of Directors.

Members of the Nominating & Governance Committee in 2012

The Nominating & Governance Committee has had five members since February 9, 2012, the date on which the Board of Directors decided to change the composition of the Committee.

The Committee's members are Messrs. Collomb and Desmarest, and, since February 9, 2012, Messrs. Artus, Brock and Mandil. The Committee is chaired by Mr. Desmarest.

80% of the Committee members are independent directors, given that the Board of Directors considers Messrs. Artus, Brock, Collomb and Mandil independent.

Strategic Committee

Rules of procedure (unabridged version)

The members of the Committee are directors of the Company and therefore uphold the rules of procedure of the Board of Directors of TOTAL S.A.

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Duties: To allow the Board of Directors of TOTAL S.A. to ensure the Group's development, the Committee's duties include:

- examining the overall strategy of the Group proposed by the Company's general management;
- examining operations that are of particular strategic importance; and
- reviewing competition and the resulting medium and long-term outlook for the Group.

Composition: The Committee is made up of at least five directors designated by the Board of Directors.

Members of the Committee may not receive from the Company and its subsidiaries, either directly or indirectly, any compensation other than:

- directors' fees paid for their services as directors or as members of the Committee, or, if applicable, as members of another committee of the Company's Board; and

Table of Contents

- compensation and pension benefits related to prior employment by the Company, or another Group company, which are not dependent upon future work or activities.

The term of office of the members of the Committee coincides with the term of their appointment as director. The term of office as a member of the Committee may be renewed at the same time as the appointment as director.

However, the Board of Directors can change the composition of the Committee at any time.

Organization of activities: The Chairman of the Board of Directors of the Company chairs the Committee. The Chairman appoints the Committee secretary, who may be the Secretary of the Board of Directors.

The Committee deliberates when at least one-half of its members are present. A member of the Committee cannot be represented.

The Committee meets at least once a year and at the request of its Chairman, at least one-half of its members, or the Chief Executive Officer of the Company. The Committee Chairman prepares the schedule of its meetings.

Directors who are not members of the Committee are free to participate in the Committee's meetings. This voluntary participation entitles them to the same directors' fees as those paid to the members of the Committee for attending meetings.

The Committee may meet with the Chief Executive Officer, and, if applicable, any acting Managing Director of the Company and consult with managers of operating or non-operating departments, as may be useful in performing its

duties. The Chairman of the Committee [if the latter is not the Chief Executive Officer of the Company] gives prior notice of such meeting to the Chief Executive Officer. In particular, the Committee is authorized to consult with the Vice President Strategy & Business Intelligence of the Company or the person delegated by the latter, by asking the Company's Chief Executive Officer to call them to a meeting.

If it deems it necessary to accomplish its duties, the Committee may request from the Board of Directors the resources to engage external consultants.

A written summary of Committee meetings is drawn up.

Report: The Committee submits written reports to the Board of Directors regarding its work.

It periodically evaluates its performance based on these rules of procedure and, if applicable, offers suggestions for improving its performance.

Members of the Strategic Committee in 2012

The Strategic Committee has been made up of eight members since its creation.

The Committee's members are Mmes. Barbizet, Kux and Lauvergeon and Messrs. de Margerie, Brock, Desmarest, Mandil and, since January 12, 2012, Mr. Lamarche, who was appointed to replace his predecessor, Mr. de Rudder, who resigned from his position.

Mr. de Margerie chairs the Committee.

Three-fourths of the Committee members are independent directors, given that the Board of Directors considers Mmes. Barbizet, Kux and Lauvergeon and Messrs. Brock, Lamarche and Mandil independent.

EMPLOYEES AND SHARE OWNERSHIP

Employees

The tables below set forth the number of employees, by division and geographic location, of the Group (fully consolidated subsidiaries) as of the end of the periods indicated:

	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Total
2012	18,045	51,545	26,071	1,465	97,126
2011	17,605	50,363	26,683	1,453	96,104
2010	16,967	50,458	24,056	1,374	92,855

	France	Rest of Europe	Rest of world	Total
2012	35,003	22,823	39,300	97,126
2011	35,037	22,437	38,630	96,104
2010	35,169	24,931	32,755	92,855

TOTAL believes that the relationship between its management and labor unions is, in general, satisfactory.

Table of Contents**Arrangements for involving employees in the Company's share capital**

Pursuant to agreements signed on March 15, 2002, as amended, the Group created a TOTAL Group Savings Plan (PEGT) and a Complementary Company Savings Plan (PEC) for employees of the Group's French companies having adhered to these plans. These plans allow investments in a number of mutual funds including one invested in Company shares (TOTAL ACTIONNARIAT FRANCE). A Shareholder Group Savings Plan (PEG-A) has also been in place since November 19, 1999 to facilitate capital increases reserved for employees of the Group's French and foreign subsidiaries covered by these plans.

Company savings plans

The various Company savings plans (PEGT, PEC) give the employees of French Group Companies belonging to these savings plans access to several collective investment funds (*fonds communs de placement*), including a fund invested in shares of the Company (TOTAL ACTIONNARIAT FRANCE).

The capital increases reserved for employees are conducted under PEG-A through the TOTAL ACTIONNARIAT FRANCE fund for employees of the Group's French subsidiaries and through the TOTAL ACTIONNARIAT INTERNATIONAL CAPITALISATION fund for the employees of foreign subsidiaries. In addition, U.S. employees participate in these operations through American Depositary Shares (ADS), and Italian employees (as well as German employees starting in 2011) may participate by directly subscribing to new shares at the Group Caisse Autonome in Belgium.

Profit-sharing agreements

Under the June 29, 2012 profit-sharing agreements concerning twelve Group companies, the amount available for employees profit-sharing is determined based on the return on equity (ROE) performance of the Group, as well as on the trend of the total recordable incident rate (TRIR) in view of the objectives and thresholds set out for each business unit.

Employee shareholding

The total number of TOTAL shares held by employees as of December 31, 2012, is as follows:

TOTAL ACTIONNARIAT FRANCE	80,038,262
TOTAL ACTIONNARIAT INTERNATIONAL CAPITALISATION	19,995,266
ELF PRIVATISATION N°1	885,095
Shares held by U.S. employees	410,535
Group Caisse Autonome (Belgium)	389,024
TOTAL shares from the exercise of the Company's stock options and held as registered shares within a Company Savings Plan (PEE) ^(a)	3,115,397
Total shares held by employees	104,833,579

(a) Company savings plans.

As of December 31, 2012, the employees of the Group held, on the basis of the definition of employee shareholding contained in Article L. 225-102 of the French Commercial Code, 104,833,579 TOTAL shares, representing 4.43% of the Company's share capital and 8.05% of the voting rights that could be exercised at a Shareholders' Meeting on that date.

The management of each of the three FCPEs (Collective investment funds) mentioned above is controlled by a dedicated Supervisory board, two-thirds of its members representing holders of fund units and one-third representing the Company. This board is responsible for reviewing the Collective investment funds management report and annual financial statements as well as the financial, administrative and accounting management, exercising voting rights attached to portfolio securities, deciding contribution of securities in case of a public tender offer, deciding mergers, spin-offs or liquidations, and granting its approval prior to changes in the rules and procedures of the collective investment fund in the conditions provided for by the rules and procedures.

These rules and procedures also stipulate a simple majority vote for decisions, except for decisions requiring a qualified majority vote of two-thirds plus one related to a change in a fund's rules and procedures, its conversion or disposal.

For employees holding shares outside of the employee collective investment funds mentioned in the table above, voting rights are exercised individually.

Capital increase reserved for Group employees

At the Combined Shareholders' Meeting held on May 11, 2012, the shareholders delegated to the Board of Directors the authority to increase the share capital of the Company in one or more transactions and within a maximum period of twenty-six months from the date of the meeting,

Table of Contents

reserving subscriptions for such issuance to the Group employees participating in a company savings plan.

At the same Shareholders Meeting, the shareholders also delegated to the Board of Directors powers to increase the share capital of the Company in one or more transactions and within a maximum period of eighteen months from the date of the meeting, in view of giving the employees of foreign subsidiaries similar advantages as those granted to employees covered by the seventeenth resolution.

Pursuant to these delegations, the Board of Directors at its meeting on September 18, 2012 decided to proceed with a capital increase reserved for employees of the Group, including a standard subscription offer and a leveraged offer at the discretion of the employees, within the limit of 18 million shares with dividend rights as of January 1, 2012. It also delegated to the Chairman and Chief Executive Officer all powers to determine the opening and closing dates of the subscription period and the subscription price. This capital increase, opened in 2013, should be closed prior to the 2013 Shareholders Meeting.

The previous capital increase reserved for employees of the Group had been decided by the Board of Directors at its meeting on October 28, 2010 pursuant to the authorization of the Combined Shareholders Meeting on May 21, 2010 and had resulted in the subscription of 8,902,717 shares, each with a par value of €2.5 at the unit price of €34.80, the issuance of which had been recognized on April 28, 2011.

Capital increase from the global free share plan for employees of the Group

The Shareholders Meeting on May 16, 2008 authorized the Board of Directors to proceed with the free grant of Company shares to employees of the Group as well as to corporate executive officers of the Company or Group companies, for a period of 38 months, within the limit of 0.8% of the outstanding share capital at the date of the decision of the Board of Directors to grant such shares.

Pursuant to this authorization, the Board of Directors at its meeting on May 21, 2010 decided on the terms and conditions of the global free plan for TOTAL shares in favor of the employees of the Group and delegated to the Chairman and Chief Executive Officer of the Company all powers necessary for implementing this plan.

In this respect, on July 2, 2012, the Chairman and Chief Executive Officer of the Group acknowledged the issue and definitive grant of 1,366,950 common shares each with a par value of €2.50 to the designated beneficiaries, in application of the grant conditions approved by the Board of Directors at its meeting on May 21, 2010.

Shares held by the administration and management bodies

As of December 31, 2012, based on information from the members of the Board and the share registrar, the members of the Board and the Group Executive Officers (Management Committee and Treasurer) held a total of less than 0.5% of the share capital:

members of the Board of Directors (including the Chairman and Chief Executive Officer): 314,385 shares;

Chairman and Chief Executive Officer: 105,556 shares and 59,419 shares of the TOTAL ACTIONNARIAT FRANCE collective investment plan; and
Management Committee (including the Chairman and Chief Executive Officer) and Treasurer: 525,320 shares.

By decision of the Board of Directors:

the Chairman and the Chief Executive Officer are required to hold a number of shares of the Company equal in value to two years of the fixed portion of their annual compensation; and

members of the Executive Committee are required to hold a number of shares of the Company equal in value to two years of the fixed portion of their annual compensation. These shares have to be acquired within three years from the appointment to the Executive Committee.

The number of TOTAL shares to be considered includes:

directly held shares, whether or not they are subject to transfer restrictions; and
shares in collective investment funds invested in TOTAL shares.

Table of Contents**Summary of transactions in the Company's securities**

The following table presents transactions, of which the Company has been informed, in the Company's shares or related financial instruments carried out in 2012 by the individuals concerned under paragraphs a) through c) of Article L. 621-18-2 of the French Monetary and Financial Code:

Year 2012		Acquisition	Subscription	Transfer	Exchange	Exercise of stock options
Christophe de Margerie ^(a)	TOTAL shares Shares in collective investment plans (FCPE), and other related financial instruments ^(b)	5,549.57				
Philippe Boisseau ^(a)	TOTAL shares Shares in collective investment plans (FCPE), and other related financial instruments ^(b)	241.88	296,08			
Yves-Louis Darricarrère ^(a)	TOTAL shares Shares in collective investment plans (FCPE), and other related financial instruments ^(b)	648.67				
Patrick de La Chevardière ^(a)	TOTAL shares Shares in collective investment plans (FCPE), and other related financial instruments ^(b)	536.77	280.88	1,149.63		
Jean-Jacques Guilbaud ^(a)	TOTAL shares Shares in collective investment plans (FCPE), and other related financial instruments ^(b)	944.21	343.95	14,720		
Patrick Pouyanné ^(a)	TOTAL shares Shares in collective investment plans (FCPE), and other related financial instruments ^(b)	500.51	275.97			

^(a) Including the related individuals in the meaning of the provisions of the Article R. 621-43-1 of the French Monetary and Financial Code.

^(b) Collective investment funds (FCPE) primarily invested in Company shares.

Table of Contents**ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS****Major shareholders****Holdings of major shareholders**

For the purpose of this section, major shareholders are defined as shareholders whose interest (in the share capital or voting rights) exceeds 5%. TOTAL's major shareholders as of December 31, 2012, 2011 and 2010 were as follows:

As of December 31,	2012		% of theoretical voting rights ^(a)	2011		2010	
	% of share capital	% of voting rights		% of share capital	% of voting rights	% of share capital	% of voting rights
Groupe Bruxelles Lambert^{(b)(c)}	4.0	4.0	3.7	4.0	4.0	4.0	4.0
Compagnie Nationale à Portefeuille^{(b)(c)}	1.4	1.4	1.3	1.5	1.6	1.6	1.6
Group employees^{(b)(d)(e)}	4.4	8.1	7.4	4.4	8.0	4.0	7.7
Other registered shareholders (non-Group)	2.0	3.1	2.9	1.7	2.8	1.4	2.5
Treasury shares	4.6		8.1	4.6		4.8	
<i>of which TOTAL S.A.</i>	<i>0.3</i>		<i>0.3</i>	<i>0.4</i>		<i>0.5</i>	
<i>of which Total Nucléaire</i>	<i>0.1</i>		<i>0.2</i>	<i>0.1</i>		<i>0.1</i>	
<i>of which subsidiaries of Elf Aquitaine</i>	<i>4.2</i>		<i>7.6</i>	<i>4.2</i>		<i>4.2</i>	
Other bearer shareholders	83.7	83.5	76.7	83.6	83.5	84.0	84.0
<i>of which holders of ADS^(f)</i>	<i>9.3</i>	<i>9.3</i>	<i>8.5</i>	8.7	8.7	8.0	8.0

^(a) Pursuant to Article 223-11 of the AMF General Regulation, the number of theoretical voting rights is calculated on the basis of all outstanding shares to which voting rights are attached, including treasury shares that are deprived of voting rights.

^(b) Shareholders whose corporate executive officers (or representatives, for employees) serve on TOTAL S.A.'s Board of Directors.

^(c) Groupe Bruxelles Lambert is a company controlled jointly by the Desmarais family and Frère-Bourgeois S.A., and for the latter mainly through its direct and indirect interest in Compagnie Nationale à Portefeuille. In addition, Groupe Bruxelles Lambert and Compagnie Nationale à Portefeuille have declared that they act in concert.

^(d) Based on the definition of employee shareholding pursuant to Article L. 225-102 of the French Commercial Code.

^(e) The Amundi Group, the holding company for Amundi Asset Management, which is the manager of the employee collective investment fund TOTAL ACTIONNARIAT FRANCE (see below), filed a Schedule 13G with the United States Securities and Exchange Commission on February 13, 2013, declaring beneficial ownership of 180,919,481 Company shares as of December 31, 2012 (i.e., 7.6% of the Company's share capital). The Amundi Group specified that it did not have sole voting or dispositive power over any of these shares, and that it had shared voting power over 77,009,153 of these shares (i.e., 3.3% of the Company's share capital) and shared dispositive power over all of these shares.

^(f) American Depositary Shares listed on the New York Stock Exchange.

As of December 31, 2012, the holdings of the major shareholders were calculated based on 2,365,933,146 shares, representing 2,371,131,871 voting rights exercisable at Shareholders' Meetings, or 2,579,854,778 theoretical voting rights^(g) including:

8,060,371 voting rights attached to the 8,060,371 TOTAL shares held by TOTAL S.A. that are deprived of voting rights; and

200,662,536 voting rights attached to the 100,331,268 TOTAL shares held by TOTAL S.A. subsidiaries that cannot be exercised at Shareholders' Meetings.

For prior years, the holdings of the major shareholders were calculated on the basis of 2,363,767,313 shares to which 2,368,716,634 voting rights exercisable at Shareholders' Meetings were attached as of December 31, 2011, and 2,349,640,931 shares to which 2,350,274,592 voting rights exercisable at Shareholders' Meetings were attached as of December 31, 2010.

Identification of the holders of bearer shares

In accordance with Article 9 of its by-laws, the Company is authorized, to the extent permitted under applicable law, to

identify the holders of securities that grant immediate or future voting rights at the Company's Shareholders' Meetings.

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Temporary transfer of securities

Pursuant to legal obligations, any legal entity or individual (with the exception of those described in paragraph IV-3 of Article L. 233-7 of the French Commercial Code) holding alone or in concert a number of shares representing more than 0.5% of the Company's voting rights pursuant to one or more temporary transfers or similar operations as described in Article L. 225-126 of the aforementioned code is required to notify the Company and the French Financial Markets Authority of the number of shares temporarily owned no later than the third business day preceding the Shareholders' Meeting at midnight.

Notifications must be e-mailed to the Company at: holding.df-shareholdingnotification@total.com.

If no notification is sent, any shares acquired under any of the above temporary transfer operations will be deprived of voting rights at the relevant Shareholders' Meeting and at any Shareholders' Meeting that may be held until such shares are transferred again or returned.

(1) Pursuant to Article 223-11 of the AMF General Regulation, the number of theoretical voting rights is calculated on the basis of all outstanding shares, including those shares held by the Group that are deprived of voting rights.

Table of Contents

Thresholds notifications

In addition to the legal obligation to inform the Company and the French Financial Markets Authority within four trading days of the date on which the number of shares (or securities similar to shares or voting rights pursuant to Article L. 233-9 of the French Commercial Code) held represents more than 5%, 10%, 15%, 20%, 25%, 30%, one-third, 50%, two-thirds, 90% or 95% of the share capital or voting rights⁽¹⁾ (Article L. 233-7 of the French Commercial Code), any individual or legal entity who directly or indirectly comes to hold a percentage of the share capital, voting rights or rights giving future access to the Company's share capital which is equal to or greater than 1%, or a multiple of this percentage, is required to notify the Company, within fifteen days of the date on which each of the above thresholds is exceeded, by registered mail with return receipt requested, and indicate the number of shares held.

If notification is not given, the shares held in excess of the threshold for which notification should have been given are deprived of voting rights at Shareholders Meetings if, at a Meeting, the failure to give notification is acknowledged and if one or more shareholders holding collectively at least 3% of the Company's share capital or voting rights so request at that Meeting.

Any individual or legal entity is also required to notify the Company in due form and within the time limits stated above when their direct or indirect holdings fall below each of the aforementioned thresholds.

Notifications must be sent to the Vice President of Investor Relations in Paris.

Legal threshold notifications in 2012

Axa Investment Managers Paris and Amundi Asset Management informed the AMF of the transfer, on January 6, 2012, by Axa Investment Managers Paris of management of the TOTAL ACTIONNARIAT FRANCE collective investment fund to Amundi Asset Management. The holdings of the collective investment fund represented 3.32% of the share capital and 5.61% of the voting rights as of the date of notification. Following this transfer, Axa Investment Managers Paris stated that it no longer managed any TOTAL shares on behalf of said collective investment fund.

Holdings above the legal thresholds

In accordance with Article L. 233-13 of the French Commercial Code, only Compagnie Nationale à

Portefeuille (CNP) acting in concert with Groupe Bruxelles Lambert (GBL) held 5% or more of TOTAL's share capital at year-end 2012⁽²⁾

In addition, two known shareholders held 5% or more of the voting rights exercisable at TOTAL Shareholders Meetings at year-end 2012:

CNP acting in concert with GBL:

In AMF notice No. 209C1156 dated September 2, 2009, CNP and GBL acting in concert stated that they had exceeded, as of August 25, 2009, the threshold of 5% of the voting rights of TOTAL and that they held 127,149,464 TOTAL shares representing 127,745,604 voting rights, i.e. 5.42% of the share capital and 5.0009% of the theoretical voting rights⁽³⁾ (based on share capital of 2,347,601,812 shares representing 2,554,431,468 voting rights). To the Company's knowledge, as of December 31, 2012, CNP, acting in concert with GBL, held 5.36% of the share capital representing 5.37% of the voting rights exercisable at Shareholders Meetings and 4.94% of the theoretical voting rights⁽³⁾.

the TOTAL ACTIONNARIAT FRANCE collective investment fund:

To the Company's knowledge, as of December 31, 2012, the TOTAL ACTIONNARIAT FRANCE collective investment fund held 3.38% of the share capital representing 6.18% of the voting rights exercisable at Shareholders Meetings and 5.68% of the theoretical voting rights⁽³⁾.

Shareholders agreements

TOTAL is not aware of any agreements among its shareholders.

Treasury shares

As of December 31, 2012, the Company held 108,391,639 TOTAL shares either directly or through its indirect subsidiaries, which represented 4.58% of the share capital on that date. By law, these shares are deprived of voting rights.

TOTAL shares held directly by the Company (treasury shares)

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The Company held 8,060,371 treasury shares as of December 31, 2012, representing 0.34% of the share capital on that date.

144

⁽¹⁾ Pursuant to Article 223-11 of the AMF General Regulation, the number of voting rights is calculated on the basis of all outstanding shares to which voting rights are attached, including treasury shares that are deprived of voting rights.

⁽²⁾ AMF notice No. 209C1156 dated September 2, 2009.

⁽³⁾ Pursuant to Article 223-11 of the AMF General Regulation, the number of theoretical voting rights is calculated on the basis of all outstanding shares, including those shares held by the Group that are deprived of voting rights.

Table of Contents

TOTAL shares held directly by Group companies

As of December 31, 2012, Total Nucléaire, a Group company wholly-owned indirectly by TOTAL, held 2,023,672 TOTAL shares. As of December 31, 2012, Financière Valorgest, Sogapar and Fingestval, indirect subsidiaries of Elf Aquitaine, held 22,203,704, 4,104,000 and 71,999,892 TOTAL shares, respectively, representing a total of 98,307,596 shares. As of December 31, 2012, the Company held 4.24% of the share capital through its indirect subsidiaries.

Related party transactions

The Group's main transactions with related parties (principally all the investments carried under the equity method) and the balances receivable from and payable to them are shown in Note 24 to the Consolidated Financial Statements.

In the ordinary course of its business, TOTAL enters into transactions with various organizations with which certain of its directors or executive officers may be associated, but no such transactions of a material or unusual nature have been entered into during the period commencing on January 1, 2010, and ending on March 28, 2013.

ITEM 8. FINANCIAL INFORMATION

Consolidated Statements and other supplemental information

See pages F-1 through F-99 for TOTAL's Consolidated Financial Statements and Notes thereto and pages S-1 through S-19 for other supplemental information.

Legal or arbitration proceedings

There are no governmental, legal or arbitration proceedings, including any proceeding that the Company is aware of, threatened with or even pending (including the main legal proceedings described hereafter) that could have a material impact on the Group's financial situation or profitability. While it is not feasible to predict the outcome of the pending claims, proceedings, and investigations described below with certainty, management is of the opinion that their ultimate disposition should not have a material adverse effect on the Company's financial position, cash flows, or results of operations.

Antitrust investigations

The principal antitrust proceedings in which the Group's companies are involved are described below.

Refining & Chemicals segment:

As part of the spin-off of Arkema⁽¹⁾ in 2006, TOTAL S.A. or certain other Group companies agreed to grant Arkema a guarantee for potential monetary consequences related to antitrust proceedings arising from events prior to the spin-off.

This guarantee covers, for a period of ten years from the date of the spin-off, 90% of amounts paid by Arkema related to (i) fines imposed by European authorities or European member-states for competition law violations, (ii) fines imposed by U.S. courts or antitrust authorities for federal antitrust violations or violations of the competition laws of U.S. states, (iii) damages awarded in civil

proceedings related to the government proceedings mentioned above, and (iv) certain costs related to these proceedings. The guarantee related to anti-competition violations in Europe applies to amounts above a €176.5 million threshold. On the other hand, the agreements provide that Arkema will indemnify TOTAL S.A. or any Group company for 10% of any amount that TOTAL S.A. or any Group company are required to pay under any of the proceedings covered by this guarantee, in Europe.

If one or more individuals or legal entities, acting alone or together, directly or indirectly holds more than one-third of the voting rights of Arkema, or if Arkema transfers more than 50% of its assets (as calculated under the enterprise valuation method, as of the date of the transfer) to a third party or parties acting together, irrespective of the type or number of transfers, this guarantee will become void.

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In the United States, civil liability lawsuits, for which TOTAL S.A. has been named as the parent company, are closed without significant impact on the Group's financial position.

In Europe, since 2006, the European Commission has fined companies of the Group in its configuration prior to the spin-off following five investigations launched by the European Commission between 2000 and 2004, four of which are closed, the fifth is on hold pending a decision following the appeal of Arkema and the concerned companies of the Group.

In financial terms, the fines imposed by the European Commission following the five investigations reach an overall amount of €385.47 million, entirely settled as of today. As a result, once the threshold provided for by the guarantee is deducted, the overall amount assumed and paid by the Group since the spin-off in

⁽¹⁾ *Arkema is used in this section to designate those companies of the Arkema group whose ultimate parent company is Arkema S.A. Arkema became an independent company after being spun-off from TOTAL S.A. in May 2006.*

Table of Contents

accordance with the guarantee amounted to €188.07 million⁽¹⁾, to which an amount of €31.31 million of interest has been added. These amounts were not modified during the 2012 financial year.

In addition, civil proceedings against Arkema and other groups of companies were initiated in 2009 and 2011, respectively, before German and Dutch courts by third parties for alleged damages pursuant to two of the above mentioned legal proceedings. TOTAL S.A. was summoned to serve notice of the dispute before the German court. At this point, the probability to have a favorable verdict and the financial impacts of these proceedings remain uncertain due to the number of legal difficulties they give rise to, the lack of documented claims and evaluations of the alleged damages. Arkema began implementing compliance procedures in 2001 that are designed to prevent its employees from violating antitrust provisions. However, it is not possible to exclude the possibility that the relevant authorities could commence additional proceedings involving Arkema regarding events prior to the spin-off, as well as Elf Aquitaine and/or TOTAL S.A. based on their status as parent company.

Within the framework of all of the legal proceedings described above, a €17 million reserve remains booked in the Group's consolidated financial statements as of December 31, 2012.

Marketing & Services segment:

Pursuant to a statement of objections received by Total Nederland N.V. and TOTAL S.A. (based on its status as parent company) from the European Commission, Total Nederland N.V. was fined €20.25 million in 2006, for which TOTAL S.A. was held jointly liable for €13.5 million. TOTAL S.A. lodged an appeal against this decision that was dismissed at the end of September 2012.

In addition, pursuant to a statement of objections received by Total Raffinage Marketing (formerly Total France) and TOTAL S.A. from the European Commission regarding a product line of the Marketing & Services segment, Total Raffinage Marketing was fined €128.2 million in 2008, which has been paid, and for which TOTAL S.A. was held jointly liable based on its status as parent company. The appeal against this decision lodged by the Group is still pending before the relevant European court.

In addition, the civil proceedings against TOTAL S.A., Total Raffinage Marketing and other companies initiated before UK and Dutch courts by third parties for alleged damages in connection with the prosecutions brought by the European Commission are ongoing. At this point, the probability to have a favorable verdict and the financial impacts of these procedures remain uncertain due to the number of legal difficulties they gave rise to, the lack of documented claims and evaluations of the alleged damages.

Within the framework of the legal proceedings described above, a €30 million reserve is booked in the Group's consolidated financial statements as of December 31, 2012.

In early 2013, a civil proceeding was initiated against TOTAL S.A. and its subsidiary Total Aviazione Italia Srl before the competent Italian civil courts. The plaintiff claims against TOTAL S.A., its subsidiary and other third parties, damages that it estimates to be nearly €908 million. This procedure initiated by the plaintiff follows practices that had been sanctioned by the Italian competition authority in 2006. Given the multiple defendants engaged in these proceedings and the disproportionate nature of the alleged damages in view of the justifications provided, this proceeding is not expected to have a material effect on the Group's financial situation, even if it is not possible at this stage to precisely determine the financial impact of the demand on the Group.

Whatever the evolution of the proceedings described above, the Group believes that their outcome should not have a material adverse effect on the Group's financial situation or consolidated results.

Grande Paroisse

An explosion occurred at the Grande Paroisse industrial site in the city of Toulouse in France on September 21, 2001. Grande Paroisse, a former subsidiary of Atofina which became a subsidiary of Elf Aquitaine Fertilisants on December 31, 2004, as part of the reorganization of the Chemicals segment, was principally engaged in the production and sale of agricultural fertilizers. The explosion, which involved a stockpile of ammonium nitrate pellets, destroyed a portion of the site and caused the death of thirty-one people, including twenty-one workers at the site, and injured many others. The explosion also caused significant damage to certain property in part of the city of Toulouse.

This plant has been closed and individual assistance packages have been provided for employees. The site has been rehabilitated.

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This amount does not take into account a case that led to Arkema, prior to Arkema's spin-off from TOTAL, and Elf Aquitaine being fined jointly €45 million and Arkema being fined €13.5 million.

Table of Contents

On December 14, 2006, Grande Paroisse signed, under the supervision of the city of Toulouse, the deed whereby it donated the former site of the AZF plant to the greater agglomeration of Toulouse (CAGT) and the *Caisse des dépôts et consignations* and its subsidiary ICADE. Under this deed, TOTAL S.A. guaranteed the site remediation obligations of Grande Paroisse and granted a €10 million endowment to the InNaBioSanté research foundation as part of the setting up of a cancer research center at the site by the city of Toulouse.

After having articulated several hypotheses, the Court-appointed experts did not maintain in their final report filed on May 11, 2006, that the accident was caused by pouring a large quantity of a chlorine compound over ammonium nitrate. Instead, the experts have retained a scenario where a container of chlorine compound sweepings was poured between a layer of wet ammonium nitrate covering the floor and a quantity of dry agricultural nitrate at a location not far from the principal storage site. This is claimed to have caused an explosion which then spread into the main storage site. Grande Paroisse was investigated based on this new hypothesis in 2006; Grande Paroisse is contesting this explanation, which it believes to be based on elements that are not factually accurate.

On July 9, 2007, the investigating magistrate brought charges against Grande Paroisse and the former plant manager before the criminal chamber of the Court of Appeal of Toulouse. In late 2008, TOTAL S.A. and Mr. Thierry Desmarest were summoned to appear in Court pursuant to a request by a victims association.

On November 19, 2009, the Toulouse Criminal Court acquitted both the former Plant Manager, and Grande Paroisse due to the lack of reliable evidence for the explosion. The Court also ruled that the summonses against TOTAL S.A. and Mr. Thierry Desmarest, Chairman and CEO at the time of the disaster were inadmissible.

Due to the presumption of civil liability that applied to Grande Paroisse, the Court declared Grande Paroisse civilly liable for the damages caused by the explosion to the victims in its capacity as custodian and operator of the plant.

The Prosecutor's office, together with certain third parties, has appealed the Toulouse Criminal Court verdict. In order to preserve its rights, Grande Paroisse lodged a cross-appeal with respect to civil charges.

By its decision of September 24, 2012, the Court of Appeal of Toulouse (*Cour d'appel de Toulouse*) upheld the lower court verdict pursuant to which the summonses against TOTAL S.A. and Mr. Thierry Desmarest were determined to be inadmissible. This element of the

decision has been appealed by certain third parties before the French Supreme Court (*Cour de cassation*).

The Court of Appeal considered, however, that the explosion was the result of the chemical accident described by the court-appointed experts. Accordingly, it convicted the former plant manager and Grande Paroisse. This element of the decision has been appealed by the former plant manager and Grande Paroisse before the French Supreme Court (*Cour de cassation*), which has the effect of suspending their criminal sentences.

A compensation mechanism for victims was set up immediately following the explosion. €2.3 billion was paid for the compensation of claims and related expenses amounts. As of December 31, 2012, a €17 million reserve was recorded in the Group's consolidated balance sheet.

Buncefield

On December 11, 2005, several explosions, followed by a major fire, occurred at an oil storage depot at Buncefield, north of London. This depot was operated by Hertfordshire Oil Storage Limited (HOSL), a company in which TOTAL's UK subsidiary holds 60% and another oil group holds 40%.

The explosion caused injuries, most of which were minor injuries, to a number of people and caused property damage to the depot and the buildings and homes located nearby. The official Independent Investigation Board has indicated that the explosion was caused by the overflow of a tank at the depot. The Board's final report was released on December 11, 2008. The civil procedure for claims, which had not yet been settled, took place between October and December 2008. The Court's decision of March 20, 2009, declared TOTAL's UK subsidiary liable for the accident and solely liable for indemnifying the victims. The subsidiary appealed the decision. The appeal trial took place in January 2010. The Court of Appeal, by a decision handed down on March 4, 2010, confirmed the prior judgment. The Supreme Court of the United Kingdom partially authorized TOTAL's UK subsidiary to contest the decision. TOTAL's UK subsidiary finally decided to withdraw from this recourse due to settlement agreements reached in mid-February 2011.

The Group carries insurance for damage to its interests in these facilities, business interruption and civil liability claims from third parties. The provision for the civil liability that appears in the Group's consolidated financial statements as of December 31, 2012, stands at €1 million after taking into account the payments previously made.

The Group believes that, based on the information currently available, on a reasonable estimate of its liability and on provisions recognized, this accident should not

Table of Contents

have a significant impact on the Group's financial situation or consolidated results.

In addition, on December 1, 2008, the Health and Safety Executive (HSE) and the Environment Agency (EA) issued a Notice of prosecution against five companies, including TOTAL's UK subsidiary. By a judgment on July 16, 2010, the subsidiary was fined £3.6 million, which it paid. The decision takes into account a number of elements that have mitigated the impact of the charges brought against it.

Erika

Following the sinking in December 1999 of the Erika, a tanker that was transporting products belonging to one of the Group companies, the *Tribunal de grande instance* of Paris convicted TOTAL S.A. of marine pollution pursuant to a judgment issued on January 16, 2008, finding that TOTAL S.A. was negligent in its vetting procedure for vessel selection, and ordering TOTAL S.A. to pay a fine of €375,000. The Court also ordered compensation to be paid to those affected by the pollution from the Erika up to an aggregate amount of €192 million, declaring TOTAL S.A. jointly and severally liable for such payments together with the Erika's inspection and classification firm, the Erika's owner and the Erika's manager.

TOTAL S.A. has appealed the verdict of January 16, 2008. In the meantime, it nevertheless proposed to pay third parties who so requested definitive compensation as determined by the Court. Forty-two third parties have been compensated for an aggregate amount of €171.5 million.

By a decision dated March 30, 2010, the *Cour d'appel de Paris* upheld the lower Court verdict pursuant to which TOTAL S.A. was convicted of marine pollution and fined €375,000. TOTAL appealed this decision to the French Supreme Court (*Cour de cassation*).

However, the Court of Appeal ruled that TOTAL S.A. bears no civil liability according to the applicable international conventions and consequently ruled that TOTAL S.A. be not convicted.

TOTAL challenged the criminal law-related aspects of this decision before the French Supreme Court (*Cour de cassation*).

By a decision dated September 25, 2012, the *Cour de cassation* has dismissed the appeal lodged by TOTAL S.A. and upheld the conviction of marine pollution. The *Cour de cassation* also quashed the appeal judgment and ruled that TOTAL S.A. bears civil liability. Consequently, TOTAL S.A. has been declared severally liable together with the Erika's inspection and classification firm, owner and manager to compensate the damages allocated to third parties by the *Cour d'appel de Paris* in 2010.

Nearly all the damages allocated to third parties have already been paid. Consequently, the decision of the *Cour de cassation* did not give rise to a significant financial impact for the Group.

Blue Rapid and the Russian Olympic Committee – Russian regions and Interneft

Blue Rapid, a Panamanian company, and the Russian Olympic Committee filed a claim for damages with the Paris Commercial Court against Elf Aquitaine, alleging a so-called non-completion by a former subsidiary of Elf Aquitaine of a contract related to an exploration and production project in Russia negotiated in the early 1990s. Elf Aquitaine believed this claim to be unfounded and opposed it. On January 12, 2009, the Commercial Court of Paris rejected Blue Rapid's claim against Elf Aquitaine and found that the Russian Olympic Committee did not have standing in the matter. Blue Rapid and the Russian Olympic Committee appealed this decision. On June 30, 2011, the Court of Appeal of Paris dismissed as inadmissible the claim of Blue Rapid and the Russian Olympic Committee against Elf Aquitaine, notably on the grounds of the contract having lapsed. Blue Rapid and the Russian Olympic Committee appealed this decision to the French Supreme Court.

In connection with the same facts, and fifteen years after the termination of the exploration and production contract, a Russian company, which was held not to be the contracting party to the contract, and two regions of the Russian Federation that were not even parties to the contract, launched an arbitration procedure against the aforementioned former subsidiary of Elf Aquitaine that was liquidated in 2005, claiming alleged damages of U.S.\$22.4 billion. For the same reasons as those successfully adjudicated by Elf Aquitaine against Blue Rapid and the Russian Olympic Committee, the Group considers this claim to be unfounded as a matter of law and fact. The Group has lodged a criminal complaint to denounce the fraudulent claim of which the Group believes it is a victim and, has taken and reserved its rights to take other actions and measures to defend its interests.

Iran

In 2003, the United States Securities and Exchange Commission (SEC) followed by the Department of Justice (DoJ) issued a formal order directing an investigation in connection with the pursuit of business in Iran by certain oil companies including, among others, TOTAL.

The inquiry concerns an agreement concluded by the Company with consultants concerning gas fields in Iran and aims to verify whether certain payments made under this agreement would have benefited Iranian officials in violation of the Foreign Corrupt Practices Act (FCPA) and

Table of Contents

the Company's accounting obligations. The Company has fully cooperated with these investigations.

Since 2010, the Company has been in discussions with U.S. authorities (DoJ and SEC) to consider, as it is often the case in these kinds of proceedings, an out-of-court settlement, which would terminate the investigation in exchange for TOTAL respecting a number of obligations, including the payment of a fine and civil compensation, without admission of guilt.

U.S. authorities have proposed draft agreements that could be accepted by TOTAL. Consequently, and although discussions have not yet been finalized, a provision of \$398 million, unchanged since its booking as of June 30, 2012 and reflecting the best estimate of potential costs associated with the resolution of these proceedings, remains booked in the Group's consolidated financial statements as of December 31, 2012.

In this same affair, TOTAL and its Chief Executive Officer, President of the Middle East at the time of the facts, have been placed under formal investigation, following a judicial inquiry initiated in France in 2006.

At this point, the Company considers that the resolution of these cases is not expected to have a significant impact on the Group's financial situation or consequences on its future planned operations.

Libya

In June 2011, the United States Securities and Exchange Commission (SEC) issued to certain oil companies including, among others, TOTAL a formal request for information related to their operations in Libya. TOTAL is cooperating with this non public investigation.

Oil-for-Food Program

Several countries have launched investigations concerning possible violations related to the United Nations (UN) Oil-for-Food program in Iraq.

Pursuant to a French criminal investigation, certain current or former Group employees were placed under formal criminal investigation for possible charges as accessories to the misappropriation of corporate assets and as accessories to the corruption of foreign public agents. The Chairman and Chief Executive Officer of the Company, formerly President of the Group's Exploration & Production division, was also placed under formal investigation in October 2006. In 2007, the criminal investigation was closed and the case was transferred to the Prosecutor's office. In 2009, the Prosecutor's office recommended to the investigating magistrate that the case against the Group's current and former employees and TOTAL's Chairman and Chief Executive Officer not be pursued.

In early 2010, despite the recommendation of the Prosecutor's office, a new investigating magistrate, having taken over the case, decided to indict TOTAL S.A. on bribery charges as well as complicity and influence peddling. The indictment was brought eight years after the beginning of the investigation without any new evidence being introduced.

In October 2010, the Prosecutor's office recommended to the investigating magistrate that the case against TOTAL S.A., the Group's current and former employees and TOTAL's Chairman and Chief Executive Officer not be pursued. However, by ordinance notified in early August 2011, the investigating magistrate on the matter decided to send the case to trial. The hearings started on January 21, 2013 and ended on February 20, 2013. The judgment of the criminal court is expected to be rendered on July 8, 2013.

The Company believes that its activities related to the Oil-for-Food program have been in compliance with this program, as organized by the UN in 1996.

The Volcker report released by the independent investigating committee set up by the UN discarded any grounds for bribery within the framework of the Oil-For-Food program with respect to TOTAL.

Italy

As part of an investigation led by the Prosecutor of the Republic of the Potenza Court, Total Italia and certain Group employees were the subject of an investigation related to certain calls for tenders that Total Italia made for the preparation and development of an oil field. On February 16, 2009, as a preliminary measure before the proceedings went before the Court, the preliminary investigation judge of Potenza served notice to Total Italia of a decision that would have suspended the concession for this field for one year. Total Italia appealed the decision by the preliminary investigation judge before the Court of Appeal of Potenza. In a decision dated April 8, 2009, the Court reversed the suspension of the concession and appointed for one year, *i.e.* until February 16, 2010, a judicial administrator to supervise the operations related to the development of the concession, allowing the Tempa Rossa project to continue.

The criminal investigation was closed in the first half of 2010.

In May 2012, the Judge of the preliminary hearing decided to dismiss the charges for some of the Group's employees and refer the case for trial on a reduced number of charges. The trial started on September 26, 2012.

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In 2010, Total Italia's exploration and production operations were transferred to Total E&P Italia and refining and marketing operations were merged with those of Erg Petroli.

Table of Contents

Rivunion

On July 9, 2012, the Swiss *Tribunal Fédéral* (Switzerland's Supreme Court) rendered its decision against Rivunion, a wholly-owned subsidiary of Elf Aquitaine, confirming a tax reassessment in the amount of CHF 171 million (excluding interest for late payment, yet to be calculated by the competent authorities). According to the *Tribunal*, Rivunion was held liable as tax collector of withholding taxes owed by the beneficiaries of taxable services. Rivunion, in liquidation since March 12, 2002 and unable to recover the amounts corresponding to the withholding taxes in restitution from said beneficiaries in order to meet its fiscal obligations, has been subject to insolvency proceedings since November 1, 2012.

Dividend policy

The Company has paid dividends on its share capital in each year since 1946. Future dividends will depend on the Company's earnings, financial condition and other factors. The payment and amount of dividends are subject to the recommendation of the Board of Directors and resolution by the Company's shareholders at the annual Shareholders' Meeting.

Until the payment of the 2010 dividend, the Company paid an interim dividend in November and the remainder after the annual Shareholders' Meeting. Consequently, for fiscal year 2010, an interim dividend of €1.14 per share and the remainder of €1.14 per share were paid respectively on November 17, 2010 and May 26, 2011.

On October 28, 2010, the Board of Directors decided to change its interim dividend policy and to adopt a new policy based on quarterly dividend payments starting in 2011.

TOTAL paid three quarterly interim dividends for 2012:

- the first quarterly interim dividend of €0.57 per share for fiscal year 2012, approved by the Board of Directors on April 26, 2012, was paid in cash on September 27, 2012 (the ex-dividend date was September 24, 2012);
- the second quarterly interim dividend of €0.59 per share for fiscal year 2012, approved by the Board of Directors on July 26, 2012, was paid in cash on December 20, 2012 (the ex-dividend date was December 17, 2012); and
- the third quarterly interim dividend of €0.59 per share for fiscal year 2012, approved by the Board of Directors on October 30, 2012, was paid in cash on March 21, 2013 (the ex-dividend date was March 18, 2013).

For fiscal year 2012, TOTAL plans to continue its dividend policy by proposing a dividend of €2.34 per share at the Shareholders' Meeting on May 17, 2013, including a remainder of €0.59 per share, with an ex-dividend date on

June 24, 2013 and a payment on June 27, 2013. This dividend is 2.6% higher than the previous year.

Subject to the applicable legislative and regulatory provisions, and pending the approval by the Board of Directors for the interim dividends and by the shareholders at the Shareholders' Meeting for the accounts and the final dividend, the ex-date calendar for the interim quarterly dividends and the final dividend for fiscal year 2013 is expected to be as follows:

- 1st interim dividend: September 24, 2013;
- 2nd interim dividend: December 16, 2013;
- 3rd interim dividend: March 24, 2014; and
- remainder: June 2, 2014.

The provisional ex-dividend dates above relate to the TOTAL shares traded on the Euronext Paris.

Dividends paid to holders of ADRs will be subject to a charge by the Depositary for any expenses incurred by the Depositary in the conversion of euros to dollars. See Item 10. Additional Information – Taxation, for a summary of certain U.S. federal and French tax consequences to holders of shares and ADRs.

Significant changes

On March 27, 2013, TOTAL entered into an agreement for the sale to Suncor Energy Inc. of its 49% interest in the Voyageur upgrader project, which is located in the Canadian province of Alberta and intended to upgrade bitumen from the Fort Hills and Joslyn mines. The transaction amounted to US\$0.5 billion (€0.4 billion). The mining developments of Fort Hills and Joslyn are not affected by this transaction and continue according to the production evacuation logistics studies jointly conducted with Suncor.

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The sale entails a net loss of approximately US\$1.65 billion (approximately €1.25 billion). The future investments budgeted for this upgrader in the Group's strategic plan amounted to US\$5.7 billion (approximately €4.3 billion).

The accounting effects of this sale, which occurred after the close of the 2012 financial statements by TOTAL's Board of Directors, will be reflected in TOTAL S.A.'s intermediate consolidated financial statements for the first quarter of 2013.

The information herein supplements the information provided in Item 4 concerning the Group's activities in Canada (Item 4. Business Overview - Upstream segment - Exploration & Production - North America) and in paragraph E) of Note 4 to the Consolidated Financial Statements.

For a description of other significant changes that have occurred since the date of the Company's Consolidated Financial Statements, see Item 4. Business Overview and Item 5. Operating and Financial Review and Prospects , which include descriptions of certain recent 2013 activities.

Table of Contents**ITEM 9. THE OFFER AND LISTING****Markets**

The principal trading market for the shares is the Euronext Paris exchange in France. The shares are also listed on Euronext Brussels and the London Stock Exchange.

Offer and listing details**Trading on Euronext Paris**

Official trading of listed securities on Euronext Paris, including the shares, is transacted through French investment service providers that are members of Euronext Paris and takes place continuously on each business day in Paris from 9:00 a.m. to 5:30 p.m. (Paris time), with a fixing of the closing price at 5:35 p.m. Euronext Paris may suspend or resume trading in a security listed on Euronext Paris, if the quoted price of the security exceeds certain price limits defined by the regulations of Euronext Paris.

The markets of Euronext Paris settle and transfer ownership three trading days after a transaction (T+3). Highly liquid shares, including those of the Company, are eligible for deferred settlement (*Service de Règlement Différé* – SRD). Payment and delivery for shares under the SRD occurs on the last trading day of each month. Use of the SRD service requires payment of a commission. Under this system, the determination date for settlement on the following month occurs on the fifth trading day prior to the last trading day (inclusive) of each month.

In France, the shares are included in the principal index published by Euronext Paris (the CAC 40 Index). The CAC 40 Index is derived daily by comparing the total market capitalization of forty stocks traded on Euronext Paris to the total market capitalization of the stocks that made up the CAC 40 Index on December 31, 1987. Adjustments are made to allow for expansion of the sample due to new issues. The CAC 40 Index indicates trends in the French stock market as a whole and is one of the most widely followed stock price indices in France. In the UK, the shares are listed in both the FTSE Eurotop 100 and FTSEurofirst 300 index. As a result of the creation of Euronext, the shares are included in Euronext 100, the index representing Euronext's blue chip companies based on market capitalization. The shares are also included in the Dow Jones Stoxx 50 and Dow Jones Euro Stoxx 50, blue chip indices comprised of the fifty most highly capitalized and most actively traded equities throughout Europe and within the European Monetary Union, respectively. Since June 2000, the shares have been included in the Dow Jones Global Titans Index which consists of fifty global companies selected based on market capitalization, book value, assets, revenue and earnings.

The table below sets forth, for the periods indicated, the reported high and low quoted prices in euros for the currently outstanding shares on Euronext Paris.

Price per share (€)	High	Low
2008	59.500	31.520
2009	45.785	34.250
2010	46.735	35.655
2011	44.550	29.400
First Quarter	44.550	39.710
Second Quarter	43.730	37.305
Third Quarter	40.895	29.400
Fourth Quarter	39.810	31.730
2012	42.970	33.420
First Quarter	42.970	37.020
Second Quarter	39.400	33.420
Third Quarter	41.995	34.505
September	41.995	38.600
Fourth Quarter	40.110	36.925
October	40.110	37.970
November	39.695	36.925
December	39.940	38.060
2013 (through February 28)	40.820	37.040
January	40.820	39.030
February	40.480	37.040

Trading on the New York Stock Exchange

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ADSs evidenced by ADRs have been listed on the New York Stock Exchange since October 25, 1991. The Bank of New York Mellon serves as depositary with respect to the ADSs evidenced by ADRs traded on the New York

Stock Exchange. One ADS corresponds to one TOTAL share. The table below sets forth, for the periods indicated, the reported high and low prices quoted in dollars for the currently outstanding ADSs evidenced by ADRs on the New York Stock Exchange.

Table of Contents

Price per ADR (\$)	High	Low
2008	91.34	42.60
2009	65.98	42.88
2010	67.52	43.07
2011	64.44	40.00
First Quarter	62.31	52.61
Second Quarter	64.44	53.04
Third Quarter	58.25	40.00
Fourth Quarter	55.93	41.85
2012	57.06	41.75
First Quarter	57.06	48.82
Second Quarter	52.50	41.75
Third Quarter	55.07	41.85
September	55.07	49.20
Fourth Quarter	52.77	46.99
October	52.58	49.04
November	51.03	46.99
December	52.77	49.33
2013 (through February 28)	55.35	48.56
January	55.35	51.15
February	55.20	48.56

ITEM 10. ADDITIONAL INFORMATION**Memorandum and Articles of Association****Register information**

TOTAL S.A. is registered with the Nanterre Trade Register under the registration number 542 051 180.

Objects and purposes

The Company's purpose can be found in Article 3 of its bylaws (*statuts*). Generally, the Company may engage in all activities relating to: (i) the exploration and extraction of mining deposits and the performance of industrial refining, processing, and trading of these materials, as well as their derivatives and by-products; (ii) the production and distribution of all forms of energy; (iii) the chemicals, rubber and health industries; (iv) the transportation and shipping of hydrocarbons and other products or materials relating to the Company's business purpose; and (v) all financial, commercial, and industrial operations and operations relating to any fixed or unfixed assets and real estate, acquisitions of interests or holdings in any business or company that may relate to any of the above-mentioned purposes or to any similar or related purposes, of such nature as to promote the Company's extension or its development.

Director issues**Compensation**

Directors receive attendance fees, the maximum aggregate amount of which, determined by the shareholders acting at a shareholders' meeting, remains in effect until a new decision is made. The Board apportions attendance fees among its members in whatever way it considers appropriate. In particular, it may apportion to Directors who

are members of the committees of the Board a larger share than the amount apportioned to other Directors.

Retirement

The number of Directors of TOTAL who are acting in their own capacity or as permanent representatives of a legal entity and are over seventy years old may not exceed one-third of the number of Directors in office at the end of the fiscal year. If such proportion is exceeded, the oldest Board member is automatically

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deemed to have resigned. Directors who are the permanent representative of a legal person may not continue in office beyond their seventieth birthday.

Currently, the duties of the Chairman of the Board automatically cease on his sixty-fifth birthday at the latest. At their meeting of May 15, 2009, the shareholders adopted an amendment of the bylaws pertaining to the rules relating to the nomination of the Chairman. The amendment allows the Board, as an exception to the currently applicable sixty-five year age limit, to appoint as Chairman of the Board for a period of up to two years a Director who is more than sixty-five years old but less than seventy years old.

Shareholdings

Each Director must own at least 1,000 shares of TOTAL during his or her term of office, except the Director representing the employees shareholders who shall hold, either individually or through an investment trust governed by Article L. 214-40 of the Monetary and Financial Code (French FCPE), at least one share or a number of stocks in such investment trust amounting to at least one share.

Table of Contents

Election

The term of office for Directors is set by the shareholders acting in an ordinary shareholders meeting and may not exceed three years, subject to applicable law that may allow extension of the duration of a given term until the next ordinary shareholders meeting held to approve the financial statements.

In 2003, TOTAL amended its bylaws to provide for the election of one Director to represent employee shareholders. This Director was appointed for the first time at the shareholders meeting held on May 14, 2004.

Description of shares

The following is a summary of the material rights of holders of fully paid shares and is based on the bylaws of the Company and French Company Law as codified in Volume II (*Livre II*) of the French Commercial Code (referred to herein as the French Company Law). For more complete information, please read the bylaws of TOTAL S.A., a copy of which has been filed as an exhibit to this Annual Report.

Dividend rights

The Company may make dividend distributions to its shareholders from net income in each fiscal year, after deduction of the overhead and other social charges, as well as of any amortization of the business assets and of any provisions for commercial and industrial contingencies, as reduced by any loss carried forward from prior years, and less any contributions to reserves or amounts that the shareholders decide to carry forward. These distributions are also subject to the requirements of French Company Law and the Company's bylaws.

Under French Company Law, the Company must allocate 5% of its net profits in each fiscal year to a legal reserve fund until the amount in that fund is equal to 10% of the nominal amount of its share capital.

The Company's bylaws provide that its shareholders may decide to allocate all or a part of any distributable profits among special or general reserves, to carry them forward to the next fiscal year as retained earnings, or to allocate them to the shareholders as dividends. The bylaws provide that the shareholders meeting held to approve the financial statements for the financial year may decide to grant an option to each shareholder between payment of the dividend in cash and payment in shares with respect to all or part of the dividend or interim dividends.

Under French Company Law, the Company must distribute dividends to its shareholders pro rata, according to their shareholdings. Dividends are payable to holders of outstanding shares on the date fixed by the shareholders

meeting approving the distribution of dividends or, in the case of interim dividends, on the date fixed by the Company's Board of Directors at the meeting that approves the distribution of interim dividends. Under French law, dividends not claimed within five years of the date of payment revert to the French State.

Voting rights

Each shareholder of the Company is entitled to the number of votes he or she possesses, or for which he or she holds proxies. According to French Company Law, voting rights may not be exercised in respect of fractional shares.

According to the Company's bylaws, each registered share that is fully paid and registered in the name of the same shareholder for a continuous period of at least two years is granted a double voting right after such two-year period. Upon capital increase by capitalization of reserves, profits or premiums on shares, a double voting right is granted to each registered share allocated without charge to a shareholder in connection with previously existing shares that already carry double voting rights. Any merger of the Company would have no effect on the double voting right, which may be exercised within the absorbing company, if the latter's articles of association have created a similar right. The double voting right is automatically canceled when the share is converted into a bearer share or when the share is transferred, unless such transfer is due to inheritance *ab intestat* or testamentary inheritance, division of community property between spouses, or a donation *inter vivos* during the lifetime of the shareholder to the benefit of a spouse or relatives eligible to inherit.

French Company Law limits a shareholder's right to vote notably in the following circumstances:

- shares held by the Company or by entities controlled by the Company under certain conditions, which cannot be voted;
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shares held by shareholders making a contribution in-kind to the Company, which cannot be voted with respect to resolutions relating to such in-kind contributions; and

- shares held by interested parties, which cannot be voted with respect to resolutions relating to such shareholders.

Under the Company's bylaws, the voting rights exercisable by a shareholder, directly, indirectly or by proxy, at any shareholders' meeting are limited to 10% of the total number of voting rights attached to the shares on the date of such shareholders' meeting. This 10% limitation may be increased by taking into account double voting rights held directly or indirectly by the shareholder or by proxy, provided that the voting rights exercisable by a shareholder

Table of Contents

at any shareholders' meeting may never exceed 20% of the total number of voting rights attached to the shares.

According to the Company's bylaws, the above limitations on voting lapse automatically if any individual or entity acting alone or in concert with an individual or entity, comes to hold at least two-thirds of the total number of Company shares as a result of a public offer for all of the Company shares.

Liquidation rights

In the event the Company is liquidated, its assets remaining after payment of its debts, liquidation expenses and all of its other remaining obligations will first be distributed to repay the nominal value of the shares. After these payments have been made, any surplus will be distributed *pro rata* among the holders of shares based on the nominal value of their shareholdings.

Redemption provisions

The Company's shares are not subject to any redemption provisions.

Sinking fund provisions

The Company's shares are not subject to any sinking fund provisions.

Future capital calls

Shareholders are not liable to the Company for further capital calls on their shares.

Preferential subscription rights

As provided by French Company Law, if the Company issues additional shares, or any equity securities or other specific kinds of additional securities carrying a right, directly or indirectly, to purchase equity securities issued by the Company for cash or cash equivalents, current shareholders will have preferential subscription rights to these securities on a *pro rata* basis. A two-thirds majority of the present and represented shares at an extraordinary shareholders' meeting may vote to waive preferential subscription rights with respect to any particular offering. French law requires a company's board of directors and independent auditors to present reports that specifically address any proposal to waive preferential subscription rights. The shareholders may also authorize at an extraordinary shareholders' meeting the allocation to the existing shareholders of a nontransferable priority right to subscribe for the new securities during a limited period of time. Shareholders may also waive their own preferential subscription rights with respect to any particular offering.

During the subscription period relating to a particular offering of shares, shareholders may transfer their

preferential subscription rights that they have not previously waived.

Changes in share capital

Under French Company Law, the Company may increase its share capital only with the approval of its shareholders at an extraordinary shareholders' meeting (or with a delegation of authority from its shareholders). There are two methods to increase share capital: (i) by issuing additional shares, including the creation of a new class of securities and (ii) by increasing the nominal value of existing shares. The Company may issue additional shares for cash or for assets contributed in kind, upon the conversion of debt securities, or other securities giving access to its share capital, that it may have issued, by capitalization of its reserves, profits or issuance premiums.

Under French Company Law, the Company may decrease its share capital only with the approval of its shareholders at an extraordinary shareholders' meeting (or with a delegation of authority from its shareholders). There are two methods to reduce share capital: (i) by reducing the number of shares outstanding, and (ii) by decreasing the nominal value of existing shares. The conditions under which the share capital may be reduced will vary depending upon whether the reduction is attributable to losses. The Company may reduce the number of outstanding shares either by an exchange of shares or by the repurchase and cancellation of its shares. If the reduction is attributable to losses, shares are cancelled through offsetting the Company's losses. Any decrease must meet the requirements of French Company Law, which states, among other things, that all the holders of shares in each class of shares must be treated equally, unless the affected shareholders otherwise agree.

Form of shares

The Company has only one class of shares, with a par value of €2.50 per share. Shares may be held in either bearer or registered form. Shares traded on NYSE Euronext Paris are cleared and settled through Euroclear France. The Company may use any lawful means to identify holders of securities that grant immediate or future voting rights, including a procedure known as *titres au porteur identifiable* according to which Euroclear France will, upon the Company's request, disclose to the Company the name, nationality, address and number of shares held by each shareholder in bearer form. The information may only be requested by the Company and may not be communicated to third parties.

Holding of shares

Under French Company Law and since the dematerialization of securities, the ownership rights of

Table of Contents

shareholders are represented by book entries instead of share certificates (other than certificates representing French securities, which are outstanding exclusively outside the territory of France and are not held by French residents). Registered shares are entered into an account maintained by the Company or by a representative that it has nominated, while shares in bearer form must be held in an account maintained by an accredited financial intermediary on the shareholder's behalf.

For all shares in registered form, the Company maintains a share account with Euroclear France which is administered by BNP Paribas Securities Services. In addition, the Company maintains accounts in the name of each registered shareholder either directly or, at a shareholder's request, through a shareholder's accredited intermediary, in separate accounts maintained by BNP Paribas Securities Services on behalf of the Company. Each shareholder's account shows the name and number of shares held and, in the case of shares registered through an accredited financial intermediary, the fact that they are so held. BNP Paribas Securities Services, as a matter of course, issues confirmations to each registered shareholder as to shares registered in a shareholder's account, but these confirmations do not constitute documents of title.

Shares held in bearer form are held and registered on the shareholder's behalf in an account maintained by an accredited financial intermediary and are credited to an account at Euroclear France maintained by the intermediary. Each accredited financial intermediary maintains a record of shares held through it and will issue certificates of inscription for the shares that it holds. Transfers of shares held in bearer form only may be made through accredited financial intermediaries and Euroclear France.

Cancellation of treasury shares

After receiving authorization through an extraordinary shareholders' meeting, the Board of Directors of the Company may cancel treasury shares owned by the Company in accordance with French Company Law up to a maximum of 10% of the share capital within any period of twenty-four months.

Description of TOTAL share certificates

The TOTAL share certificates are issued by Euroclear France. French law allows Euroclear France to create certificates representing French securities provided that these certificates are intended to be outstanding exclusively outside the territory of France and cannot be held by residents of France. Furthermore, TOTAL share certificates may not be held by a foreign resident in France, either personally or in the form of a bank deposit, but the coupons and rights may be exercised in France.

Certificates for TOTAL shares are either in bearer form or registered in a securities trading account. Under Euroclear France regulations applicable to bearer stock certificates, TOTAL share certificates cannot be categorized as secondary securities, such as ADSs, issued by a foreign company to represent TOTAL shares.

TOTAL share certificates have the characteristics of a bearer security, meaning they are:

- negotiable outside France;
- transmitted by delivery; and
- fungible with TOTAL share certificates, which may be converted freely from bearer form to registration in an account.

All rights attached to TOTAL shares must be exercised directly by the bearer of the TOTAL share certificates.

Share capital

Share capital history

Fiscal 2010

January 12, 2011

Acknowledgement of the issuance of 1,218,047 new shares, par value €2.50 per share, through the exercise of stock options between January 1 and December 31, 2010, raising the share capital by €3,045,117.50 from €5,871,057,210 to €5,874,102,327.50.

Fiscal 2011

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April 28, 2011

Acknowledgement of the subscription to 8,902,717 new shares, par value €2.50 per share, as part of the capital increase reserved for Group employees approved by the Board of Directors on October 28, 2010, raising the share capital by €22,256,792.50, from €5,874,102,327.50 to €5,896,359,120.

January 12, 2012

Acknowledgement of the issuance of 5,223,665 new shares, par value €2.50 per share, through the exercise of stock options between January 1 and December 31, 2011, raising the share capital by €13,059,162.50 from €5,896,359,120 to €5,909,418,282.50

Table of Contents

Fiscal 2012

July 2, 2012	Acknowledgement of the issuance of 1,366,950 new shares, par value €2.50 per share, as part of the global free TOTAL share plan to Group employees decided by the Board of Directors on May 21, 2010, raising the share capital by €3,417,375 from €5,909,418,282.50 to €5,912,835,657.50.
January 8, 2013	Acknowledgement of the issuance of 798,883 new shares, par value €2.50 per share, through the exercise of stock options between January 1 and December 31, 2012, raising the share capital by €1,997,207.50 from €5,912,835,657.50 to €5,914,832,865.

Share buybacks during 2012

Under the authorization granted by the Shareholders Meeting of May 11, 2012, 1,800,000 TOTAL shares, each with a par value of €2.5, were bought back by the Group in 2012 (i.e., 0.08% of the share capital as of December 31, 2012). This buyback was completed at an average price of €37.80 per share, for a total cost of approximately €68.03 million, excluding transaction fees. This buyback is intended to cover the restricted share grant plan approved by the Board of Directors on July 26, 2012.

Authorized share capital not issued as of December 31, 2012

The following is a summary of the currently valid delegations and authorizations to increase share capital that have been granted by the Shareholders Meeting to the Board of Directors.

◦ Thirteenth resolution of the Shareholders Meeting held on May 11, 2012

Delegation of authority granted by the Shareholders Meeting to the Board of Directors to increase the share capital by issuing common shares or other securities granting immediate or future rights to the Company's share capital, maintaining shareholders' pre-emptive subscription rights up to a maximum nominal amount of €2.5 billion, i.e., 1 billion shares (delegation of authority valid for twenty-six months).

Furthermore, the maximum nominal amount of the debt securities granting rights to the Company's share capital that may be issued pursuant to the thirteenth resolution and the fourteenth and sixteenth resolutions (mentioned below) may not exceed €10 billion, or their exchange value, on the date of issuance.

◦ Fourteenth resolution of the Shareholders Meeting held on May 11, 2012

Delegation of authority granted by the Shareholders Meeting to the Board of Directors to increase the share capital by issuing common shares or other securities granting immediate or future rights to the Company's share capital, canceling shareholders' pre-emptive subscription rights, including the compensation comprised of securities as part of a public exchange offer, provided that they meet the requirements of Article L. 225-148 of the French

Commercial Code. This resolution grants the Board of Directors the authority to grant a priority period for shareholders to subscribe to these securities pursuant to the provisions of Article L. 225-135 of the French Commercial Code. The total amount of the capital increases without pre-emptive subscription rights that may occur immediately or in the future cannot exceed the nominal amount of €850 million, i.e., 340 million shares, par value €2.50 (delegation of authority valid for twenty-six months). Furthermore, under the fifteenth resolution of the Shareholders Meeting held on May 11, 2012, the Board is authorized, for each of the issuances made in connection with the fourteenth resolution, to increase the number of securities to be issued within the limit of the ceiling of 15% of the initial issuance (at the same price as the price fixed for the initial issuance) within the limit of the ceiling fixed under the fourteenth resolution. The nominal amount of the capital increases is counted against the maximum aggregate nominal amount of €2.5 billion authorized by the thirteenth resolution of the Shareholders Meeting held on May 11, 2012.

Furthermore, the maximum nominal amount of the debt securities granting rights to the Company's share capital that may be issued pursuant to the above mentioned thirteenth and fourteenth resolutions and the sixteenth resolution (mentioned below) may not exceed €10 billion, or their exchange value, on the date of issuance.

◦ Sixteenth resolution of the Shareholders Meeting held on May 11, 2012

Delegation of power granted by the Shareholders Meeting to the Board of Directors to increase the share capital by issuing new ordinary shares or other securities granting immediate or future rights to the Company's share capital as compensation of in-kind contribution granted to the Company, by an amount not exceeding 10% of the share capital outstanding at the date of the Shareholders Meeting on May 11, 2012 (delegation of authority valid for twenty-six months). The nominal amount of the capital increases is counted against the maximum aggregate nominal amount of €850 million authorized by the fourteenth resolution of the Shareholders Meeting held on May 11, 2012.

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Furthermore, the maximum nominal amount of the debt securities granting rights to the Company's share capital

Table of Contents

that may be issued pursuant to the above mentioned thirteenth, fourteenth and sixteenth resolutions may not exceed €10 billion, or their exchange value, on the date of issuance.

◦ Seventeenth resolution of the Shareholders Meeting held on May 11, 2012

Delegation of authority to the Board of Directors to complete capital increases reserved for employees participating in a company savings Plan (*Plan d'épargne d'entreprise*), up to a maximum of 1.5% of the outstanding share capital on the date of the decision of the Board of Directors to proceed with the issue (delegation of authority valid for twenty-six months), it being specified that the amount of the capital increase is counted against the maximum aggregate nominal amount of €2.5 billion authorized by the thirteenth resolution of the Shareholders Meeting of May 11, 2012.

◦ Eighteenth resolution of the Shareholders Meeting held on May 11, 2012

Delegation of powers to the Board of Directors to complete reserved capital increases aiming to give employees of foreign subsidiaries benefits comparable with those received by employees under the seventeenth resolution of the Shareholders Meeting held on May 11, 2012, up to a maximum (under a common ceiling with the seventeenth resolution) of 1.5% of the outstanding share capital on the date of the decision of the Board of Directors to proceed with the issue (delegation of authority valid for eighteen months), it being specified that the amount of the capital increase is counted against the maximum aggregate nominal amount of €2.5 billion authorized by the thirteenth resolution of the Shareholders Meeting of May 11, 2012.

As part of the delegations granted under the seventeenth and eighteenth resolutions, the Board of Directors meeting, held on September 18, 2012, decided to increase the capital by issuing up to 18 million shares. This capital increase was opened up to employees and financial institutions involved at the Company's request or companies or entities set up specifically and exclusively to implement an employee savings scheme with the objective of providing employees of foreign subsidiaries with benefits comparable with those received by employees who are able to subscribe directly, or indirectly through the intermediary of a company collective investment fund, and will be completed prior to the Shareholders Meeting held on May 17, 2013.

As a result of the use of the delegations granted under the seventeenth and eighteenth resolutions of the Shareholders Meeting held on May 11, 2012, by the

Board of Directors on September 18, 2012, and given that the Board of Directors did not make use of the delegations of authority granted by the thirteenth, fourteenth and sixteenth resolutions, the authorized capital not issued was €2.46 billion as of December 31, 2012, representing 982 million shares.

◦ Eleventh resolution of the Shareholders Meeting held on May 13, 2011

Authority to grant restricted outstanding or new TOTAL shares to employees of the Group and to corporate executive officers up to a maximum of 0.8% of the share capital outstanding on the date of the meeting of the Board of Directors that approves the restricted share grants. In addition, the shares granted to the Company's corporate executive officers cannot exceed 0.01% of the outstanding share capital on the date of the meeting of the Board of Directors that approves the grants (authorization valid for thirty-eight months).

Pursuant to this authorization: 3,700,000 outstanding shares were awarded by the Board of Directors at its meeting on September 14, 2011, including 16,000 outstanding shares awarded to the Chairman and Chief Executive Officer; and 4,300,000 outstanding shares were awarded by the Board of Directors on July 26, 2012, including 53,000 outstanding shares awarded to the Chairman and Chief Executive.

As of December 31, 2012, 10,927,465 shares, including 167,593 to the Company's corporate executive officers could, therefore, still be awarded pursuant to this authorization.

◦ Twenty-first resolution of the Shareholders Meeting held on May 21, 2010

Authority to grant stock options to TOTAL employees and to corporate executive officers up to a maximum of 1.5% of the share capital outstanding on the date of the meeting of the Board of Directors that approves the stock option grant. In addition, the options granted to the Company's corporate executive officers cannot exceed 0.1% of the outstanding share capital on the date of the meeting of the Board of Directors that approves the grants (authorization valid for thirty-eight months).

Pursuant to this authorization: 4,925,000 stock options were awarded by the Board of Directors at its meeting on September 14, 2010, including 240,000 stock options to the Chairman and Chief Executive Officer; and 1,600,000 stock options were awarded by the Board of Directors at its meeting on September 14, 2011, including 160,000 stock options to the Chairman and Chief Executive Officer.

As of December 31, 2012, 28,963,997 stock options, including 1,965,933 to the Company's corporate executive

Table of Contents

officers, could still be awarded pursuant to this authorization.

- Nineteenth resolution of the Shareholders Meeting held on May 11, 2012

Authority to cancel shares up to a maximum of 10% of the share capital of the Company existing as of the date of the operation within a twenty-four-month period. This authorization is effective until the Shareholders Meeting held to approve the financial statements for the year ending December 31, 2016. The Board did not make use of this delegation of authority during fiscal year 2012.

Based on 2,365,933,146 shares outstanding on December 31, 2012, the Company may, up until the conclusion of the Shareholders Meeting called to approve the financial statements for the fiscal year ending on December 31, 2016, cancel a maximum of 236,593,314 shares before reaching the cancellation threshold of 10% of share capital canceled during a twenty-four-month period.

Potential share capital as of December 31, 2012

Securities granting rights to TOTAL shares, through exercise or redemption, are TOTAL share subscription options amounting to 32,462,382 share subscription options as of December 31, 2012, divided into:

- 6,160,020 options⁽¹⁾ for the plan awarded by the Board of Directors on July 19, 2005;
- 5,621,526 options for the plan awarded by the Board of Directors on July 18, 2006;
- 5,848,985 options for the plan awarded by the Board of Directors on July 17, 2007;
- 4,330,468 options for the plan awarded on October 9, 2008 by decision of the Board of Directors on September 9, 2008;
- 4,334,900 options for the plan awarded by the Board of Directors on September 15, 2009;
- 4,661,443 options for the plan awarded by the Board of Directors on September 14, 2010; and
- 1,505,040 options for the plan awarded by the Board of Directors on September 14, 2011.

The potential share capital (existing share capital plus securities granting rights to TOTAL shares, through exercise or redemption) of 2,398,395,528 shares, represents 101.37% of the share capital as of December 31, 2012, on the basis of 2,365,933,146 TOTAL shares constituting the share capital as of

December 31, 2012, and of 32,462,382 TOTAL shares that could be issued upon the exercise of TOTAL options.

In addition, the global free TOTAL share plan intended for all Group employees awarded by the Board of Directors at its meeting on May 21, 2010, is likely to result in the issuance of a maximum of 974,900 shares as of December 31, 2012.

Other issues

Shareholders meetings

French companies may hold either ordinary or extraordinary shareholders meetings. Ordinary shareholders meetings are required for matters that are not specifically reserved by law to extraordinary shareholders meetings: the election of the members of the Board of Directors, the appointment of statutory auditors, the approval of a management report prepared by the Board of Directors, the approval of the consolidated and unconsolidated annual financial statements, the declaration of dividends and the share purchase programs. Extraordinary shareholders meetings are required for approval of amendments to a company's bylaws, modification of shareholders rights, mergers, increases or decreases in share capital, including a waiver of preferential subscription rights, the creation of a new class of shares, the authorization of the issuance of investment certificates or securities convertible, exchangeable or redeemable into shares and for the sale or transfer of substantially all of a company's assets.

The Company's Board of Directors is required to convene an annual shareholders meeting for approval of the annual financial statements. This meeting must be held within six months of the end of the fiscal year. However, the president of the *Tribunal de Commerce* of Nanterre, the local French commercial court, may grant an extension of this six-month period. The Company may convene other ordinary and extraordinary shareholders meetings at any time during the year. Meetings of shareholders may be convened by the Board of Directors or, if it fails to call a meeting, by the Company's statutory auditors or by a court-appointed agent. A shareholder or group of shareholders holding at least 5% of the share capital, the employee committee or another interested party under certain exceptional circumstances, may request that the court appoint an agent. The notice of meeting must state the agenda for the meeting.

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French Company Law requires that a preliminary notice of a listed company's shareholders' meeting be published in the *Bulletin des annonces légales obligatoires* (BALO) at

158

(1) After considering the May 22, 2006 adjustments of the price and the number of share options, in accordance with the legal provisions in force at that date and following decisions of the Shareholders' Meeting held on May 12, 2006 pertaining to the four-for-one stock split of TOTAL and the spin-off of Arkema.

Table of Contents

least thirty-five days prior to the meeting (or fifteen days in the event the Company is subject to a tender offer and the Company calls a shareholders' meeting to approve measures, the implementation of which would be likely to cause such tender offer to fail). The preliminary notice must first be sent to the French Financial Markets Authority (*Autorité des marchés financiers*) (AMF) with an indication of the date it is to be published in the BALO.

The preliminary notice must include notably the agenda of the meeting and the proposed resolutions that will be submitted to a shareholders' vote.

One or more shareholders holding a certain percentage of the Company's share capital determined on the basis of a formula related to capitalization may propose to add on the shareholders' meeting's agenda new resolutions to be submitted to a shareholders' vote and/or matters without a shareholders' vote (*points*), provided that the text of the new resolutions or matters be received by the Company on at least the twenty-fifth day preceding the meeting (or at least the tenth day in the event the Company is subject to a tender offer and the Company calls a shareholders' meeting to approve measures, the implementation of which would be likely to cause such tender offer to fail). Eligible shareholders' request to add new matters to the meeting's agenda has to be duly motivated.

French Company Law also requires that the preliminary notice of a listed company's shareholders' meeting, as well as the additional resolutions and/or matters presented by the shareholders under the terms and conditions prescribed under French law, be published on the Company's website during a period starting at the latest on the twenty-first day prior to the meeting (or the fifteenth day in the event the Company is subject to a tender offer and the Company calls a shareholders' meeting to approve measures, the implementation of which would be likely to cause such tender offer to fail).

Notice of a shareholders' meeting is sent by postal or electronic mail at least fifteen days (or six days in the event of shareholders' meetings convened in the situation where the Company was subject to a tender offer to approve measures, the implementation of which would be likely to cause such tender offer to fail) before the meeting to all holders of registered shares who have held their shares for more than one month. However, in the case where the original meeting was adjourned because a quorum was not met, this time period is reduced to ten days (or four days in the event of shareholders' meetings convened in the situation where the Company were subject to a tender offer to approve measures, the implementation of which would be likely to cause such tender offer to fail).

Attendance and the exercise of voting rights at both ordinary and extraordinary shareholders' meetings are subject to certain conditions. Pursuant to French Company Law, participation at shareholders' meetings is subject to the condition that an entry of registration has been made, for the owner of registered shares, in the records maintained by the Company, or, for the owner of bearer shares, in the records of an authorized intermediary, in each case at 12:00 a.m. (Paris time) on the third trading day preceding the shareholders' meeting. For the owner of bearer shares, the registration is evidenced by a certificate of participation (*attestation de participation*) issued by the authorized intermediary.

Subject to the above restrictions, all of the Company's shareholders have the right to participate in the Company's shareholders' meetings, either in person or by proxy. Each shareholder may delegate voting authority to another shareholder, the shareholder's spouse, or the companion with whom the shareholder has registered a civil partnership (PACS). Every shareholder may also delegate voting authority to any other individual or legal entity he or she may choose, provided, among other things, that a written proxy be provided to the Company. Shareholders may vote, either in person, by proxy, or by postal or electronic mail, and each is entitled to as many votes as he or she possesses or as many shares as he or she holds proxies for, subject to the voting rights limitations provided by the Company's bylaws. If the shareholder is a legal entity, it may be represented by a legal representative. A shareholder may grant a proxy to the Company by returning a blank proxy form. In this last case, the chairman of the shareholders' meeting may vote the shares in favor of all resolutions proposed or agreed to by the Board of Directors and against all others. The Company will send proxy forms to shareholders upon request. In order to be counted, proxies must be received at least three days prior to the shareholders' meeting at the Company's registered office or at another address indicated in the notice convening the meeting, or by 3:00 p.m. on the day prior to the shareholders' meeting for electronic proxy forms. Under French Company Law, shares held by the Company or by entities controlled directly or indirectly by the Company are not entitled to voting rights. There is no requirement that a shareholder have a minimum number of shares in order to be able to attend or be represented at shareholders' meetings.

Under French Company Law, a quorum requires the presence, in person or by proxy, including those voting by mail, of shareholders having at least 20% of the shares entitled to vote in the case of (i) an ordinary shareholders' meeting, (ii) an extraordinary shareholders' meeting where shareholders are voting on a capital increase by

Table of Contents

capitalization of reserves, profits or share premium, or (iii) an extraordinary shareholders' meeting of shareholders convened in the situation where the Company is subject to a tender offer in order to approve an issuance of warrants allowing the subscription, at preferential conditions, of shares of the Company and the free allotment of such warrants to existing shareholders of the Company, the implementation of which would be likely to cause such tender offer to fail, or 25% of the shares entitled to vote in the case of any other extraordinary shareholders' meeting. If a quorum is not present at any meeting, the meeting is adjourned. There is no quorum requirement when an ordinary shareholders' meeting is reconvened, but the reconvened meeting may consider only questions that were on the agenda of the adjourned meeting. When an extraordinary shareholders' meeting is reconvened, the quorum required is 20% of the shares entitled to vote, except where the reconvened meeting is considering capital increases through capitalization of reserves, profits or share premium or an issuance of warrants allowing the subscription, at preferential conditions, of shares of the Company and the free allotment of such warrants to existing shareholders of the Company, the implementation of which would be likely to cause such tender offer to fail. For these matters, no quorum is required at the reconvened meeting. If a quorum is not present at a reconvened meeting requiring a quorum, then the meeting may be adjourned for a maximum of two months.

At an ordinary shareholders' meeting, approval of any resolution requires the affirmative vote of a simple majority of the votes of the shareholders present or represented by proxy. The approval of any resolution at an extraordinary shareholders' meeting requires the affirmative vote of a two-thirds majority of the votes cast, except that (i) any resolution to approve a capital increase by capitalization of reserves profits, or share premium, or (ii) any resolution, in the situation where the Company is subject to a tender offer in order to approve an issuance of warrants allowing the subscription, at preferential conditions, of shares of the Company and the free allotment of such warrants to existing shareholders of the Company, the implementation of which would be likely to cause such tender offer to fail, only requires the affirmative vote of a simple majority of the votes cast. Notwithstanding these rules, a unanimous vote is required to increase shareholders' liabilities. Abstention from voting by those present or represented by proxy is counted as a vote against any resolution submitted to a vote.

As set forth in the Company's bylaws, shareholders' meetings are held at the Company's registered office or at any other location specified in the written notice.

Requirements for temporary transfer of securities

French Company Law provides that any legal entity or individual (with the exception of those described in paragraph IV-3° of Article L. 233-7 of the French Commercial Code) holding alone or in concert a number of shares representing more than 0.5% of the Company's voting rights as a result of one or several temporary stock transfers or assimilated transactions within the meaning of Article L. 225-126 of the French Commercial Code is required to inform the Company and the AMF of the number of the shares that are temporarily possessed no later than the third business day preceding the shareholders' meeting at midnight.

If such declaration is not made, the shares bought under any of the above described temporary stock transfers or assimilated transactions shall be deprived of their voting rights at the relevant shareholders' meeting and at any shareholders' meeting that would be held until such shares are transferred again or returned.

Ownership of shares by non-French persons

There is no limitation on the right of non-resident or foreign shareholders to own securities of the Company, either under French Company Law or under the bylaws of the Company.

Requirement for holdings exceeding certain percentages

French Company Law provides that any individual or entity, acting alone or in concert with others, that holds, directly or indirectly, more than 5%, 10%, 15%, 20%, 25%, 30%, 1/3, 50%, 2/3, 90% or 95% of the outstanding shares or of the voting rights⁽¹⁾ attached to the shares, or that increases or decreases its shareholding or voting rights by any of the above percentages must notify the Company by registered letter, with return receipt, within four business days of crossing any of the above-mentioned thresholds, of the number of shares and voting rights it holds. An individual or entity must also notify the AMF within four trading days of crossing any of the above-mentioned thresholds. When a shareholder crosses such ownership thresholds, AMF rules also require disclosure of certain information relating to other financial instruments that could increase the shareholding of the individual or entity. In addition, every shareholder who, directly or indirectly, acting alone or in concert with others, acquires ownership

⁽¹⁾ For purposes of shareholding threshold declarations, pursuant to Article 223-11 of the General Regulation of the AMF, voting rights are calculated on the basis of all outstanding shares, whether or not these shares would have rights to vote at a shareholders' meeting.

Table of Contents

or control of shares, French Company law and AMF regulations impose additional reporting requirements on persons who acquire more than 10%, 15%, 20% or 25% of the outstanding shares or voting rights of a listed company. These persons must file a report with the company and the AMF before the end of the fifth trading day following the date they cross the threshold. Such report, which the AMF makes public, sets forth the objectives the relevant shareholder intends to pursue during the next six months and shall indicate the requested information listed in Article 223-17 of the AMF General Regulations. Upon any change of intention within the six-month period following the filing of the report, the acquirer must file a new intentions report for the following six-month period. Any shareholder who fails to comply with the above requirements (thresholds and intentions notifications) will have its voting rights in excess of such thresholds suspended for a period of two years from the date such shareholder complies with the notification requirements and may have all or part of its voting rights suspended for up to five years by the commercial court at the request of the Company's Chairman, any of the Company's shareholders or the AMF.

In addition, the Company's bylaws provide that any person, whether a natural person or a legal entity, who comes to hold, directly or indirectly, 1% or more, or any multiple of 1%, of the Company's share capital or voting rights or of securities that may give access to the Company's share capital must notify the Company by registered letter with return receipt requested, within fifteen calendar days of crossing any such threshold. Failure to comply with these notification provisions will result in the suspension of the voting rights attached to the shares exceeding this 1% threshold held by the shareholder if acknowledged at a shareholders' meeting and if requested at such shareholders' meeting by one or more shareholders together holding shares representing at least 3% of the share capital or voting rights.

Any individual or legal entity whose direct or indirect holding of shares falls below each of the levels mentioned must also notify the Company in the manner and within the time limits set forth above.

Subject to certain limited exemptions, any person, or persons acting in concert, owning in excess of 30% of the share capital or voting rights of the Company must initiate a public tender offer for the balance of the share capital, voting rights and securities giving access to such share capital or voting rights.

Material Contracts

There have been no material contracts (not entered into in the ordinary course of business) entered into by members of the Group since March 25, 2011.

Exchange Controls

Under current French exchange control regulations, no limits exist on the amount of payments that TOTAL may remit to residents of the United States. Laws and regulations concerning foreign exchange controls do require, however, that an accredited intermediary must handle all payments or transfer of funds made by a French resident to a non-resident.

Taxation

General

This section generally summarizes the material U.S. federal income tax and French tax consequences of owning and disposing of shares and ADSs of TOTAL to U.S. Holders that hold their shares or ADSs as capital assets for tax purposes. A U.S. Holder is a beneficial owner of shares or ADSs that is (i) a citizen or resident of the United States for U.S. federal income tax purposes, (ii) a domestic corporation or other domestic entity treated as a corporation for U.S. federal income tax purposes, (iii) an estate whose income is subject to U.S. federal income tax regardless of its source, or (iv) a trust if a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust.

This section does not apply to members of special classes of holders subject to special rules, including:

- dealers in securities;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- tax-exempt organizations;
- life insurance companies;
- persons liable for alternative minimum tax;
- persons that actually or constructively own 10% or more of the share capital or voting rights in TOTAL;
- persons that purchase or sell shares or ADSs as part of a wash sale for U.S. federal income tax purposes;
- persons that hold the shares or ADSs as part of a straddle or a hedging or conversion transaction; or
- persons whose functional currency is not the U.S. dollar.

Table of Contents

If a partnership holds ordinary shares or ADSs, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Partners of a partnership holding these ordinary shares or ADSs should consult their tax advisors as to the tax consequences of owning or disposing of ordinary shares or ADSs, as applicable.

In addition, the discussion of the material French tax consequences is limited to U.S. Holders that (i) are residents of the United States for purposes of the Treaty (as defined below), (ii) do not maintain a permanent establishment or fixed base in France to which the shares or ADSs are attributable and through which the respective U.S. Holders carry on, or have carried on, a business (or, if the holder is an individual, performs or has performed independent personal services), and (iii) are otherwise eligible for the benefits of the Treaty in respect of income and gain from the shares or ADSs. In addition, this section is based in part upon the representations of the Depositary and the assumption that each obligation in the Deposit Agreement and any related agreement will be performed in accordance with its terms.

This section is based on the Internal Revenue Code of 1986 (IRC), as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, and with respect to the description of the material French tax consequences, the laws of the Republic of France and French tax regulations, all as currently in effect, as well as on the Convention Between the United States and the Republic of France for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital dated August 31, 1994 as amended (the Treaty). These laws, regulations and the Treaty are subject to change, possibly on a retroactive basis.

This discussion is intended only as a descriptive summary and does not purport to be a complete analysis or listing of all potential tax effects of the ownership or disposition of the shares and ADSs and is not intended to substitute competent professional advice. Individual situations of holders of shares and ADSs may vary from the description made below. The following summary does not address the French tax treatment applicable to dividends paid in so-called Non Cooperative Countries and Territories (NCCT) within the meaning of Section 238-0 A of the French Tax Code. It does not apply to dividends paid to persons established or domiciled in such a NCCT, or paid to a bank account opened in a financial institution located in such a NCCT.

Holders are urged to consult their own tax advisors regarding the U.S. federal, state and local, and French and other tax consequences of owning and disposing shares or ADSs of TOTAL in their respective circumstances. In particular, a holder is encouraged to confirm with its advisor whether the holder is a U.S. Holder eligible for the benefits of the Treaty.

Taxation of dividends

French taxation

The term dividends used in the following discussion means dividends within the meaning of the Treaty.

Dividends paid to non-residents of France are in principle subject to a French withholding tax at a rate of 30%. However, under the Treaty, a U.S. Holder is generally entitled to a reduced rate of French withholding tax of 15% with respect to dividends, provided that certain requirements are satisfied.

Administrative guidelines (*Bulletin Officiel des Finances Publiques*, BOI-INT-DG-20-20-20-20120912) (the Administrative Guidelines) set forth the conditions under which the reduced French withholding tax at the rate of 15% may be available. The immediate application of the reduced 15% rate is available to those U.S. Holders that may benefit from the so-called simplified procedure (within the meaning of the Administrative Guidelines).

Under the simplified procedure , U.S. Holders may claim the immediate application of withholding tax at the rate of 15% on the dividends to be received by them, provided that:

- (i) they furnish to the U.S. financial institution managing their securities account a certificate of residence conforming with form No. 5000-FR. The immediate application of the 15% withholding tax will be available only if the certificate of residence is sent to the U.S. financial institution managing their securities account no later than the dividend payment date. Furthermore, each financial institution managing the U.S. Holders securities account must also send to the French paying agent the figure of the total amount of dividends to be received which are eligible to the reduced withholding tax rate before the dividend payment date; and
- (ii) the U.S. financial institution managing the U.S. Holder s securities account provides to the French paying agent a list of the eligible U.S. Holders and other pieces of information set forth in the Administrative Guidelines. Furthermore, the financial institution managing the U.S. Holders

Table of Contents

securities account should certify that the U.S. Holder is, to the best of its knowledge, a United States resident within the meaning of the Treaty. These documents must be sent no later than the end of the third month computed as from the end of the month of the dividend payment date.

Where the U.S. Holder's identity and tax residence are known by the French paying agent, the latter may release such U.S. Holder from furnishing to (i) the financial institution managing its securities account, or (ii) as the case may be, the U.S. Internal Revenue Service (IRS), the abovementioned certificate of residence, and apply the 15% withholding tax rate to dividends it pays to such U.S. Holder.

For a U.S. Holder that is not entitled to the simplified procedure and whose identity and tax residence are not known by the paying agent at the time of the payment, the 30% French withholding tax will be levied at the time the dividends are paid. Such U.S. Holder, however, may be entitled to a refund of the withholding tax in excess of the 15% rate under the standard, as opposed to the simplified procedure, provided that the U.S. Holder furnishes to the French paying agent an application for refund on forms No. 5000-FR and 5001-FR (or any other relevant form to be issued by the French tax authorities) certified by the U.S. financial institution managing the U.S. Holder's securities account (or, if not, by the competent U.S. tax authorities) before December 31 of the second year following the date of payment of the withholding tax at the 30% rate to the French tax authorities, according to the requirements provided by the Administrative Guidelines.

Copies of forms No. 5000-FR and 5001-FR (or any other relevant form to be issued by the French tax authorities) as well as the form of the certificate of residence and the U.S. financial institution certification, together with instructions, are available from the IRS and the French *Centre des Impôts des Non-Residents* at 10, rue du Centre, TSA 10010, 93465 Noisy le Grand Cedex, France.

These forms, together with instructions, will also be provided by the Depositary to all U.S. Holders of ADRs registered with the Depositary. The Depositary will use reasonable efforts to follow the procedures established by the French tax authorities for U.S. Holders to benefit from the immediate application of the 15% French withholding tax rate or, as the case may be, to recover the excess 15% French withholding tax initially withheld and deducted in respect of dividends distributed to them by TOTAL. To effect such benefit or recovery, the Depositary shall advise such U.S. Holder to return the relevant forms to it, properly completed and executed. Upon receipt of the relevant forms properly completed and executed by such

U.S. Holder, the Depositary shall cause them to be filed with the appropriate French tax authorities, and upon receipt of any resulting remittance, the Depositary shall distribute to the U.S. Holder entitled thereto, as soon as practicable, the proceeds thereof in U.S. dollars.

The identity and address of the French paying agent are available from TOTAL.

In addition, there is no withholding tax on dividend payments made by French companies to non-French collective investment funds formed under foreign law and established in a Member State of the European Union or in another State or territory that has entered with France into an administrative assistance agreement for the purpose of combatting fraud and tax evasion, and which fulfill the two following conditions:

- the fund raises capital among a number of investors for the purpose of investing in accordance with a defined investment policy, in the interest of its investors; and
- the fund has characteristics similar to those of collective investment funds organized under French law (open-end mutual fund (OPCVM), open-end real estate fund (OPCI) and closed-end investment companies (SICAF)).

U.S. taxation

For U.S. federal income tax purposes and subject to the passive foreign investment company rules discussed below, the gross amount of any dividend a U.S. Holder must include in gross income equals the amount paid by TOTAL to the extent of the current and accumulated earnings and profits of TOTAL (as determined for U.S. federal income tax purposes). The dividend will be income from foreign sources. Dividends paid to a non-corporate U.S. Holder that constitute qualified dividend income will be taxable to the holder at the preferential rates applicable to long-term capital gains provided that the shares or ADSs are held for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and the holder meets other holding period requirements. TOTAL believes that dividends paid by TOTAL with respect to its shares or ADSs will be qualified dividend income. The dividend will not be eligible for the dividends-received deduction allowed to a U.S. corporation under Section 243 of the Code. The dividend is taxable to the U.S. Holder when the holder, in the case of shares, or the Depositary, in the case of ADSs, receives the dividend, actually or constructively. To the extent that an amount received by a U.S. Holder exceeds the allocable share of TOTAL's current and accumulated earnings and profits, it will be applied first to reduce such

Table of Contents

holder's tax basis in shares or ADSs owned by such holder and then, to the extent it exceeds the holder's tax basis, it will constitute capital gain.

The amount of any dividend distribution includible in the income of a U.S. Holder equals the U.S. dollar value of the euro payment made, determined at the spot euro/dollar exchange rate on the date the dividend distribution is includible in the U.S. Holder's income, regardless of whether the payment is in fact converted into U.S. dollars. Any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is includible in the U.S. Holder's income to the date the payment is converted into U.S. dollars will generally be treated as ordinary income or loss from sources within the United States and will not be eligible for the special tax rate applicable to qualified dividend income.

Subject to certain conditions and limitations, French taxes withheld in accordance with the Treaty will generally be eligible for credit against the U.S. Holder's U.S. federal income tax liability. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. In addition, special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the preferential tax rates. To the extent a refund of the tax withheld is available to a U.S. Holder under French law or under the Treaty, the amount of tax withheld that is refundable will not be eligible for credit against such an individual's United States federal income tax liability.

For this purpose, dividends distributed by TOTAL will constitute passive income, or, in the case of certain U.S. Holders, general income, which are treated separately from one another for purposes of computing the foreign tax credit allowable to the U.S. Holder. Alternatively, a U.S. Holder may claim all foreign taxes paid as an itemized deduction in lieu of claiming a foreign tax credit.

Taxation of disposition of shares

In general, a U.S. Holder will not be subject to French tax on any capital gain from the sale or exchange of the ADSs or redemption of the underlying shares unless those ADSs or shares form part of a business property of a permanent establishment or fixed base that the U.S. Holder has in France. Special rules may apply to individuals who are residents of more than one country.

A financial transaction tax applies, under certain conditions, to the acquisition of shares of publicly traded companies registered in France having a market capitalization over €1 billion. A list of the companies within the scope of the financial transaction tax has been published in a decree dated January 11, 2013. TOTAL is

included in this list. The financial transaction tax is due at a rate of 0.2% on the price paid to acquire the shares.

The person or entity liable for the tax is the provider of investment services defined in Article L. 321-1 of the French Monetary Code (*prestataire de services d'investissement*). Investment service providers providing equivalent services outside France are subject to the tax under the same terms and conditions.

The tax also applies to the acquisition of ADRs evidencing ADSs.

U.S. Holders should consult their own tax advisors as to the tax consequences of such financial transaction tax.

For U.S. federal income tax purposes and subject to the passive foreign investment company rules discussed below, a U.S. Holder generally will recognize capital gain or loss upon the sale or disposition of shares or ADSs equal to the difference between the U.S. dollar value of the amount realized on the sale or disposition and the holder's tax basis, determined in U.S. dollars, in the shares or ADSs. The gain or loss generally will be U.S. source gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period of the shares or ADSs is more than one year at the time of the disposition. Long-term capital gain of a non-corporate U.S. Holder is generally taxed at preferential rates. The deductibility of capital losses is subject to limitation.

Passive foreign investment status

TOTAL believes that the shares or ADSs will not be treated as stock of a passive foreign investment company, or PFIC, for United States federal income tax purposes, but this conclusion is a factual determination that is made annually and thus is subject to change. If TOTAL is treated as a PFIC, unless a U.S. Holder elects to be taxed annually on a mark-to-market basis with respect to the shares or ADSs, gain realized on the sale or other disposition of the shares or ADSs would in general not be treated as capital gain. Instead, a U.S. Holder would be treated as if he or she had realized such gain and certain excess distributions ratably over the holding period for the shares or ADSs and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, in addition to which an interest charge in respect of the tax attributable to each such year would apply. With certain exceptions, a U.S. Holder's shares or ADSs will be treated as stock in a PFIC if TOTAL were a PFIC at any time during his or her holding period in the shares or ADSs. Dividends paid will not be eligible for the preferential tax rates applicable to qualified dividend income if TOTAL is treated as a PFIC with respect to a U.S. Holder either in the taxable year of the distribution or the preceding taxable

Table of Contents

year, but instead will be taxable at rates applicable to ordinary income.

French estate and gift taxes

In general, a transfer of ADSs or shares by gift or by reason of the death of a U.S. Holder that would otherwise be subject to French gift or inheritance tax, respectively, will not be subject to such French tax by reason of the Convention between the United States of America and the French Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Estates, Inheritances and Gifts, dated November 24, 1978 as amended, unless the donor or the transferor is domiciled in France at the time of making the gift, or at the time of his death, or if the ADSs or shares were used in, or held for use in, the conduct of a business through a permanent establishment or a fixed base in France.

French wealth tax

The French wealth tax does not apply to a U.S. Holder (i) that is not an individual, or (ii) in the case of individuals who are eligible for the benefits of the Treaty and who own, alone or with related persons, directly or indirectly, TOTAL shares which give right to less than 25% of TOTAL's earnings.

U.S. state and local taxes

In addition to U.S. federal income tax, U.S. Holders of shares or ADSs may be subject to U.S. state and local taxes with respect to their shares or ADSs. U.S. Holders should consult their own tax advisors.

Dividends and Paying Agents

After BNP Paribas Securities Services performs centralizing procedures, dividends are paid through the accounts of financial intermediaries participating in Euroclear France's direct payment procedures. The Bank of New York Mellon acts as paying agent for dividends distributed to ADS holders.

Documents on Display

TOTAL files annual, periodic, and other reports and information with the Securities and Exchange Commission. You may inspect any reports, statements or other information TOTAL files with the United States Securities and Exchange Commission (SEC) at the SEC's public reference rooms by calling the SEC for more information at 1-800-SEC-0330. All of TOTAL's SEC filings made after December 31, 2001, are available to the public at the SEC website at <http://www.sec.gov> and from certain commercial document retrieval services. You may also inspect any document the Company files with the SEC at the offices of The New York Stock Exchange, 20 Broad Street, New York, New York 10005.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Please refer to Note 31 to the Consolidated Financial Statements included elsewhere herein for a qualitative and quantitative discussion of the Group's exposure to market risks. Please also refer to Notes 29 and 30 to the Consolidated Financial Statements included elsewhere herein for details of the different derivatives owned by the Group in these markets.

As part of its financing and cash management activities, the Group uses derivative instruments to manage its exposure to changes in interest rates and foreign exchange rates. These instruments are mainly interest rate and currency swaps. The Group may also occasionally use futures contracts and options. These operations and their accounting treatment are detailed in Note 1 paragraph M

and Notes 20, 28 and 29 to the Consolidated Financial Statements included elsewhere herein.

The financial performance of TOTAL is sensitive to a number of factors, the most significant being oil and gas prices, generally expressed in dollars, and exchange rates, in particular that of the dollar versus the euro. Generally, a rise in the price of crude oil has a positive effect on earnings as a result of an increase in revenues from oil and gas production. Conversely, a decline in crude oil prices reduces revenues. The impact of changes in crude oil prices on Refining & Chemicals and Marketing & Services activities depends upon the speed at which the prices of finished products adjust to reflect these changes. All of the Group's activities are, to various degrees, sensitive to fluctuations in the dollar/euro exchange rate.

Table of Contents**ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES****American Depositary Receipts fees and charges**

The Bank of New York Mellon, as a depository, collects its fees for delivery and surrender of ADRs directly from investors depositing shares or surrendering ADRs for the purpose of withdrawal or from intermediaries acting for them. The depository collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depository may generally refuse to provide fee-attracting services until its fees for those services are paid.

Investors must pay:	For:
\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance of ADRs, including issuances resulting from a distribution of shares or rights or other property, stocks splits or merger
A fee equivalent to the fee that would be payable if securities distributed to the investor had been shares and the shares had been deposited for issuance of ADSs	Cancellation of ADRs for the purpose of withdrawal, including if the deposit agreement terminates
Registration or transfer fees	Distribution of securities distributed to holders of deposited securities that are distributed by the depository to ADS registered holders
Expenses of the depository	Transfer and registration of shares on the Company's share register to or from the name of the depository or its agent when the investor deposits or withdraws shares
Taxes and other governmental charges the depository or the custodian have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes	Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement)
Any charges incurred by the depository or its agents for servicing the deposited securities	Converting foreign currency to U.S. dollars
	As necessary
	As necessary

The depository has agreed to reimburse expenses (Reimbursed Expenses) incurred by the Company for the establishment and maintenance of the ADS program that include, but are not limited to, exchange listing fees, annual meeting expenses, standard out-of-pocket maintenance costs for the ADRs (e.g., the expenses of postage and envelopes for mailing annual and interim financial reports, printing and distributing dividend checks, electronic filing of U.S. Federal tax information, mailing required tax forms, stationery, postage, facsimile, and telephone calls), shareholder identification, investor relations activities or programs in North America, accounting fees (such as external audit fees incurred in connection with the Sarbanes-Oxley Act, the preparation of the Company's Form 20-F and paid to the FASB and the PCAOB), legal

fees and other expenses incurred in connection with the preparation of regulatory filings and other documentation related to ongoing SEC, NYSE and U.S. securities law compliance. In certain instances, the depository has agreed to provide additional payments to the Company based on certain applicable performance indicators relating to the ADR facility. There are limits on the amount of expenses for which the depository will reimburse the Company, but the amount of reimbursement available to the Company is not necessarily tied to the amount of fees the depository collects from investors.

From March 16, 2012 to March 15, 2013, the Company received from the depository a payment of \$3,500,000 with respect to certain Reimbursed Expenses.

Table of Contents

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

**ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF
SECURITY HOLDERS AND USE OF PROCEEDS**

None.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

An evaluation was carried out under the supervision and with the participation of the Group's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness, as of the end of the period covered by this report, of the design and operation of the Group's disclosure controls and procedures, which are defined as those controls and procedures designed to ensure that information required to be disclosed in reports filed under the U.S. Securities Exchange Act of 1934, as amended, is recorded, summarized and reported within specified time periods. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can provide only reasonable assurance of achieving their control objectives. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that the Company files under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

The Group's management is responsible for establishing and maintaining adequate internal control over financial reporting. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and even when determined to be effective, can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, the effectiveness of an internal control system may change over time.

The Group's management, including the Chief Executive Officer and the Chief Financial Officer, conducted an evaluation of the effectiveness of internal control over financial reporting using the criteria set forth in the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the results of this evaluation, the Group's management concluded that its internal control over financial reporting was effective as of December 31, 2012.

The effectiveness of internal control over financial reporting as of December 31, 2012, was audited by KPMG S.A. and Ernst & Young Audit, independent registered public accounting firms, as stated in their report on page F-2 of this Annual Report.

Changes in Internal Control Over Financial Reporting

There were no changes in the Group's internal control over financial reporting that occurred during the period covered by this report that have materially affected, or that were reasonably likely to materially affect, the Group's internal control over financial reporting.

Table of Contents**ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

Ms. Patricia Barbizet is the Audit Committee financial expert. Ms. Barbizet is an independent member of the Board of Directors in accordance with the NYSE listing standards applicable to TOTAL, as are the other members of the Audit Committee.

ITEM 16B. CODE OF ETHICS

At its meeting on February 18, 2004, the Board of Directors adopted a code of ethics that applies to its Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and the financial and accounting officers for its principal activities. A copy of this code of ethics is included as an exhibit to this Annual Report.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

During the fiscal years ended December 31, 2012 and 2011, fees for services provided by Ernst & Young Audit and KPMG were as follows:

(M€)	KPMG		Ernst & Young Audit	
	fiscal year		fiscal year	
	2012	2011	2012	2011
Audit Fees	14.3	14.1	18.5	15.6
Audit-Related Fees ^(a)	3.8	3.8	1.6	1.9
Tax Fees ^(b)	1.8	1.6	2.1	1.4
All Other Fees ^(c)		0.2	0.1	0.2
Total	19.9	19.7	22.3	19.1

^(a) Audit-related fees are generally fees billed for services that are closely related to the performance of the audit or review of financial statements. These include due diligence services related to business combinations, attestation services not required by statute or regulation, agreed upon or expanded auditing procedures related to accounting or billing records required to respond to or comply with financial, accounting or regulatory reporting matters, consultations concerning financial accounting and reporting standards, information system reviews, internal control reviews and assistance with internal control reporting requirements.

^(b) Tax fees are fees for services related to international and domestic tax compliance, including the preparation of tax returns and claims for refund, tax planning and tax advice, including assistance with tax audits and tax appeals, and tax services regarding statutory, regulatory or administrative developments and expatriate tax assistance and compliance.

^(c) All other fees are principally for risk management advisory services.

Audit Committee Pre-Approval Policy

The Audit Committee has adopted an Audit and Non-Audit Services Pre-Approval Policy that sets forth the procedures and the conditions pursuant to which services proposed to be performed by the statutory auditors may be pre-approved and that are not prohibited by regulatory or other professional requirements. This policy provides for both pre-approval of certain types of services through the use of an annual budget approved by the Audit Committee for

these types of services and special pre-approval of services by the Audit Committee on a case-by-case basis. The Audit Committee reviews on an annual basis the services provided by the statutory auditors. During 2012, no audit-related fees, tax fees or other non-audit fees were approved by the Audit Committee pursuant to the *de minimis* exception to the pre-approval requirement provided by paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None.

Table of Contents**ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

Period	Total Number Of Shares Purchased	Average Price Paid Per Share (€)	Total Number Of Shares Purchased, As Part Of Publicly Announced Plans Or	Maximum Number Of Shares That May Yet Be Purchased Under The Plans Or
			Programs ^(a)	Programs ^(b)
January 2012				126,824,217
February 2012				126,836,267
March 2012				126,903,176
April 2012				126,909,390
May 2012				126,909,585
June 2012				126,910,818
July 2012	1,240,000	37.671	1,240,000	125,807,740
August 2012	560,000	38.071	560,000	125,247,740
September 2012				128,198,293
October 2012				128,198,248
November 2012				128,198,113
December 2012				128,201,675
January 2013				128,201,798
February 2013				128,201,823

^(a) The shareholders' meeting of May 11, 2012, cancelled and replaced the previous resolution from the shareholders' meeting of May 13, 2011, authorizing the Board of Directors to trade in the Company's own shares on the market for a period of 18 months within the framework of the stock purchase program. The maximum number of shares that may be purchased by virtue of this authorization or under the previous authorization may not exceed 10% of the total number of shares constituting the share capital, this amount being periodically adjusted to take into account operations modifying the share capital after each shareholders' meeting. Under no circumstances may the total number of shares the Company holds, either directly or indirectly through its subsidiaries, exceed 10% of the share capital.

^(b) Based on 10% of the Company's share capital, and after deducting the shares held by the Company for cancellation and the shares held by the Company to cover the share purchase option plans for Company employees and restricted share grants for Company employees, as well as after deducting the shares held by the subsidiaries.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE**Summary of Significant Differences between French Corporate Governance Practices and the NYSE's Corporate Governance Standards, as required by section 303A.11 of the NYSE Listed Company Manual.****Overview**

The following paragraphs provide a brief, general summary of significant ways in which our corporate governance practices differ from those required by the listing standards of the New York Stock Exchange (the "NYSE") for U.S. companies that have common stock listed on the NYSE. While our management believes that our corporate governance practices are similar in many respects to those of U.S. domestic NYSE listed companies and provide investors with protections that are comparable in many respects to those established by the NYSE Listed Company Manual, certain significant differences are described below.

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The principal sources of corporate governance standards in France are the French Commercial Code (Code de Commerce), the French Financial and Monetary Code

(Code monétaire et financier), as amended from time to time, and the regulations and recommendations provided by the French Financial Markets Authority (Autorité des marchés financiers, AMF), as well as a number of general recommendations and guidelines on corporate governance, most notably the Corporate Governance Code for Listed Companies published in December 2008 (as amended in April 2010) by the principal French business confederations, the Association Française des Entreprises Privées (AFEP) and the Mouvement des Entreprises de France (MEDEF) (the AFEP-MEDEF Code).

The AFEP-MEDEF Code includes, among other things, recommendations relating to the role and operation of the board of directors (creation, composition and evaluation of the board of directors and the audit, compensation and nominating committees) and the independence criteria for board members. Articles L. 820-1 *et seq.* of the French Commercial Code prohibits statutory auditors from providing certain non-audit services and defines certain criteria for the independence of statutory auditors. In

Table of Contents

France, the independence of statutory auditors is also monitored by an independent body, the High Council for Statutory Auditors (Haut Conseil du commissariat aux comptes).

For an overview of certain of our corporate governance policies, see Item 6. Corporate Governance .

Composition of Board of Directors; Independence

The NYSE listing standards provide that the board of directors of a U.S. listed company must consist of a majority of independent directors and that the audit committee, the nominating/corporate governance committee and the compensation committee must be composed entirely of independent directors. A director qualifies as independent only if the board affirmatively determines that the director has no material relationship with the company, either directly or as a partner, shareholder or officer of an organization that has a relationship with the company. In addition, the listing standards enumerate a number of relationships that preclude independence. Furthermore, as discussed below, new rules under the listing standards will require additional procedures in regards to the independence of directors who sit on the compensation committee.

French law does not contain any independence requirement for the members of the board of directors of a French company, except for the audit committee, as described below. The AFEP- MEDEF Code recommends, however, that (i) at least half of the members of the board of directors be independent in companies that have a dispersed ownership structure and no controlling shareholder, and (ii) at least a third of the members of the board of directors be independent in companies that have a controlling shareholder. The AFEP-MEDEF Code states that a director is independent when he or she has no relationship of any nature with the company, its group or the management of either, that may compromise the exercise of his or her freedom of judgment. The AFEP-MEDEF Code also enumerates specific criteria for determining independence, which are on the whole consistent with the goals of the NYSE s rules, including recent amendments, although the specific tests under the two standards may vary on some points.

Based on the proposal of TOTAL s Nominating & Corporate Governance Committee, the Board of Directors of TOTAL at its meeting on February 12, 2013, examined the independence of each of the Company s Directors as of December 31, 2012, relying on its assessment of the independence criteria set forth in the AFEP-MEDEF Code. The Board of Directors considered that all of the Directors of the Company are independent, with the exceptions of

Mr. de Margerie, Chairman and Chief Executive Officer of the Company since May 21, 2010, Mr. Desmarest, honorary Chairman (formerly Chairman of the Board of Directors until May 21, 2010), and Mr. Clément, Director representing employee shareholders, and noted that, as of February 12, 2013, 80% of the Directors were independent.

Representation of women on corporate boards

The French *Journal Officiel* published law No. 2011-103 in January 2011 relating to the representation of women on the boards of certain French companies, including French companies listed on Euronext Paris. This law was codified in the French Commercial Code in Article L. 225.-18-1.

The rules provide for legally binding quotas to boost the percentage of women on boards of directors of French listed companies, requiring that women represent: (i) at least 20% within two years (following the first ordinary shareholders meeting held after January 1, 2014), and (ii) at least 40% within five years (following the first ordinary shareholders meeting held after January 1, 2017). When the board of directors consists of less than nine members, the difference between the number of directors of each gender at the end of the five-year period should not be higher than two. Any appointment of a director made in violation of these rules shall be declared null and void and the payment of the directors compensation shall be suspended until the board composition complies with the law s requirements (the management report shall also indicate the suspension of the directors compensation until the board composition complies with the law s requirements). However, decisions of a board of directors that fail to comply with these quotas may not be declared null and void. As of February 12, 2013, the Company s Board had five female members (*i.e.*, one-third of the Directors).

Board committees

Overview. The NYSE listing standards require that a U.S. listed company have an audit committee, a nominating/corporate governance committee and a compensation committee. Each of these committees must consist solely of independent directors and must have a written charter that addresses certain matters specified in the listing standards. In addition, the NYSE recently adopted new compensation committee rules, which will require that, in addition to the independence criteria referenced above under Composition of Board of Directors; Independence , certain enumerated factors be taken into consideration when making a determination on the independence of directors on the compensation committee or when engaging advisors to the compensation committee.

Table of Contents

With the exception of an audit committee, as described below, French law requires neither the establishment of board committees nor the adoption of written charters.

The AFEP-MEDEF Code recommends, however, that the board of directors sets up, in addition to an audit committee, a nominating committee and a compensation committee, indicating that the nominating and compensation committees may form only one committee. The AFEP-MEDEF Code also recommends that at least two-thirds of the audit committee members and a majority of the members of each of the compensation committee and the nominating committee be independent directors.

TOTAL has established an Audit Committee, a Nominating & Corporate Governance Committee, a Compensation Committee and a Strategic Committee, and considers all of the members of these committees to be independent with the exception of Mr. Desmarest, who is a member of the Compensation Committee and the Strategic Committee and chairs the Nominating & Corporate Governance Committee, and Mr. de Margerie, who chairs the Strategic Committee. For the text of the charters that define the scope of each committee's activity as well as the membership of each committee, see Item 6. Corporate Governance.

The NYSE listing standards also require that the audit, nominating/corporate governance and compensation committees of a U.S. listed company be vested with decision-making powers on certain matters. Under French law, these committees are advisory in nature and have no decision-making authority. Board committees are responsible for examining matters within the scope of their charter and making recommendations on these matters to the board of directors. Under French law, the board of directors has the final decision-making authority.

Audit committee. The NYSE listing standards contain detailed requirements for the audit committees of U.S. listed companies. Some, but not all, of these requirements also apply to non-U.S. listed companies, such as TOTAL.

French law requires the board of directors of companies listed in France to establish an audit committee (Article L. 823-19 of the French Commercial Code), at least one member of which must be an independent director and must be competent in finance or accounting. The AFEP-MEDEF Code provides that at least two-thirds of the directors on the audit committee be independent and that the audit committee should not include any executive director.

Pursuant to French law and the AFEP-MEDEF Code, the audit committee is responsible for, among other things,

reviewing the financial statements and ensuring the relevance and consistency of accounting methods used in drawing up the consolidated and corporate accounts, examining the company's risk exposure and material off-balance sheet commitments and the scope of consolidation, monitoring the process for the preparation of financial information, monitoring the efficiency of internal control procedures and risk management systems, managing the process of selecting statutory auditors, expressing an opinion on the amount of their fees and monitoring compliance with rules designed to ensure auditor independence, regularly interviewing statutory auditors without the executive management being present and calling upon outside experts if necessary.

Although the audit committee requirements under French law and recommendations under the AFEP-MEDEF Code are less detailed than those contained in the NYSE listing standards, the NYSE listing standards, French law and the AFEP-MEDEF Code share the goal of establishing a system for overseeing the company's accounting that is independent from management and that ensures auditor independence. As a result, they address similar topics, and there is some overlap.

For the specific tasks performed by the Audit Committee of TOTAL that exceed those required by French law and those recommended by the AFEP-MEDEF Code, see Item 6. Corporate Governance - Audit Committee.

One structural difference between the legal status of the audit committee of a U.S. listed company and that of a French listed company concerns the degree of the committee's involvement in managing the relationship between the company and the auditor. French law requires French companies that publish consolidated financial statements, such as TOTAL, to have two co-auditors. While the NYSE listing standards require that the audit committee of a U.S. listed company have direct responsibility for the appointment, compensation, retention, and oversight of the work of the auditor, French law provides that the election of the co-auditors is the sole responsibility of the shareholders' meeting. In making its decision, the shareholders' meeting may rely on proposals submitted to it by the board of directors, the decision of the latter being taken upon consultation with the audit committee. The shareholders' meeting elects the auditors for an audit period of six fiscal years. The auditors may only be dismissed by a court and only on grounds of professional negligence or incapacity to perform their mission.

Meetings of non-management directors

The NYSE listing standards require that the non-management directors of a U.S. listed company meet at

Table of Contents

regularly scheduled executive sessions without management. French law does not contain such a requirement. The AFEP-MEDEF Code recommends, however, that directors should have the opportunity to meet outside the presence of executive directors. Because of the collegiate nature of our Board of Directors, no formal meeting of non-executive Directors is scheduled.

Disclosure

The NYSE listing standards require U.S. listed companies to adopt, and post on their websites, a set of corporate governance guidelines. The guidelines must address, among other things: director qualification standards, director responsibilities, director access to management and independent advisers, director compensation, director orientation and continuing education, management succession, and an annual performance evaluation of the board. In addition, the chief executive officer of a U.S. listed company must certify to the NYSE annually that he or she is not aware of any violations by the company of the NYSE's corporate governance listing standards.

French law requires neither the adoption of such guidelines nor the provision of such certification. The AFEP-MEDEF Code recommends, however, that the board of directors of a French listed company perform an annual review of its operation and that a formal evaluation, possibly with the assistance of an outside consultant, be undertaken every

three years, which for TOTAL took place in early 2013 with the assistance of an outside consultant, and that shareholders be informed each year in the annual report of the evaluations. In addition, the AFEP-MEDEF Code addresses deontology rules that the directors are expected to comply with.

Code of business conduct and ethics

The NYSE listing standards require each U.S. listed company to adopt, and post on its website, a code of business conduct and ethics for its directors, officers and employees. There is no similar requirement or recommendation under French law. However, under the SEC's rules and regulations, all companies required to submit periodic reports to the SEC, including TOTAL, must disclose in their annual reports whether they have adopted a code of ethics for their principal executive officer and senior financial officers. In addition, they must file a copy of the code with the SEC, post the text of the code on their website or undertake to provide a copy upon request to any person without charge. There is significant, though not complete, overlap between the code of ethics required by the NYSE listing standards and the code of ethics for senior financial officers required by the SEC's rules. For a discussion of the code of ethics adopted by TOTAL, see Item 6. Corporate Governance and Item 16B. Code of Ethics .

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

Table of Contents

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

The following financial statements, together with the report of Ernst & Young Audit and KPMG S.A. thereon, are held as part of this annual report.

<u>Report of Independent Registered Public Accounting Firms on the Consolidated Financial Statements</u>	Page F-1
<u>Report of Independent Registered Public Accounting Firms on the Internal Control over Financial Reporting</u>	F-2
<u>Consolidated Statement of Income for the Years Ended December 31, 2012, 2011 and 2010</u>	F-3
<u>Consolidated Statement of Comprehensive Income for the Years Ended December 31, 2012, 2011 and 2010</u>	F-4
<u>Consolidated Balance Sheet at December 31, 2012, 2011 and 2010</u>	F-5
<u>Consolidated Statement of Cash Flow for the Years Ended December 31, 2012, 2011 and 2010</u>	F-6
<u>Consolidated Statement of Changes in Shareholders' Equity for the Years Ended December 31, 2012, 2011 and 2010</u>	F-7
<u>Notes to the Consolidated Financial Statements</u>	F-8
<u>Supplemental Oil and Gas Information (Unaudited)</u>	S-1

Schedules have been omitted since they are not required under the applicable instructions or the substance of the required information is shown in the financial statements.

ITEM 19. EXHIBITS

The following documents are filed as part of this annual report:

- 1 Bylaws (*Statuts*) of TOTAL S.A. (as amended through December 31, 2012).
- 2 The total amount of long-term debt securities authorized under any instrument does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis. We hereby agree to furnish to the SEC, upon its request, a copy of any instrument defining the rights of holders of long-term debt of the Company or of its subsidiaries for which consolidated or unconsolidated financial statements are required to be filed.
- 8 List of Subsidiaries (see Note 35 to the Consolidated Financial Statements included in this Annual Report).
- 11 Code of Ethics (incorporated by reference to the Company's Annual Report on Form 20-F for the year ended December 31, 2005, filed on April 20, 2006).
- 12.1 Certification of Chairman and Chief Executive Officer.
- 12.2 Certification of Chief Financial Officer.
- 13.1 Certification of Chairman and Chief Executive Officer.
- 13.2 Certification of Chief Financial Officer.
- 15 Consent of ERNST & YOUNG AUDIT and of KPMG S.A.

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

TOTAL S.A.

By: /s/ CHRISTOPHE DE MARGERIE
 Name: Christophe de Margerie
 Title: Chairman and Chief Executive Officer

Date: March 28, 2013

Table of Contents

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMS
ON THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended December 31, 2012

The Board of Directors and Shareholders,

We have audited the accompanying consolidated balance sheets of TOTAL S.A. and subsidiaries (the Company) as of December 31, 2012, 2011 and 2010, and the related consolidated statements of income, comprehensive income, cash flows and changes in shareholders' equity for each of the three years in the period ended December 31, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2012, 2011 and 2010, and the consolidated results of its operations and its consolidated cash flows for each of the three years in the period ended December 31, 2012, in conformity with International Financial Reporting Standards as adopted by the European Union and in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria) and our report dated March 7, 2013 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Paris La Défense, March 7, 2013

KPMG Audit

ERNST & YOUNG Audit

A division of KPMG S.A.

/s/ JAY NIRSIMLOO
Jay Nirsimloo
Partner

/s/ PASCAL MACIOCE
Pascal Macioce
Partner

/s/ LAURENT VITSE
Laurent Vitse
Partner

F-1

Table of Contents

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMS
ON THE INTERNAL CONTROL OVER FINANCIAL REPORTING**

Year ended December 31, 2012

The Board of Directors and Shareholders,

We have audited TOTAL S.A. and subsidiaries (the Company) internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2012, 2011 and 2010 and the related consolidated statements of income, comprehensive income, cash flows and changes in shareholders' equity for each of the three years in the period ended December 31, 2012, and our report dated March 7, 2013 expressed an unqualified opinion on those consolidated financial statements.

Paris La Défense, March 7, 2013

KPMG Audit

ERNST & YOUNG Audit

A division of KPMG S.A.

/s/ JAY NIRSIMLOO
Jay Nirsimloo
Partner

/s/ PASCAL MACIOCE
Pascal Macioce
Partner

/s/ LAURENT VITSE
Laurent Vitse
Partner

Table of Contents

CONSOLIDATED STATEMENT OF INCOME

TOTAL

For the year ended December 31, (M ^(a))		2012	2011	2010
Sales	(Notes 4 & 5)	200,061	184,693	159,269
Excise taxes		(17,762)	(18,143)	(18,793)
Revenues from sales		182,299	166,550	140,476
Purchases net of inventory variation	(Note 6)	(126,798)	(113,892)	(93,171)
Other operating expenses	(Note 6)	(22,668)	(19,843)	(19,135)
Exploration costs	(Note 6)	(1,446)	(1,019)	(864)
Depreciation, depletion and amortization of tangible assets and mineral interests		(9,525)	(7,506)	(8,421)
Other income	(Note 7)	1,462	1,946	1,396
Other expense	(Note 7)	(915)	(1,247)	(900)
Financial interest on debt		(671)	(713)	(465)
Financial income from marketable securities & cash equivalents		100	273	131
Cost of net debt	(Note 29)	(571)	(440)	(334)
Other financial income	(Note 8)	558	609	442
Other financial expense	(Note 8)	(499)	(429)	(407)
Equity in income (loss) of affiliates	(Note 12)	2,010	1,925	1,953
Income taxes	(Note 9)	(13,066)	(14,073)	(10,228)
Consolidated net income		10,841	12,581	10,807
Group share		10,694	12,276	10,571
Non-controlling interests		147	305	236
Earnings per share ()		4.74	5.46	4.73
Fully-diluted earnings per share ()		4.72	5.44	4.71

(a) Except for per share amounts.

Table of Contents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TOTAL

For the year ended December 31, (M)	2012	2011	2010
Consolidated net income	10,841	12,581	10,807
Other comprehensive income			
Currency translation adjustment	(701)	1,498	2,231
Available for sale financial assets	(338)	337	(100)
Cash flow hedge	65	(84)	(80)
Share of other comprehensive income of associates, net amount	160	(15)	302
Other	(13)	(2)	(7)
Tax effect	63	(55)	28
Total other comprehensive income (net amount) (Note 17)	(764)	1,679	2,374
Comprehensive income	10,077	14,260	13,181
<i>Group share</i>	<i>9,969</i>	<i>13,911</i>	<i>12,936</i>
<i>Non-controlling interests</i>	<i>108</i>	<i>349</i>	<i>245</i>

F-4

Table of Contents

CONSOLIDATED BALANCE SHEET

TOTAL

As of December 31, (M)		2012	2011	2010
ASSETS				
Non-current assets				
Intangible assets, net	(Notes 5 & 10)	12,858	12,413	8,917
Property, plant and equipment, net	(Notes 5 & 11)	69,332	64,457	54,964
Equity affiliates: investments and loans	(Note 12)	13,759	12,995	11,516
Other investments	(Note 13)	1,190	3,674	4,590
Hedging instruments of non-current financial debt	(Note 20)	1,626	1,976	1,870
Deferred income taxes	(Note 9)	1,832	1,767	1,378
Other non-current assets	(Note 14)	3,715	3,104	2,277
Total non-current assets		104,312	100,386	85,512
Current assets				
Inventories, net	(Note 15)	17,397	18,122	15,600
Accounts receivable, net	(Note 16)	19,206	20,049	18,159
Other current assets	(Note 16)	10,086	10,767	7,483
Current financial assets	(Note 20)	1,562	700	1,205
Cash and cash equivalents	(Note 27)	15,469	14,025	14,489
Assets classified as held for sale	(Note 34)	3,797		1,270
Total current assets		67,517	63,663	58,206
Total assets		171,829	164,049	143,718
LIABILITIES & SHAREHOLDERS' EQUITY				
Shareholders' equity				
Common shares		5,915	5,909	5,874
Paid-in surplus and retained earnings		71,827	66,506	60,538
Currency translation adjustment		(1,488)	(988)	(2,495)
Treasury shares		(3,342)	(3,390)	(3,503)
Total shareholders' equity - Group share	(Note 17)	72,912	68,037	60,414
Non-controlling interests		1,281	1,352	857
Total shareholders' equity		74,193	69,389	61,271
Non-current liabilities				
Deferred income taxes	(Note 9)	12,785	12,260	9,947
Employee benefits	(Note 18)	1,973	2,232	2,171
Provisions and other non-current liabilities	(Note 19)	11,585	10,909	9,098
Non-current financial debt	(Note 20)	22,274	22,557	20,783
Total non-current liabilities		48,617	47,958	41,999
Current liabilities				
Accounts payable		21,648	22,086	18,450
Other creditors and accrued liabilities	(Note 21)	14,698	14,774	11,989
Current borrowings	(Note 20)	11,016	9,675	9,653
Other current financial liabilities	(Note 20)	176	167	159
Liabilities directly associated with the assets classified as held for sale	(Note 34)	1,481		197
Total current liabilities		49,019	46,702	40,448
Total liabilities and shareholders' equity		171,829	164,049	143,718

Table of Contents

CONSOLIDATED STATEMENT OF CASH FLOW

TOTAL

(Note 27)

For the year ended December 31, (M)	2012	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES			
Consolidated net income	10,841	12,581	10,807
Depreciation, depletion and amortization	10,481	8,628	9,117
Non-current liabilities, valuation allowances, and deferred taxes	1,385	1,665	527
Impact of coverage of pension benefit plans	(362)		(60)
(Gains) losses on disposals of assets	(1,321)	(1,590)	(1,046)
Undistributed affiliates' equity earnings	211	(107)	(470)
(Increase) decrease in working capital	1,084	(1,739)	(496)
Other changes, net	143	98	114
Cash flow from operating activities	22,462	19,536	18,493
CASH FLOW USED IN INVESTING ACTIVITIES			
Intangible assets and property, plant and equipment additions	(19,905)	(17,950)	(13,812)
Acquisitions of subsidiaries, net of cash acquired	(191)	(854)	(862)
Investments in equity affiliates and other securities	(898)	(4,525)	(654)
Increase in non-current loans	(1,949)	(1,212)	(945)
Total expenditures	(22,943)	(24,541)	(16,273)
Proceeds from disposals of intangible assets and property, plant and equipment	1,418	1,439	1,534
Proceeds from disposals of subsidiaries, net of cash sold	352	575	310
Proceeds from disposals of non-current investments	2,816	5,691	1,608
Repayment of non-current loans	1,285	873	864
Total divestments	5,871	8,578	4,316
Cash flow used in investing activities	(17,072)	(15,963)	(11,957)
CASH FLOW USED IN FINANCING ACTIVITIES			
Issuance (repayment) of shares:			
Parent company shareholders	32	481	41
Treasury shares	(68)		49
Dividends paid:			
Parent company shareholders	(5,184)	(5,140)	(5,098)
Non-controlling interests	(104)	(172)	(152)
Other transactions with non-controlling interests	1	(573)	(429)
Net issuance (repayment) of non-current debt	5,279	4,069	3,789
Increase (decrease) in current borrowings	(2,754)	(3,870)	(731)
Increase (decrease) in current financial assets and liabilities	(947)	896	(817)
Cash flow used in financing activities	(3,745)	(4,309)	(3,348)
Net increase (decrease) in cash and cash equivalents	1,645	(736)	3,188
Effect of exchange rates	(201)	272	(361)
Cash and cash equivalents at the beginning of the period	14,025	14,489	11,662
Cash and cash equivalents at the end of the period	15,469	14,025	14,489

F-6

Table of Contents

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

TOTAL

(M)	Common shares issued		Paid-in surplus and retained earnings	Currency translation adjustment	Treasury shares		Shareholders' equity - Group share	Non-controlling interests	Total shareholders' equity
	Number	Amount			Number	Amount			
As of January 1, 2010	2,348,422,884	5,871	55,372	(5,069)	(115,407,190)	(3,622)	52,552	987	53,539
Net income 2010			10,571				10,571	236	10,807
Other comprehensive income (Note 17)			(216)	2,581			2,365	9	2,374
Comprehensive income			10,355	2,581			12,936	245	13,181
Dividend			(5,098)				(5,098)	(152)	(5,250)
Issuance of common shares (Note 17)	1,218,047	3	38				41		41
Purchase of treasury shares									
Sale of treasury shares ^(a)			(70)		2,919,511	119	49		49
Share-based payments (Note 25)			140				140		140
Share cancellation (Note 17)									
Other operations with non-controlling interests			(199)	(7)			(206)	(223)	(429)
Other items									
As of December 31, 2010	2,349,640,931	5,874	60,538	(2,495)	(112,487,679)	(3,503)	60,414	857	61,271
Net income 2011			12,276				12,276	305	12,581
Other comprehensive income (Note 17)			231	1,404			1,635	44	1,679
Comprehensive income			12,507	1,404			13,911	349	14,260
Dividend			(6,457)				(6,457)	(172)	(6,629)
Issuance of common shares (Note 17)	14,126,382	35	446				481		481
Purchase of treasury shares									
Sale of treasury shares ^(a)			(113)		2,933,506	113			
Share-based payments (Note 25)			161				161		161
Share cancellation (Note 17)									
Other operations with non-controlling interests			(553)	103			(450)	(123)	(573)
Other items			(23)				(23)	441	418
As of December 31, 2011	2,363,767,313	5,909	66,506	(988)	(109,554,173)	(3,390)	68,037	1,352	69,389
Net income 2012			10,694				10,694	147	10,841
Other comprehensive income (Note 17)			(219)	(506)			(725)	(39)	(764)
Comprehensive income			10,475	(506)			9,969	108	10,077
Dividend			(5,237)				(5,237)	(104)	(5,341)
Issuance of common shares (Note 17)	2,165,833	6	26				32		32
Purchase of treasury shares					(1,800,000)	(68)	(68)		(68)
Sale of treasury shares ^(a)			(116)		2,962,534	116			
Share-based payments (Note 25)			146				146		146
Share cancellation (Note 17)									
Other operations with non-controlling interests			11	6			17	(16)	1
Other items			16				16	(59)	(43)
As of December 31, 2012	2,365,933,146	5,915	71,827	(1,488)	(108,391,639)	(3,342)	72,912	1,281	74,193

(a) Treasury shares related to the stock option purchase plans and restricted stock grants.

Table of Contents

TOTAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

On February 12, 2013, the Board of Directors established and authorized the publication of the Consolidated Financial Statements of TOTAL S.A. for the year ended December 31, 2012, which will be submitted for approval to the shareholders' meeting to be held on May 17, 2013.

INTRODUCTION

The Consolidated Financial Statements of TOTAL S.A. and its subsidiaries (the Group) are presented in Euros and have been prepared on the basis of IFRS (International Financial Reporting Standards) as adopted by the European Union and IFRS as issued by the IASB (International Accounting Standard Board) as of December 31, 2012.

The accounting principles applied in the Consolidated Financial Statements as of December 31, 2012 were the same as those that were used as of December 31, 2011 except for amendments and interpretations of IFRS which were mandatory for the periods beginning after January 1, 2012 (and not early adopted). Their adoption has no material impact on the Consolidated Financial Statements as of December 31, 2012.

The preparation of financial statements in accordance with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of preparation of the financial statements and reported income and expenses for the period. The management reviews these estimates and assumptions on an ongoing basis, by reference to past experience and various other factors considered as reasonable which form the basis for assessing the carrying amount of assets and liabilities. Actual results may differ significantly from these estimates, if different assumptions or circumstances apply. These judgments and estimates relate principally to the application of the successful efforts method for the oil and gas accounting, the valuation of long-lived assets, the provisions for asset retirement obligations and environmental remediation, the pensions and post-retirements benefits and the income tax computation.

Furthermore, where the accounting treatment of a specific transaction is not addressed by any accounting standard or interpretation, the management applies its judgment to

define and apply accounting policies that will lead to relevant and reliable information, so that the financial statements:

give a true and fair view of the Group's financial position, financial performance and cash flows;

reflect the substance of transactions;

are neutral;

are prepared on a prudent basis; and

are complete in all material aspects.

1) ACCOUNTING POLICIES

Pursuant to the accrual basis of accounting followed by the Group, the financial statements reflect the effects of transactions and other events when they occur. Assets and liabilities such as property, plant and equipment and intangible assets are usually measured at cost. Assets and liabilities are measured at fair value when required by the standards.

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Accounting policies used by the Group are described below:

A) PRINCIPLES OF CONSOLIDATION

Entities that are directly controlled by the parent company or indirectly controlled by other consolidated entities are fully consolidated.

Investments in jointly-controlled entities are consolidated under the equity method. The Group accounts for jointly-controlled operations and jointly-controlled assets by recognizing its share of assets, liabilities, income and expenses.

Investments in associates, in which the Group has significant influence, are accounted for by the equity method. Significant influence is presumed when the Group holds, directly or indirectly (e.g. through subsidiaries), 20% or more of the voting rights. Companies in which ownership interest is less than 20%, but over which the Company is deemed to exercise significant influence, are also accounted for by the equity method.

All intercompany balances, transactions and income are eliminated.

Table of Contents

B) BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. This method requires the recognition of the acquired identifiable assets, assumed liabilities and any non-controlling interest in the companies acquired by the Group at their fair value.

The value of the purchase price is finalized within one year from the acquisition date.

The acquirer shall recognize goodwill at the acquisition date, being the excess of:

The consideration transferred, the amount of non-controlling interests and, in business combinations achieved in stages, the fair value at the acquisition date of the investment previously held in the acquired company;

Over the fair value at the acquisition date of acquired identifiable assets and assumed liabilities.

If the consideration transferred is lower than the fair value of acquired identifiable assets and assumed liabilities, an additional analysis is performed on the identification and valuation of the identifiable elements of the assets and liabilities. After having completed such additional analysis any residual goodwill is recorded as income.

In transactions with non-controlling interests, the difference between the price paid (received) and the book value of non-controlling interests acquired (sold) is recognized directly in equity.

Non-monetary contributions by venturers to a jointly-controlled entity in exchange for an equity interest in the jointly-controlled entity are accounted for by applying guidance provided in SIC 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. A gain or loss on disposal of the previously held investment is recorded up to the share of the co-venturer in the jointly controlled entity.

C) FOREIGN CURRENCY TRANSLATION

The financial statements of subsidiaries are prepared in the currency that most clearly reflects their business environment. This is referred to as their functional currency.

(i) Monetary transactions

Transactions denominated in foreign currencies other than the functional currency of the entity are translated at the exchange rate on the transaction date. At each balance sheet date, monetary assets and liabilities are translated at the closing rate and the resulting exchange differences are recognized in the statement of income.

(ii) Translation of financial statements denominated in foreign currencies

Assets and liabilities of foreign entities are translated into euros on the basis of the exchange rates at the end of the period. The income and cash flow statements are translated using the average exchange rates for the period. Foreign exchange differences resulting from such translations are either recorded in shareholders equity under *Currency translation adjustments* (for the Group share) or under *Non-controlling interests* (for the share of non-controlling interests) as deemed appropriate.

D) SALES AND REVENUES FROM SALES

Sales figures include excise taxes collected by the Group within the course of its oil distribution operations. Excise taxes are deducted from sales in order to obtain the *Revenues from sales* indicator.

(i) Sale of goods

Revenues from sales are recognized when the significant risks and rewards of ownership have been passed to the buyer and when the amount is recoverable and can be reasonably measured.

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Revenues from sales of crude oil, natural gas and coal are recorded upon transfer of title, according to the terms of the sales contracts.

Revenues from the production of crude oil and natural gas properties, in which the Group has an interest with other producers, are recognized based on actual volumes sold during the period. Any difference between volumes sold and entitlement volumes, based on the Group net working interest, is recognized as Crude oil and natural gas inventories or Other current assets or Other creditors and accrued liabilities, as appropriate.

Quantities delivered that represent production royalties and taxes, when paid in cash, are included in oil and gas sales, except for the United States and Canada.

Certain transactions within the trading activities (contracts involving quantities that are purchased from third parties then resold to third parties) are shown at their net value in sales.

Exchanges of crude oil and petroleum products within normal trading activities do not generate any income and therefore these flows are shown at their net value in both the statement of income and the balance sheet.

(ii) Sale of services

Revenues from services are recognized when the services have been rendered.

Table of Contents

Revenues from gas transport are recognized when services are rendered. These revenues are based on the quantities transported and measured according to procedures defined in each service contract.

Shipping revenues and expenses from time-charter activities are recognized on a pro rata basis over a period that commences upon the unloading of the previous voyage and terminates upon the unloading of the current voyage. Shipping revenue recognition starts only when a charter has been agreed to by both the Group and the customer.

(iii) Solar Farm Development Projects

SunPower develops and sells solar farm projects. This activity generally contains a property component (land ownership or an interest in land rights). The revenue associated with the development of these projects is recognized when the entities-projects and land rights are irrevocably sold.

Revenues under contracts for construction of solar systems are recognized based on the progress of construction works, measured according to the percentage of costs incurred relative to total forecast costs.

E) SHARE-BASED PAYMENTS

The Group may grant employees stock options, create employee share purchase plans and offer its employees the opportunity to subscribe to reserved capital increases. These employee benefits are recognized as expenses with a corresponding credit to shareholders' equity.

The expense is equal to the fair value of the instruments granted. The expense is recognized on a straight-line basis between the grant date and vesting date.

The fair value of the options is calculated using the Black-Scholes model at the grant date.

For restricted share plans, the fair value is calculated using the market price at the grant date after deducting the expected distribution rate during the vesting period.

The number of allocated equity instruments can be revised during the vesting period in cases of non compliance with performance conditions, with the exception of those related to the market, or according to the rate of turnover of the beneficiaries.

The cost of employee-reserved capital increases is immediately expensed. A discount reduces the expense in order to account for the non-transferability of the shares awarded to the employees over a period of five years.

F) INCOME TAXES

Income taxes disclosed in the statement of income include the current tax expenses and the deferred tax expenses.

The Group uses the method whereby deferred income taxes are recorded based on the temporary differences between the carrying amounts of assets and liabilities recorded in the balance sheet and their tax bases, and on carry-forwards of unused tax losses and tax credits.

Deferred tax assets and liabilities are measured using the tax rates that have been enacted or substantially enacted at the balance sheet date. The tax rates used depend on the timing of reversals of temporary differences, tax losses and other tax credits. The effect of a change in tax rate is recognized either in the Consolidated Statement of Income or in shareholders' equity depending on the item it relates to.

Deferred tax assets are recognized when future recovery is probable.

Asset retirement obligations and finance leases give rise to the recognition of assets and liabilities for accounting purposes as described in paragraph K Leases and paragraph Q Asset retirement obligations of this Note. Deferred income taxes resulting from temporary differences between the carrying amounts and tax bases of such assets and liabilities are recognized.

Deferred tax liabilities resulting from temporary differences between the carrying amounts of equity-method investments and their tax bases are recognized. The deferred tax calculation is based on the expected future tax effect (dividend distribution rate or tax rate on the gain or loss upon disposal of these investments).

G) EARNINGS PER SHARE

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Earnings per share is calculated by dividing net income (Group share) by the weighted-average number of common shares outstanding during the period, excluding TOTAL shares held by TOTAL S.A. (Treasury shares) and TOTAL shares held by the Group subsidiaries which are deducted from consolidated shareholders' equity.

Diluted earnings per share is calculated by dividing net income (Group share) by the fully-diluted weighted-average number of common shares outstanding during the period. Treasury shares held by the parent company, TOTAL S.A., and TOTAL shares held by the Group subsidiaries are deducted from consolidated shareholders' equity. These shares are not considered outstanding for purposes of this calculation which also takes into account the dilutive effect of stock options, share grants and capital increases with a subscription period closing after the end of the fiscal year.

Table of Contents

The weighted-average number of fully-diluted shares is calculated in accordance with the treasury stock method provided for by IAS 33. The proceeds, which would be recovered in the event of an exercise of rights related to dilutive instruments, are presumed to be a share buyback at the average market price over the period. The number of shares thereby obtained leads to a reduction in the total number of shares that would result from the exercise of rights.

H) OIL AND GAS EXPLORATION AND PRODUCING PROPERTIES AND MINING ACTIVITY

The Group applies IFRS 6 *Exploration for and Evaluation of Mineral Resources*. Oil and gas exploration and production properties and assets are accounted for in accordance with the successful efforts method.

(i) Exploration costs

Geological and geophysical costs, including seismic surveys for exploration purposes are expensed as incurred.

Mineral interests are capitalized as intangible assets when acquired. These acquired interests are tested for impairment on a regular basis, property-by-property, based on the results of the exploratory activity and the management's evaluation.

In the event of a discovery, the unproved mineral interests are transferred to proved mineral interests at their net book value as soon as proved reserves are booked.

Exploratory wells are tested for impairment on a well-by-well basis and accounted for as follows:

Costs of exploratory wells which result in proved reserves are capitalized and then depreciated using the unit-of-production method based on proved developed reserves;

Costs of dry exploratory wells and wells that have not found proved reserves are charged to expense;

Costs of exploratory wells are temporarily capitalized until a determination is made as to whether the well has found proved reserves if both of the following conditions are met:

The well has found a sufficient quantity of reserves to justify its completion as a producing well, if appropriate, assuming that the required capital expenditures are made;

The Group is making sufficient progress assessing the reserves and the economic and operating viability of the project. This progress is evaluated on the basis of indicators such as whether additional exploratory works are under way or firmly planned (wells, seismic or significant studies), whether costs are being incurred for development studies and whether the Group is waiting for governmental or other third-party authorization of a proposed project, or availability of capacity on an existing transport or processing facility.

Costs of exploratory wells not meeting these conditions are charged to expense.

(ii) Oil and Gas producing assets

Development costs incurred for the drilling of development wells and for the construction of production facilities are capitalized, together with borrowing costs incurred during the period of construction and the present value of estimated future costs of asset retirement obligations. The depletion rate is usually equal to the ratio of oil and gas production for the period to proved developed reserves (unit-of-production method).

With respect to production sharing contracts, this computation is based on the portion of production and reserves assigned to the Group taking into account estimates based on the contractual clauses regarding the reimbursement of exploration, development and production costs (cost oil) as well as the sharing of hydrocarbon rights (profit oil).

Transportation assets are depreciated using the unit-of-production method based on throughput or by using the straight-line method whichever best reflects the duration of use of the economic life of the asset.

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Proved mineral interests are depreciated using the unit-of-production method based on proved reserves.

(iii) Mining activity

Before an assessment can be made on the existence of resources, exploration costs, including studies and core drilling campaigns as a whole, are expensed.

When the assessment concludes that resources exist, the costs engaged subsequently to this assessment are capitalized temporarily while waiting for the field final development decision, if a positive decision is highly probable. Otherwise, these costs are expensed.

Once the development decision is taken, the predevelopment costs capitalized temporarily are integrated with the cost of development and depreciated from the start of production at the same pace than development assets.

F-11

Table of Contents

Mining development costs include the initial stripping costs and all costs incurred to access resources, and particularly the costs of:

Surface infrastructures;

Machinery and mobile equipment which are significantly costly;

Utilities and off-sites.

These costs are capitalized and depreciated either on a straight line basis or depleted using the UOP method from the start of production.

I) GOODWILL AND OTHER INTANGIBLE ASSETS EXCLUDING MINERAL INTERESTS

Other intangible assets include goodwill, patents, trademarks, and lease rights.

Intangible assets are carried at cost, after deducting any accumulated depreciation and accumulated impairment losses.

Guidance for calculating goodwill is presented in Note 1 paragraph B to the Consolidated Financial Statements. Goodwill is not amortized but is tested for impairment annually or as soon as there is any indication of impairment (see Note 1 paragraph L to the Consolidated Financial Statements).

In equity affiliates, goodwill is included in the investment book value.

Other intangible assets (except goodwill) have a finite useful life and are amortized on a straight-line basis over 3 to 20 years depending on the useful life of the assets.

Research and development

Research costs are charged to expense as incurred.

Development expenses are capitalized when the following can be demonstrated:

the technical feasibility of the project and the availability of the adequate resources for the completion of the intangible asset;

the ability of the asset to generate probable future economic benefits;

the ability to measure reliably the expenditures attributable to the asset; and

the feasibility and intention of the Group to complete the intangible asset and use or sell it.

Advertising costs are charged to expense as incurred.

J) OTHER PROPERTY, PLANT AND EQUIPMENT

Other property, plant and equipment are carried at cost, after deducting any accumulated depreciation and accumulated impairment losses. This cost includes borrowing costs directly attributable to the acquisition or production of a qualifying asset incurred until assets are placed in service. Borrowing costs are capitalized as follows:

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if the project benefits from a specific funding, the capitalization of borrowing costs is based on the borrowing rate;

if the project is financed by all the Group's debt, the capitalization of borrowing costs is based on the weighted average borrowing cost for the period. Routine maintenance and repairs are charged to expense as incurred. The costs of major turnarounds of refineries and large petrochemical units are capitalized as incurred and depreciated over the period of time between two consecutive major turnarounds.

Other property, plant and equipment are depreciated using the straight-line method over their useful lives, which are as follows:

Furniture, office equipment, machinery and tools	3-12 years
Transportation equipments	5-20 years
Storage tanks and related equipment	10-15 years
Specialized complex installations and pipelines	10-30 years
Buildings	10-50 years

K) LEASES

A finance lease transfers substantially all the risks and rewards incidental to ownership from the lessor to the lessee. These contracts are capitalized as assets at fair value or, if lower, at the present value of the minimum lease payments according to the contract. A corresponding financial debt is recognized as a financial liability. These assets are depreciated over the corresponding useful life used by the Group.

Leases that are not finance leases as defined above are recorded as operating leases.

Certain arrangements do not take the legal form of a lease but convey the right to use an asset or a group of assets in return for fixed payments. Such arrangements are accounted for as leases and are analyzed to determine whether they should be classified as operating leases or as finance leases.

Table of Contents

L) IMPAIRMENT OF LONG-LIVED ASSETS

The recoverable amounts of intangible assets and property, plant and equipment are tested for impairment as soon as any indication of impairment exists. This test is performed at least annually for goodwill.

The recoverable amount is the higher of the fair value (less costs to sell) or its value in use.

Assets are grouped into cash-generating units (or CGUs) and tested. A cash-generating unit is a homogeneous group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets.

The value in use of a CGU is determined by reference to the discounted expected future cash flows, based upon the management's expectation of future economic and operating conditions. When this value is less than the carrying amount of the CGU, an impairment loss is recorded. It is allocated first to goodwill in counterpart of Other expenses. These impairment losses are then allocated to Depreciation, depletion and amortization of tangible assets and mineral interests for property, plant and mineral interests and to Other expenses for other intangible assets.

Impairment losses recognized in prior periods can be reversed up to the original carrying amount, had the impairment loss not been recognized. Impairment losses recognized for goodwill cannot be reversed.

M) FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are financial loans and receivables, investments in non-consolidated companies, publicly traded equity securities, derivatives instruments and current and non-current financial liabilities.

The accounting treatment of these financial assets and liabilities is as follows:

(i) Loans and receivables

Financial loans and receivables are recognized at amortized cost. They are tested for impairment, by comparing the carrying amount of the assets to estimates of the discounted future recoverable cash flows. These tests are conducted as soon as there is any evidence that their fair value is less than their carrying amount, and at least annually. Any impairment loss is recorded in the statement of income.

(ii) Other investments

These assets are classified as financial assets available for sale and therefore measured at their fair value. For listed

securities, this fair value is equal to the market price. For unlisted securities, if the fair value is not reliably determinable, securities are recorded at their historical value. Changes in fair value are recorded in shareholders' equity. If there is any evidence of a significant or long-lasting impairment loss, a loss is recorded in the Statement of Income. This impairment is reversed in the statement of income only when the securities are sold.

(iii) Derivative instruments

The Group uses derivative instruments to manage its exposure to risks of changes in interest rates, foreign exchange rates and commodity prices. Changes in fair value of derivative instruments are recognized in the statement of income or in shareholders' equity and are recognized in the balance sheet in the accounts corresponding to their nature, according to the risk management strategy described in Note 31 to the Consolidated Financial Statements. The derivative instruments used by the Group are the following:

Cash management

Financial instruments used for cash management purposes are part of a hedging strategy of currency and interest rate risks within global limits set by the Group and are considered to be used for transactions (held for trading). Changes in fair value are systematically recorded in the statement of income. The balance sheet value of those instruments is included in Current financial assets or Other current financial liabilities.

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Long-term financing

When an external long-term financing is set up, specifically to finance subsidiaries, and when this financing involves currency and interest rate derivatives, these instruments are qualified as:

- i. Fair value hedge of the interest rate risk on the external debt and of the currency risk of the loans to subsidiaries. Changes in fair value of derivatives are recognized in the statement of income as are changes in fair value of underlying financial debts and loans to subsidiaries. The fair value of those hedging instruments of long-term financing is included in the assets under Hedging instruments on non-current financial debt or in the liabilities under Non-current financial debt for the non-current portion. The current portion (less than one year) is accounted for in Current financial assets or Other current financial liabilities .

Table of Contents

In case of the anticipated termination of derivative instruments accounted for as fair value hedges, the amount paid or received is recognized in the statement of income and:

If this termination is due to an early cancellation of the hedged items, the adjustment previously recorded as revaluation of those hedged items is also recognized in the statement of income;

If the hedged items remain in the balance sheet, the adjustment previously recorded as a revaluation of those hedged items is spread over the remaining life of those items.

- ii. Cash flow hedge of the currency risk of the external debt. Changes in fair value are recorded in Other comprehensive Income for the effective portion of the hedging and in the statement of income for the ineffective portion of the hedging. Amounts recorded in equity are transferred to the income statement when the hedged transaction affects profit or loss.

The fair value of those hedging instruments of long-term financing is included in the assets under Hedging instruments on non-current financial debt or in the liabilities under Non-current financial debt for the non-current portion. The current portion (less than one year) is accounted for in Current financial assets or Other current financial liabilities .

If the hedging instrument expires, is sold or terminated by anticipation, gains or losses previously recognized in equity remain in equity. Amounts are recycled in the income statement only when the hedged transaction affects profit or loss.

Foreign subsidiaries equity hedge

Certain financial instruments hedge against risks related to the equity of foreign subsidiaries whose functional currency is not the euro (mainly the dollar). These instruments qualify as net investment hedges and changes in fair value are recorded in Other comprehensive income for the effective portion of the hedging and in the statement of income for the ineffective portion of the hedging. Gains or losses on hedging instruments previously recorded in equity, are reclassified to the statement of income in the same period as the total or partial disposal of the foreign activity.

The fair value of these instruments is recorded under Current financial assets or Other current financial liabilities .

Financial instruments related to commodity contracts

Financial instruments related to commodity contracts, including crude oil, petroleum products, gas, power and coal purchase/sales contracts within the trading activities, together with the commodity contract derivative instruments such as energy contracts and forward freight agreements, are used to adjust the Group's exposure to price fluctuations within global trading limits. According to the industry practice, these instruments are considered as held for trading. Changes in fair value are recorded in the statement of income. The fair value of these instruments is recorded in Other current assets or Other creditors and accrued liabilities depending on whether they are assets or liabilities.

Detailed information about derivatives positions is disclosed in Notes 20, 28, 29, 30 and 31 to the Consolidated Financial Statements.

(iv) Current and non-current financial liabilities

Current and non-current financial liabilities (excluding derivatives) are recognized at amortized cost, except those for which hedge accounting can be applied as described in the previous paragraph.

(v) Fair value of financial instruments

Fair values are estimated for the majority of the Group's financial instruments, with the exception of publicly traded equity securities and marketable securities for which the market price is used.

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Estimations of fair value, which are based on principles such as discounting future cash flows to present value, must be weighted by the fact that the value of a financial instrument at a given time may be influenced by the market environment (liquidity especially), and also the fact that subsequent changes in interest rates and exchange rates are not taken into account.

As a consequence, the use of different estimates, methodologies and assumptions could have a material effect on the estimated fair value amounts.

The methods used are as follows:

Financial debts, swaps

The market value of swaps and of bonds that are hedged by those swaps has been determined on an individual basis by discounting future cash flows with the zero coupon interest rate curves existing at year-end.

Table of Contents

Financial instruments related to commodity contracts

The valuation methodology is to mark to market all open positions for both physical and paper transactions. The valuations are determined on a daily basis using observable market data based on organized and over the counter (OTC) markets. In particular cases when market data are not directly available, the valuations are derived from observable data such as arbitrages, freight or spreads and market corroboration. For valuation of risks which are the result of a calculation, such as options for example, commonly known models are used to compute the fair value.

Other financial instruments

The fair value of the interest rate swaps and of FRA (Forward Rate Agreement) are calculated by discounting future cash flows on the basis of zero coupon interest rate curves existing at year-end after adjustment for interest accrued but unpaid.

Forward exchange contracts and currency swaps are valued on the basis of a comparison of the negotiated forward rates with the rates in effect on the financial markets at year-end for similar maturities.

Exchange options are valued based on the Garman-Kohlhagen model including market quotations at year-end.

Fair value hierarchy

IFRS 7 Financial instruments: disclosures, amended in 2009, introduces a fair value hierarchy for financial instruments and proposes the following three-level classification:

level 1: quotations for assets and liabilities (identical to the ones that are being valued) obtained at the valuation date on an active market to which the entity has access;

level 2: the entry data are observable data but do not correspond to quotations for identical assets or liabilities;

level 3: the entry data are not observable data. For example: these data come from extrapolation. This level applies when there is no market or observable data and the company has to use its own hypotheses to estimate the data that other market players would have used to determine the fair value of the asset.

Fair value hierarchy is disclosed in Notes 29 and 30 to the Consolidated Financial Statements.

N) INVENTORIES

Inventories are measured in the Consolidated Financial Statements at the lower of historical cost or market value. Costs for petroleum and petrochemical products are determined according to the FIFO (First-In, First-Out) method and other inventories are measured using the weighted-average cost method. In addition stocks held for trading are measured at fair value less costs of sale.

Refining & Chemicals

Petroleum product inventories are mainly comprised of crude oil and refined products. Refined products principally consist of gasoline, kerosene, diesel, fuel oil and heating oil produced by the Group's refineries. The turnover of petroleum products does not exceed more than two months on average.

Crude oil costs include raw material and receiving costs. Refining costs principally include crude oil costs, production costs (energy, labor, depreciation of producing assets) and an allocation of production overheads (taxes, maintenance, insurance, etc.).

Costs of chemical product inventories consist of raw material costs, direct labor costs and an allocation of production overheads. Start-up costs, general administrative costs and financing costs are excluded from the cost price of refined and chemicals products.

Marketing & Services

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The costs of refined products include mainly crude oil costs, production costs (energy, labor, depreciation of producing assets) and an allocation of production overheads (taxes, maintenance, insurance, etc.).

Start-up costs, general administrative costs and financing costs are excluded from the cost price of refined products.

Product inventories purchased from entities external to the Group are valued at their purchase cost plus primary costs of transport.

O) TREASURY SHARES

Treasury shares of the parent company held by its subsidiaries or itself are deducted from consolidated shareholders' equity. Gains or losses on sales of treasury shares are excluded from the determination of net income and are recognized in shareholders' equity.

Table of Contents

P) PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Provisions and non-current liabilities are comprised of liabilities for which the amount and the timing are uncertain. They arise from environmental risks, legal and tax risks, litigation and other risks.

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event for which it is probable that an outflow of resources will be required and when a reliable estimate can be made regarding the amount of the obligation. The amount of the liability corresponds to the best possible estimate.

Q) ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations, which result from a legal or constructive obligation, are recognized based on a reasonable estimate in the period in which the obligation arises.

The associated asset retirement costs are capitalized as part of the carrying amount of the underlying asset and depreciated over the useful life of this asset.

An entity is required to measure changes in the liability for an asset retirement obligation due to the passage of time (accretion) by applying a risk-free discount rate to the amount of the liability. The increase of the provision due to the passage of time is recognized as *Other financial expense*.

R) EMPLOYEE BENEFITS

In accordance with the laws and practices of each country, the Group participates in employee benefit plans offering retirement, death and disability, healthcare and special termination benefits. These plans provide benefits based on various factors such as length of service, salaries, and contributions made to the governmental bodies responsible for the payment of benefits.

These plans can be either defined contribution or defined benefit pension plans and may be entirely or partially funded with investments made in various non-Group instruments such as mutual funds, insurance contracts, and other instruments.

For defined contribution plans, expenses correspond to the contributions paid.

Defined benefit obligations are determined according to the Projected Unit Method. Actuarial gains and losses may arise from differences between actuarial valuation and

projected commitments (depending on new calculations or assumptions) and between projected and actual return of plan assets.

The Group applies the corridor method to amortize its actuarial gains and losses. This method amortizes the net cumulative actuarial gains and losses that exceed 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets at the opening balance sheet date, over the average expected remaining working lives of the employees participating in the plan.

In case of a change in or creation of a plan, the vested portion of the cost of past services is recorded immediately in the statement of income, and the unvested past service cost is amortized over the vesting period.

The net periodic pension cost is recognized under *Other operating expenses*.

S) CONSOLIDATED STATEMENT OF CASH FLOWS

The Consolidated Statement of Cash Flows prepared in foreign currencies has been translated into euros using the exchange rate on the transaction date or the average exchange rate for the period. Currency translation differences arising from the translation of monetary assets and liabilities denominated in foreign currency into euros using the closing exchange rates are shown in the Consolidated Statement of Cash Flows under *Effect of exchange rates*. Therefore, the Consolidated Statement of Cash Flows will not agree with the figures derived from the Consolidated Balance Sheet.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and highly liquid short-term investments that are easily convertible into known amounts of cash and are subject to insignificant risks of changes in value.

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Investments with maturity greater than three months and less than twelve months are shown under Current financial assets .

Changes in current financial assets and liabilities are included in the financing activities section of the Consolidated Statement of Cash Flows.

Non-current financial debt

Changes in non-current financial debt are presented as the net variation to reflect significant changes mainly related to revolving credit agreements.

Table of Contents

T) CARBON DIOXIDE EMISSION RIGHTS

In the absence of a current IFRS standard or interpretation on accounting for emission rights of carbon dioxide, the following principles are applied:

Emission rights are managed as a cost of production and as such are recognized in inventories:

Emission rights allocated for free are booked in inventories with a nil carrying amount,

Purchased emission rights are booked at acquisition cost,

Sales or annual restorations of emission rights consist of decreases in inventories recognized based on a weighted average cost,

If the carrying amount of inventories at closing date is higher than the market value, an impairment loss is recorded.

At each closing, a provision is recorded in order to materialize the obligation of emission rights restoration related to the emissions of the period. This provision is calculated based on estimated emissions of the period, valued at weighted average cost of the inventories at the end of the period. It is reversed when the emission rights are restored.

If emission rights to be delivered at the end of the compliance period are higher than emission rights (allocated and purchased) booked in inventories, the shortage is accounted for as a liability at market value.

Forward transactions are recognized at their fair market value in the balance sheet. Changes in the fair value of such forward transactions are recognized in the statement of income.

U) ENERGY SAVINGS CERTIFICATES

In the absence of current IFRS standards or interpretations on accounting for energy savings certificates, the following principles are applied:

If the obligations linked to the sales of energy are greater than the number of ESC held then a liability is recorded. These liabilities are valued based on the price of last transactions.

In the event that the number of ESC's held exceeds the obligation at the balance sheet date this is accounted for as inventory

ESC inventories are valued at weighted average cost (acquisition cost for those ESC acquired or cost incurred for those ESC generated internally)
If the carrying value of the inventory of certificates at the balance sheet date is higher than the market value, an impairment loss is recorded in income

V) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Pursuant to IFRS 5 Non-current assets held for sale and discontinued operations, assets and liabilities of affiliates that are held for sale are presented separately on the face of the balance sheet. Depreciation of assets ceases from the date of classification in Non-current assets held for sale.

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Net income from discontinued operations is presented separately on the face of the statement of income. Therefore, the notes to the Consolidated Financial Statements related to the statement of income only refer to continuing operations.

A discontinued operation is a component of the Group for which cash flows are independent. It represents a major line of business or geographical area of operations which has been disposed of or is currently being held for sale.

W) ALTERNATIVE IFRS METHODS

For measuring and recognizing assets and liabilities, the following choices among alternative methods allowable under IFRS have been made:

property, plant and equipment, and intangible assets are measured using historical cost model instead of revaluation model;

actuarial gains and losses on pension and other post-employment benefit obligations are recognized according to the corridor method (see Note 1 paragraph R to the Consolidated Financial Statements);

jointly-controlled entities are consolidated under the equity method, as provided for in the alternative method of IAS 31 Interests in joint ventures .

X) NEW ACCOUNTING PRINCIPLES NOT YET IN EFFECT

The standards or interpretations published respectively by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) which were not yet in effect at December 31, 2012, are as follows:

Standards not yet adopted by the European Union at December 31, 2012

In November 2009, the IASB issued standard IFRS 9 Financial Instruments that introduces new

Table of Contents

requirements for the classification and measurement of financial assets, and included in October 2010 requirements regarding classification and measurement of financial liabilities. This standard shall be completed with texts on impairment and hedge accounting. Under standard IFRS 9, financial assets and liabilities are generally measured either at fair value through profit or loss or at amortized cost if certain conditions are met. The standard should be applicable for annual periods starting on or after January 1, 2015. The application of the standard as published in 2010 should not have any material effect on the Group's consolidated balance sheet, statement of income and shareholder's equity.

Standards adopted by the European Union at December 31, 2012

In May 2011, the IASB issued a package of standards on consolidation: standard IFRS 10 Consolidated financial statements, standard IFRS 11 Joint arrangements, standard IFRS 12 Disclosure of interests in other entities, revised standard IAS 27 Separate financial statements and revised standard IAS 28 Investments in associates and joint ventures. These standards are applicable for annual periods beginning on or after January 1, 2013. The application of these standards will not have a significant effect on the balance sheet, income statement and the consolidated equity of the Group.

In June 2011, the IASB issued revised standard IAS 19 Employee benefits, which leads in particular to the full recognition of the net position in respect of employee benefits obligations (liabilities net of assets) in the balance sheet, to the elimination of the corridor approach currently used by the Group, the elimination of the depreciation of past services costs, and to the obligation to evaluate the expected return on plan assets on a normative basis (via the discount rate used to value the debt). This standard is applicable retrospectively from January 1, 2013. The application of this standard will have an impact on January 1, 2013 of an increase in employee benefit provisions of 2.8 billion and a decrease in equity of 2.8 billion before tax (1.7 billion after tax). The impact on the profit for 2011 and 2012 is not significant.

In addition, the IASB published in May 2011 standard IFRS 13 Fair value measurement, applicable for annual periods beginning on or after January 1, 2013, and in June 2011 revised standard IAS 1 Presentation of financial statements, applicable for annual periods beginning on or after July 1, 2012. The application of these standards will not have a material effect on the Group's consolidated balance sheet, statement of income and shareholder's equity.

2) MAIN INDICATORS - INFORMATION BY BUSINESS SEGMENT

Performance indicators excluding the adjustment items, such as adjusted operating income, adjusted net operating income, and adjusted net income are meant to facilitate the analysis of the financial performance and the comparison of income between periods.

Adjustment items

The detail of these adjustment items is presented in Note 4 to the Consolidated Financial Statements.

Adjustment items include:

(i) Special items

Due to their unusual nature or particular significance, certain transactions qualified as special items are excluded from the business segment figures. In general, special items relate to transactions that are significant, infrequent or unusual. However, in certain instances, transactions such as restructuring costs or assets disposals, which are not considered to be representative of the normal course of business, may be qualified as special items although they may have occurred within prior years or are likely to occur again within the coming years.

(ii) The inventory valuation effect

The adjusted results of the Refining & Chemicals and Marketing & Services segments are presented according to the replacement cost method. This method is used to assess the segments' performance and facilitate the comparability of the segments' performance with those of its competitors.

In the replacement cost method, which approximates the LIFO (Last-In, First-Out) method, the variation of inventory values in the statement of income is, depending on the nature of the inventory, determined using either the month-end prices differential between one period and another or the average prices of the period rather than the historical value. The inventory valuation effect is the difference between the results according to the FIFO (First-In, First-Out) and the replacement cost.

(iii) Effect of changes in fair value

The effect of changes in fair value presented as adjustment items reflects for some transactions differences between

Table of Contents

internal measure of performance used by TOTAL's management and the accounting for these transactions under IFRS.

IFRS requires that trading inventories be recorded at their fair value using period end spot prices. In order to best reflect the management of economic exposure through derivative transactions, internal indicators used to measure performance include valuations of trading inventories based on forward prices.

Furthermore, TOTAL, in its trading activities, enters into storage contracts, which future effects are recorded at fair value in Group's internal economic performance. IFRS precludes recognition of this fair value effect.

(iv) Until June 30, 2010, TOTAL's equity share of adjustment items reconciling Business net income to Net income attributable to equity holders of Sanofi (see Note 3, paragraph on the sales of Sanofi shares and loss of significant influence over Sanofi)

Main indicators

(i) Operating income (measure used to evaluate operating performance)

Revenue from sales after deducting cost of goods sold and inventory variations, other operating expenses, exploration expenses and depreciation, depletion, and amortization.

Operating income excludes the amortization of intangible assets other than mineral interests, currency translation adjustments and gains or losses on the disposal of assets.

(ii) Net operating income (measure used to evaluate the return on capital employed)

Operating income after taking into account the amortization of intangible assets other than mineral interests, currency translation adjustments, gains or losses on the disposal of assets, as well as all other income and expenses related to capital employed (dividends from non-consolidated companies, equity in income of affiliates, capitalized interest expenses), and after income taxes applicable to the above.

The only income and expense not included in net operating income but included in net income are interest expenses related to net financial debt, after applicable income taxes (net cost of net debt) and non-controlling interests.

(iii) Adjusted income

Operating income, net operating income, or net income excluding the effect of adjustment items described above.

(iv) Fully-diluted adjusted earnings per share

Adjusted net income divided by the fully-diluted weighted-average number of common shares.

(v) Capital employed

Non-current assets and working capital, at replacement cost, net of deferred income taxes and non-current liabilities.

(vi) ROACE (Return on Average Capital Employed)

Ratio of adjusted net operating income to average capital employed between the beginning and the end of the period.

(vii) ROE (Return on Equity)

Ratio of adjusted consolidated net income to average adjusted shareholders' equity (after distribution) between the beginning and the end of the period.

(viii) Net debt

Non-current debt, including current portion, current borrowings, other current financial liabilities less cash and cash equivalents and other current financial assets.

3) CHANGES IN THE GROUP STRUCTURE, MAIN ACQUISITIONS AND DIVESTMENTS

During 2012, 2011 and 2010, main changes in the Group structure and main acquisitions and divestments were as follows:

2012

Upstream

TOTAL finalized in February 2012 the acquisition in Uganda of a one-third interest in Blocks 1, 2 and 3A held by Tullow Oil plc for 1,157 million (\$1,487 million), entirely consisting of mineral interests. TOTAL has become an equal partner with Tullow and CNOOC in the blocks, each with a one-third interest and each being an operator of one of the blocks. TOTAL is the operator of Block 1.

TOTAL finalized during 2012 the acquisition of an additional 1.25% interest in Novatek for an amount of 368 million (\$480 million), increasing TOTAL's overall interest in Novatek to 15.34%.

TOTAL finalized in October 2012 the sale of its interest in the Cusiana field as well as a

Table of Contents

participation in OAM and ODC pipelines in Colombia to Sinochem, for an amount of 318 million (\$409 million), net of cash sold.

Holding

During 2012, TOTAL gradually sold its remaining interest in Sanofi, generating a net capital gain of 341 million after tax. As at December 31, 2012, the Group retains no further interest in the capital of Sanofi.

Information relating to sales in progress is presented in accordance with IFRS 5 Non-current assets held for sale and discontinued operations in Note 34.

2011

Upstream

TOTAL finalized in March 2011 the acquisition from Santos of an additional 7.5% interest in Australia's GLNG project. This increases TOTAL's overall stake in the project to 27.5%.

The acquisition cost amounted to 202 million (\$281 million) and mainly corresponded to the value of mineral interests that have been recognized as intangible assets in the consolidated balance sheet for 227 million.

In March 2011, Total E&P Canada Ltd., a TOTAL subsidiary, and Suncor Energy Inc. (Suncor) have finalized a strategic oil sands alliance encompassing the Suncor-operated Fort Hills mining project, the TOTAL-operated Joslyn mining project and the

Suncor-operated Voyageur upgrader project. All three assets are located in the Athabasca region of the province of Alberta, in Canada.

TOTAL acquired 19.2% of Suncor's interest in the Fort Hills project, increasing TOTAL's overall interest in the project to 39.2%. Suncor, as operator, held 40.8%. TOTAL also acquired a 49% stake in the Suncor-operated Voyageur upgrader project. For those two acquisitions, the Group paid 1,937 million (CAD 2,666 million) mainly representing the value of intangible assets for 474 million and the value of tangible assets for 1,550 million.

Furthermore, TOTAL sold to Suncor 36.75% interest in the Joslyn project for 612 million (CAD 842 million). The Group, as operator, retained a 38.25% interest in the project.

TOTAL finalized in April 2011 the sale of its 75.8% interest in its upstream Cameroonian affiliate Total E&P Cameroun to Perenco, for an amount of 172 million (\$247 million), net of cash sold.

TOTAL and the Russian company Novatek signed in March 2011 two Memorandums of Cooperation to develop the cooperation between TOTAL on one side, and Novatek and its main shareholders on the other side.

This cooperation was developed around the two following axes:

In April 2011, TOTAL took a 12.09% shareholding in Novatek for an amount of 2,901 million (\$4,108 million). In December 2011, TOTAL finalized the acquisition of an additional 2% interest in Novatek for an amount of 596 million (\$796 million), which increased TOTAL's overall interest in Novatek to 14.09%. TOTAL considered that it had a significant influence especially through its representation on the Board of Directors of Novatek and its participation in the major Yamal LNG project. Therefore, the interest in Novatek was accounted for by the equity method since the second quarter of 2011.

In October 2011, TOTAL finalized the acquisition of a 20% interest in the Yamal LNG project and has become Novatek's partner in this project.

TOTAL finalized in July 2011 the sale of 10% of its interest in the Colombian pipeline OCENSA. The Group still held a 5.2% interest in this asset.

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TOTAL finalized in September 2011 the acquisition of Esso Italiana's interests respectively in the Gorgoglione concession (25% interest), which contains the Tempa Rossa field, and in two exploration licenses located in the same area (51.7% for each one). The acquisition increased TOTAL's interest in the operated Tempa Rossa field to 75%.

TOTAL finalized in December 2011 the sale to Silex Gas Norway AS, a wholly owned subsidiary of Allianz, of its entire stake in Gassled (6.4%) and related entities for an amount of 477 million (NOK 3.7 billion).

Total E&P USA Inc. signed in December 2011 an agreement to enter into a Joint Venture with Chesapeake Exploration L.L.C., a subsidiary of Chesapeake Energy Corporation, and its partner

F-20

Table of Contents

EnerVest Ltd. Under the terms of this agreement, TOTAL acquired a 25% share in Chesapeake's and EnerVest's liquids-rich area of the Utica shale play. TOTAL paid to Chesapeake and EnerVest \$500 million (\$696 million) in cash for the acquisition of these assets. TOTAL will also be committed to pay additional amounts up to \$1.63 billion over a maximum period of 7 years in the form of a 60% carry of Chesapeake and EnerVest's future capital expenditures on drilling and completion of wells within the Joint Venture. Furthermore, TOTAL will also acquire a 25% share in any new acreage which will be acquired by Chesapeake in the liquids-rich area of the Utica shale play.

Refining & Chemicals

TOTAL finalized in July 2011 the sale of its photocure and coatings resins businesses to Arkema for an amount of \$520 million, net of cash sold.

TOTAL and International Petroleum Investment Company (a company wholly-owned by the Government of Abu Dhabi) entered into an agreement on February 15, 2011 for the sale, to International Petroleum Investment Company (IPIC), of the 48.83% equity interest held by TOTAL in the share capital of CEPESA, to be completed within the framework of a public tender offer being launched by IPIC for all the CEPESA shares not yet held by IPIC, at a unit purchase price of \$28 per CEPESA share. TOTAL sold to IPIC all of its equity interest in CEPESA and received, as of July 29, 2011, an amount of \$3,659 million.

Marketing & Services

TOTAL finalized in October 2011 the sale of most of its Marketing assets in the United Kingdom, the Channel Islands and the Isle of Man, to Rontec Investments LLP, a consortium led by Snax 24, one of the leading independent forecourt operators in the United Kingdom, for an amount of \$424 million (£368 million).

After the all-cash tender of \$23.25 per share launched on April 28, 2011 and completed on June 21, 2011, TOTAL has acquired a 60% stake in SunPower Corp., a U.S. company listed on Nasdaq with headquarters in San Jose (California). Shares of SunPower Corp. continue to be traded on the Nasdaq.

The acquisition cost, whose cash payment occurred on June 21, 2011, amounted to \$974 million (\$1,394 million).

The goodwill amounted to \$533 million and was fully depreciated on December 31, 2011.

2010

Upstream

Total E&P Canada Ltd., a TOTAL subsidiary, signed in July 2010 an agreement with UTS Energy Corporation (UTS) to acquire UTS Corporation with its main asset, a 20% interest in the Fort Hills mining project in the Athabasca region of the Canadian province of Alberta.

Total E&P Canada completed on September 30, 2010 the acquisition of all UTS shares for a cash amount of 3.08 Canadian dollars per share. Taking into account the cash held by UTS and acquired by TOTAL (\$232 million), the cost of the acquisition for TOTAL amounted to \$862 million. This amount mainly represented the value of mineral interests that have been recognized as intangible assets in the consolidated balance sheet for \$646 million and the value of tangible assets that have been recognized in the consolidated balance sheet for \$217 million.

TOTAL completed in September 2010 an agreement for the sale to BP and Hess of its interests in the Valhall (15.72%) and Hod (25%) fields, in the Norwegian North Sea, for an amount of \$800 million.

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TOTAL signed in September 2010 an agreement with Santos and Petronas to acquire a 20% interest in the GLNG project in Australia. Upon completion of this transaction finalised in October 2010, the project brought together Santos (45%, operator), Petronas (35%) and TOTAL (20%). The acquisition cost amounted to 566 million and it mainly represented the value of mineral interests that have been recognized as intangible assets in the consolidated balance sheet for 617 million.

In addition, TOTAL announced in December 2010 the signature of an agreement to acquire an additional 7.5% interest in this project.

TOTAL sold in December 2010 its 5% interest in Block 31, located in the Angolan ultra deep offshore, to the company China Sonangol International Holding Limited.

F-21

Table of Contents

Refining & Chemicals

TOTAL closed on April 1, 2010 the sale of its consumer specialty chemicals business, Mapa Spontex, to U.S.-based Jarden Corporation for an enterprise value of 335 million.

Marketing & Services

TOTAL and ERG announced in January 2010 that they signed an agreement to create a joint venture, named TotalErg, by contribution of the major part of their activities in the refining and marketing business in Italy. TotalErg has been operational since October 1, 2010. The shareholder pact calls for joint governance as well as operating independence for the new entity. TOTAL's interest in TotalErg is 49% and is accounted for by the equity method (see Note 12 to the Consolidated Financial Statements).

Corporate

On March 24, 2010, TOTAL S.A. filed a public tender offer followed by a squeeze out with the French Autorité des Marchés Financiers (AMF) in order to buy the 1,468,725 Elf Aquitaine shares that it did not already hold, representing 0.52% of Elf Aquitaine's share capital and 0.27% of its voting rights, at a price of 305 per share (including the remaining 2009 dividend). On April 13, 2010, the French Autorité des marchés financiers (AMF) issued its clearance decision for this offer.

The public tender offer was open from April 16 to April 29, 2010 inclusive. The Elf Aquitaine shares targeted by the offer which were not tendered to the offer have been transferred to TOTAL S.A. under the squeeze out upon payment to the shareholders equal to the offer price on the first trading day after the offer closing date, i.e. on April 30, 2010.

On April 30, 2010, TOTAL S.A. announced that, following the squeeze out, it held 100% of Elf Aquitaine shares, with the transaction amounting to 450 million.

In application of revised standard IAS 27 Consolidated and Separate Financial Statements, effective for annual periods beginning on or after January 1, 2010, transactions with non-controlling interests are accounted for as equity transactions, i.e. in consolidated shareholder's equity.

As a consequence, following the squeeze out of the Elf Aquitaine shares by TOTAL S.A., the difference between the consideration paid and the book value of non-controlling interests acquired was recognized directly as a decrease in equity.

During 2010, TOTAL progressively sold 1.88% of Sanofi's share capital, thus reducing its interest to 5.51%.

As from July 1, 2010, given its reduced representation on the Board of Directors and the decrease in the percentage of voting rights, TOTAL ceased to have a significant influence over Sanofi-Aventis and no longer consolidated this investment under the equity method. The investment in Sanofi is accounted for as a financial asset available for sale in the line Other investments of the consolidated balance sheet at its fair value, i.e. at the stock price.

Net income as of December 31, 2010 included a 135 million gain relating to this change in the accounting treatment.

4) BUSINESS SEGMENT INFORMATION

Financial information by business segment is reported in accordance with the internal reporting system and shows internal segment information that is used to manage and measure the performance of TOTAL and which is reviewed by the main operational decision-making body of the Group, namely the Executive committee.

The operational profit and assets are broken down by business segment prior to the consolidation and inter-segment adjustments.

Sales prices between business segments approximate market prices.

Until December 31, 2011, the Group's activities were divided into three business segments as follows:

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an Upstream segment including, alongside the activities of the Exploration & Production of hydrocarbons, the activities of Gas & New Energies;

a Downstream segment including the activities of Refining & Marketing and of Trading & Shipping; and

a Chemicals segment including Base Chemicals and Specialties.

F-22

Table of Contents

At December 31, 2012 the Group's activities are from now on divided into three business segments as follows:

an Upstream segment including, alongside the activities of the Exploration & Production of hydrocarbons, the activities of Gas & Power;

a Refining & Chemicals segment constituting a major industrial hub comprising the activities of refining, petrochemicals, fertilizers and speciality chemicals. This segment also includes the activities of oil Trading & Shipping; and

a Marketing & Services segment including the global activities of supply and marketing in the field of petroleum products as well as the activity of New Energies.

In addition the Corporate segment includes holdings operating and financial activities.

Accordingly the business segment information for comparative periods has been restated according to the current organization in effect at December 31, 2012.

Table of Contents**A) INFORMATION BY BUSINESS SEGMENT**

For the year ended December 31, 2012 (M)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	22,143	91,117	86,614	187		200,061
Intersegment sales	31,521	44,470	755	199	(76,945)	
Excise taxes		(3,593)	(14,169)			(17,762)
Revenues from sales	53,664	131,994	73,200	386	(76,945)	182,299
Operating expenses	(25,914)	(129,441)	(71,525)	(977)	76,945	(150,912)
Depreciation, depletion and amortization of tangible assets and mineral interests	(7,437)	(1,445)	(607)	(36)		(9,525)
Operating income	20,313	1,108	1,068	(627)		21,862
Equity in income (loss) of affiliates and other items	2,325	213	(198)	276		2,616
Tax on net operating income	(12,370)	(283)	(383)	(124)		(13,160)
Net operating income	10,268	1,038	487	(475)		11,318
Net cost of net debt						(477)
Non-controlling interests						(147)
Net income						10,694

For the year ended December 31, 2012 (adjustments ^(a)) (M)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	(9)					(9)
Intersegment sales						
Excise taxes						(9)
Revenues from sales	(9)					(9)
Operating expenses	(586)	(199)	(229)	(88)		(1,102)
Depreciation, depletion and amortization of tangible assets and mineral interests	(1,200)	(206)	(68)			(1,474)
Operating income^(b)	(1,795)	(405)	(297)	(88)		(2,585)
Equity in income (loss) of affiliates and other items	240	(41)	(119)	146		226
Tax on net operating income	637	70	66	(108)		665
Net operating income^(b)	(918)	(376)	(350)	(50)		(1,694)
Net cost of net debt						27
Non-controlling interests						
Net income						(1,667)

(a) Adjustments include special items, inventory valuation effect and the effect of changes in fair value.

(b) Of which inventory valuation effect

	Upstream	Refining & Chemicals	Marketing & Services	Corporate
on operating income		(179)	(55)	
on net operating income		(116)	(39)	

Table of Contents

For the year ended December 31, 2012 (adjusted) (M ^(a))	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	22,152	91,117	86,614	187		200,070
Intersegment sales	31,521	44,470	755	199	(76,945)	
Excise taxes		(3,593)	(14,169)			(17,762)
Revenues from sales	53,673	131,994	73,200	386	(76,945)	182,308
Operating expenses	(25,328)	(129,242)	(71,296)	(889)	76,945	(149,810)
Depreciation, depletion and amortization of tangible assets and mineral interests	(6,237)	(1,239)	(539)	(36)		(8,051)
Adjusted operating income	22,108	1,513	1,365	(539)		24,447
Equity in income (loss) of affiliates and other items	2,085	254	(79)	130		2,390
Tax on net operating income	(13,007)	(353)	(449)	(16)		(13,825)
Adjusted net operating income	11,186	1,414	837	(425)		13,012
Net cost of net debt						(477)
Non-controlling interests						(174)
Adjusted net income						12,361
Adjusted fully-diluted earnings per share ()						5.45

(a) Except for earnings per share.

For the year ended December 31, 2012 (M)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Total expenditures	19,618	1,944	1,301	80		22,943
Total divestments	2,798	304	152	2,617		5,871
Cash flow from operating activities	18,950	2,127	1,132	253		22,462
Balance sheet as of December 31, 2012						
Property, plant and equipment, intangible assets, net	68,310	9,220	4,433	227		82,190
Investments in equity affiliates	9,194	1,579	626			11,399
Loans to equity affiliates and other non-current assets	5,336	1,656	1,535	570		9,097
Working capital	(329)	9,623	2,821	(1,772)		10,343
Provisions and other non-current liabilities	(21,170)	(2,439)	(1,519)	(1,215)		(26,343)
Assets and liabilities classified as held for sale	3,072					3,072
Capital Employed (balance sheet)	64,413	19,639	7,896	(2,190)		89,758
Less inventory valuation effect		(3,236)	(642)			(3,878)
Capital Employed (Business segment information)	64,413	16,403	7,254	(2,190)		85,880
ROACE as a percentage	18%	9%	12%			16%

F-25

Table of Contents

For the year ended December 31, 2011 (M)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	22,211	77,146	85,325	11		184,693
Intersegment sales	27,301	44,277	805	185	(72,568)	
Excise taxes		(2,362)	(15,781)			(18,143)
Revenues from sales	49,512	119,061	70,349	196	(72,568)	166,550
Operating expenses	(21,894)	(116,365)	(68,396)	(667)	72,568	(134,754)
Depreciation, depletion and amortization of tangible assets and mineral interests	(5,039)	(1,936)	(496)	(35)		(7,506)
Operating income	22,579	760	1,457	(506)		24,290
Equity in income (loss) of affiliates and other items	2,198	647	(377)	336		2,804
Tax on net operating income	(13,566)	(136)	(438)	(38)		(14,178)
Net operating income	11,211	1,271	642	(208)		12,916
Net cost of net debt						(335)
Non-controlling interests						(305)
Net income						12,276

For the year ended December 31, 2011 (adjustments ^(a)) (M)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	45					45
Intersegment sales						
Excise taxes						
Revenues from sales	45					45
Operating expenses		852	271			1,123
Depreciation, depletion and amortization of tangible assets and mineral interests	(75)	(705)	(1)			(781)
Operating income^(b)	(30)	147	270			387
Equity in income (loss) of affiliates and other items	682	337	(363)	90		746
Tax on net operating income	(43)	(61)	(78)	(80)		(262)
Net operating income^(b)	609	423	(171)	10		871
Net cost of net debt						
Non-controlling interests						(19)
Net income						852

(a) Adjustments include special items, inventory valuation effect and the effect of changes in fair value.

(b) Of which inventory valuation effect

	Upstream	Refining & Chemicals	Marketing & Services	Corporate
<i>on operating income</i>		928	287	
<i>on net operating income</i>		669	200	

Table of Contents

For the year ended December 31, 2011 (adjusted) (M ^(a))	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	22,166	77,146	85,325	11		184,648
Intersegment sales	27,301	44,277	805	185	(72,568)	
Excise taxes		(2,362)	(15,781)			(18,143)
Revenues from sales	49,467	119,061	70,349	196	(72,568)	166,505
Operating expenses	(21,894)	(117,217)	(68,667)	(667)	72,568	(135,877)
Depreciation, depletion and amortization of tangible assets and mineral interests	(4,964)	(1,231)	(495)	(35)		(6,725)
Adjusted operating income	22,609	613	1,187	(506)		23,903
Equity in income (loss) of affiliates and other items	1,516	310	(14)	246		2,058
Tax on net operating income	(13,523)	(75)	(360)	42		(13,916)
Adjusted net operating income	10,602	848	813	(218)		12,045
Net cost of net debt						(335)
Non-controlling interests						(286)
Adjusted net income						11,424
Adjusted fully-diluted earnings per share ()						5.06

(a) Except for earnings per share.

For the year ended December 31, 2011 (M)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Total expenditures	20,662	1,910	1,834	135		24,541
Total divestments	2,591	2,509	1,955	1,523		8,578
Cash flow from operating activities	17,044	2,146	541	(195)		19,536
Balance sheet as of December 31, 2011						
Property, plant and equipment, intangible assets, net	63,250	9,037	4,338	245		76,870
Investments in equity affiliates	8,731	1,321	697			10,749
Loans to equity affiliates and other non-current assets	4,494	1,878	1,314	3,105		10,791
Working capital	699	9,851	2,902	(1,374)		12,078
Provisions and other non-current liabilities	(19,843)	(2,837)	(1,585)	(1,136)		(25,401)
Assets and liabilities classified as held for sale						
Capital Employed (balance sheet)	57,331	19,250	7,666	840		85,087
Less inventory valuation effect		(3,367)	(667)	13		(4,021)
Capital Employed (Business segment information)	57,331	15,883	6,999	853		81,066
ROACE as a percentage	21%	5%	13%			16%

F-27

Table of Contents

For the year ended December 31, 2010 (M)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	18,526	65,156	75,580	7		159,269
Intersegment sales	22,540	34,522	677	186	(57,925)	
Excise taxes		(2,177)	(16,616)			(18,793)
Revenues from sales	41,066	97,501	59,641	193	(57,925)	140,476
Operating expenses	(18,230)	(94,587)	(57,613)	(665)	57,925	(113,170)
Depreciation, depletion and amortization of tangible assets and mineral interests	(5,345)	(2,531)	(506)	(39)		(8,421)
Operating income	17,491	383	1,522	(511)		18,885
Equity in income (loss) of affiliates and other items	1,548	133	208	595		2,484
Tax on net operating income	(10,146)	92	(545)	263		(10,336)
Net operating income	8,893	608	1,185	347		11,033
Net cost of net debt						(226)
Non-controlling interests						(236)
Net income						10,571

For the year ended December 31, 2010 (adjustments ^(a)) (M)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales						
Intersegment sales						
Excise taxes						
Revenues from sales						
Operating expenses		803	212			1,015
Depreciation, depletion and amortization of tangible assets and mineral interests	(203)	(1,213)				(1,416)
Operating income^(b)	(203)	(410)	212			(401)
Equity in income (loss) of affiliates and other items ^(c)	192	(196)	45	227		268
Tax on net operating income	275	202	(53)	(6)		418
Net operating income^(b)	264	(404)	204	221		285
Net cost of net debt						(2)
Non-controlling interests						(2)
Net income						283

(a) Adjustments include special items, inventory valuation effect and, until June 30, 2010, equity share of adjustments related to Sanofi.

(b) Of which inventory valuation effect	Upstream	Refining & Chemicals	Marketing & Services	Corporate
on operating income		765	228	
on net operating income		584	169	

(c) Of which equity share of adjustments related to Sanofi (81)

Table of Contents

For the year ended December 31, 2010 (adjusted) (M ⁽⁹⁾)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Non-Group sales	18,526	65,156	75,580	7		159,269
Intersegment sales	22,540	34,522	677	186	(57,925)	
Excise taxes		(2,177)	(16,616)			(18,793)
Revenues from sales	41,066	97,501	59,641	193	(57,925)	140,476
Operating expenses	(18,230)	(95,390)	(57,825)	(665)	57,925	(114,185)
Depreciation, depletion and amortization of tangible assets and mineral interests	(5,142)	(1,318)	(506)	(39)		(7,005)
Adjusted operating income	17,694	793	1,310	(511)		19,286
Equity in income (loss) of affiliates and other items	1,356	329	163	368		2,216
Tax on net operating income	(10,421)	(110)	(492)	269		(10,754)
Adjusted net operating income	8,629	1,012	981	126		10,748
Net cost of net debt						(226)
Non-controlling interests						(234)
Adjusted net income						10,288
Adjusted fully-diluted earnings per share ()						4.58

(a) Except for earnings per share.

For the year ended December 31, 2010 (M)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Intercompany	Total
Total expenditures	13,049	2,124	1,019	81		16,273
Total divestments	2,067	763	83	1,403		4,316
Cash flow from operating activities	15,617	1,226	1,105	545		18,493
Balance sheet as of December 31, 2010						
Property, plant and equipment, intangible assets, net	50,560	9,325	3,743	253		63,881
Investments in equity affiliates	4,761	2,555	1,817			9,133
Loans to equity affiliates and other non-current assets	4,135	1,536	858	4,099		10,628
Working capital	(369)	9,866	1,517	(211)		10,803
Provisions and other non-current liabilities	(16,076)	(2,771)	(1,188)	(1,181)		(21,216)
Assets and liabilities classified as held for sale	660	413				1,073
Capital Employed (balance sheet)	43,671	20,924	6,747	2,960		74,302
Less inventory valuation effect		(3,659)	(838)	1,061		(3,436)
Capital Employed (Business segment information)	43,671	17,265	5,909	4,021		70,866
ROACE as a percentage^(a)	N/A	N/A	N/A			16%

(a) The 2009 capital employed has not been recalculated according to the new organization.

Table of Contents**B) ROE (RETURN ON EQUITY)**

The Group evaluates the return on equity as the ratio of adjusted consolidated net income to average adjusted shareholders' equity between the beginning and the end of

the period. Thus, adjusted shareholders' equity for the year ended December 31, 2012 is calculated after payment of a dividend of 2.34 per share, subject to approval by the shareholders' meeting on May 17, 2013.

The ROE is calculated as follows:

For the year ended December 31, (M)	2012	2011	2010
Adjusted net income - Group share	12,361	11,424	10,288
Adjusted non-controlling interests	174	286	234
Adjusted consolidated net income	12,535	11,710	10,522
Shareholders' equity - Group share	72,912	68,037	60,414
Distribution of the income based on existing shares at the closing date	(1,299)	(1,255)	(2,553)
Non-controlling interests	1,281	1,352	857
Adjusted shareholders' equity^(a)	72,894	68,134	58,718
ROE	18%	18%	19%

(a) Adjusted shareholders' equity as of December 31, 2009 amounted to 50,993 million.

C) RECONCILIATION OF THE INFORMATION BY BUSINESS SEGMENT WITH CONSOLIDATED FINANCIAL STATEMENTS

The table below presents the impact of adjustment items on the Consolidated Statement of Income:

For the year ended December 31, 2012 (M)	Adjusted	Adjustments ^(a)	Consolidated statement of income
Sales	200,070	(9)	200,061
Excise taxes	(17,762)		(17,762)
Revenues from sales	182,308	(9)	182,299
Purchases, net of inventory variation	(126,564)	(234)	(126,798)
Other operating expenses	(21,800)	(868)	(22,668)
Exploration costs	(1,446)		(1,446)
Depreciation, depletion and amortization of tangible assets and mineral interests	(8,051)	(1,474)	(9,525)
Other income	681	781	1,462
Other expense	(448)	(467)	(915)
Financial interest on debt	(671)		(671)
Financial income from marketable securities & cash equivalents	100		100
Cost of net debt	(571)		(571)
Other financial income	558		558
Other financial expense	(499)		(499)
Equity in income (loss) of affiliates	2,098	(88)	2,010
Income taxes	(13,731)	665	(13,066)
Consolidated net income	12,535	(1,694)	10,841
Group share	12,361	(1,667)	10,694
Non-controlling interests	174	(27)	147

(a) Adjustments include special items, inventory valuation effect and, as from January 1, 2012, the effect of changes in fair value.

Table of Contents

For the year ended December 31, 2011 (M)	Adjusted	Adjustments ^(a)	Consolidated statement of income
Sales	184,648	45	184,693
Excise taxes	(18,143)		(18,143)
Revenues from sales	166,505	45	166,550
Purchases, net of inventory variation	(115,107)	1,215	(113,892)
Other operating expenses	(19,751)	(92)	(19,843)
Exploration costs	(1,019)		(1,019)
Depreciation, depletion and amortization of tangible assets and mineral interests	(6,725)	(781)	(7,506)
Other income	430	1,516	1,946
Other expense	(536)	(711)	(1,247)
Financial interest on debt	(713)		(713)
Financial income from marketable securities & cash equivalents	273		273
Cost of net debt	(440)		(440)
Other financial income	609		609
Other financial expense	(429)		(429)
Equity in income (loss) of affiliates	1,984	(59)	1,925
Income taxes	(13,811)	(262)	(14,073)
Consolidated net income	11,710	871	12,581
Group share	11,424	852	12,276
Non-controlling interests	286	19	305

(a) Adjustments include special items, inventory valuation effect and, as from January 1, 2011, the effect of changes in fair value.

For the year ended December 31, 2010 (M)	Adjusted	Adjustments ^(a)	Consolidated statement of income
Sales	159,269		159,269
Excise taxes	(18,793)		(18,793)
Revenues from sales	140,476		140,476
Purchases, net of inventory variation	(94,286)	1,115	(93,171)
Other operating expenses	(19,035)	(100)	(19,135)
Exploration costs	(864)		(864)
Depreciation, depletion and amortization of tangible assets and mineral interests	(7,005)	(1,416)	(8,421)
Other income	524	872	1,396
Other expense	(346)	(554)	(900)
Financial interest on debt	(465)		(465)
Financial income from marketable securities & cash equivalents	131		131
Cost of net debt	(334)		(334)
Other financial income	442		442
Other financial expense	(407)		(407)
Equity in income (loss) of affiliates	2,003	(50)	1,953
Income taxes	(10,646)	418	(10,228)
Consolidated net income	10,522	285	10,807
Group share	10,288	283	10,571
Non-controlling interests	234	2	236

(a) Adjustments include special items, inventory valuation effect and, until June 30, 2010, equity share of adjustments related to Sanofi.

Table of Contents***D) ADJUSTMENT ITEMS BY BUSINESS SEGMENT***

The adjustment items for income as per Note 2 to the Consolidated Financial Statements are detailed as follows:

Adjustments to operating income For the year ended December 31, 2012 (M)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Total
Inventory valuation effect		(179)	(55)		(234)
Effect of changes in fair value	(9)				(9)
Restructuring charges		(2)			(2)
Asset impairment charges	(1,200)	(206)	(68)		(1,474)
Other items	(586)	(18)	(174)	(88)	(866)
Total	(1,795)	(405)	(297)	(88)	(2,585)

Adjustments to net income, Group share For the year ended December 31, 2012 (M)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Total
Inventory valuation effect		(116)	(41)		(157)
Effect of changes in fair value	(7)				(7)
Restructuring charges		(24)	(53)		(77)
Asset impairment charges	(769)	(192)	(121)	(30)	(1,112)
Gains (losses) on disposals of assets	240			341	581
Other items	(382)	(44)	(108)	(361)	(895)
Total	(918)	(376)	(323)	(50)	(1,667)

Adjustments to operating income For the year ended December 31, 2011 (M)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Total
Inventory valuation effect		928	287		1,215
Effect of changes in fair value	45				45
Restructuring charges					
Asset impairment charges	(75)	(706)			(781)
Other items		(75)	(17)		(92)
Total	(30)	147	270		387

Adjustments to net income, Group share For the year ended December 31, 2011 (M)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Total
Inventory valuation effect		669	165		834
Effect of changes in fair value	32				32
Restructuring charges		(72)	(50)		(122)
Asset impairment charges	(75)	(476)	(463)		(1,014)
Gains (losses) on disposals of assets	843	415	206	74	1,538
Other items	(178)	(113)	(61)	(64)	(416)
Total	622	423	(203)	10	852

Adjustments to operating income For the year ended December 31, 2010 (M)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Total
Inventory valuation effect		765	228		993
Effect of changes in fair value					
Restructuring charges					
Asset impairment charges	(203)	(1,213)			(1,416)
Other items		38	(16)		22
Total	(203)	(410)	212		(401)

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Adjustments to net income, Group share For the year ended December 31, 2010 (M)	Upstream	Refining & Chemicals	Marketing & Services	Corporate	Total
Inventory valuation effect		584	164		748
Effect of changes in fair value					
TOTAL's equity share of adjustments related to Sanofi				(81)	(81)
Restructuring charges		(53)			(53)
Asset impairment charges	(288)	(841)	(95)		(1,224)
Gains (losses) on disposals of assets	589	19	136	302	1,046
Other items	(37)	(109)	(7)		(153)
Total	264	(400)	198	221	283

F-32

Table of Contents

E) ADDITIONAL INFORMATION ON IMPAIRMENTS

In the Upstream, Refining & Chemicals, Marketing & Services and Holdings segments, impairments of assets have been recognized for the year ended December 31, 2012, with an impact of 1,474 million in operating income and 1,112 million in net income, Group share. These impairments have been disclosed as adjustments to operating income and adjustments to net income, Group share. These items are identified in paragraph 4D above as adjustment items with the heading Asset impairment charges .

The impairment losses impact certain Cash Generating Units (CGU) for which there were indications of impairment, due mainly to changes in the operating conditions or the economic environment of their specific businesses.

The principles applied are the following:

the recoverable amount of CGU s has been based on their value in use, as defined in Note 1 paragraph L to the Consolidated Financial Statements Impairment of long-lived assets ;

the future cash flows have been determined with the assumptions in the long-term plan of the Group. These assumptions (including future prices of products, supply and demand for products, future production volumes) represent the best estimate by management of the Group of all economic conditions during the remaining life of assets;

the future cash flows, based on the long-term plan, are prepared over a period consistent with the life of the assets within the CGU. They are prepared post-tax and include specific risks attached to CGU assets. They are discounted using a 8% post-tax discount rate, this rate being a weighted-average capital cost estimated from historical market data. This rate has been applied consistently for the years ending in 2010, 2011 and 2012.

the value in use calculated by discounting the above post-tax cash flows using a 8% post-tax discount rate is not materially different from value in use calculated by discounting pre-tax cash flows using a pre-tax discount rate determined by an iterative computation from the post-tax value in use. These pre-tax discount rates are in a range from 9% to 13% in 2012.

The CGUs of the Upstream segment impacted by these impairments are hydrocarbon fields. For the year ended December 31, 2012 impairments of assets have been recognized with an impact of 1,200 million in operating income and 769 million in net income, Group share. These impairments mainly concern shale gas assets in the

Barnett basin of the United States due to the persistent weakness of gas prices in the American market (Henry Hub). A +10% variation in the price of hydrocarbons in identical operating conditions would have a positive impact in operating income of 360 million and 234 million in net income, Group share. A variation of -1% in the discount rate would have a positive impact in operating income of 156 million and 101 million in net income, Group share. For these assets and certain assets where the value in use is close to the net book value, opposite variations in the above assumptions would have respective impacts in operating income of (1,733) million and (1,678) million, and of (1,262) million and (1,246) million in net income, Group share.

The additional impairments that could be recorded in the case of unfavorable evolutions of the price of hydrocarbons or discount rates concern mainly shale gas assets in the Barnett basin of the United States as well as certain oil assets in Canada, more specifically the CGU consisting of the Voyageur Upgrader and the Fort Hills and Joslyn mines. As part of agreements signed in March 2011 with Suncor, TOTAL increased its interest to 39.2% in the Fort Hills mine operated by Suncor, and sold a percentage of its interest in the Joslyn mine, retaining a 38.25% interest (TOTAL operator). TOTAL also acquired a 49% interest in the Voyageur Upgrader project, operated by Suncor, and intended to upgrade bitumen from the Fort Hills and Joslyn mines. In 2012 the estimates of project costs and the evolution of perspectives for oil markets in North America have challenged the economic expectations for these projects. As a consequence the partners, TOTAL and Suncor, launched a joint strategic review of the development plan for the Voyageur Upgrader (net book value of the Upgrader 1.7 billion at December 31, 2012, as compared to a CGU value of 4.3 billion). This detailed review includes optimization of the development plan, evacuation logistics studies and implications of possible evolutions of the project. This review will not be finalized before the first quarter of 2013. During this interim review period and until a decision on the future of this project can be taken, development spending on the project will be minimized. Decisions on the future development of this project will require agreement of both partners, TOTAL and Suncor.

The CGUs for the Refining & Chemicals segment are defined by the legal entities having the operating activities for the refining and petrochemical activities. The CGUs for the other activities of the sector are global divisions, each division grouping together a set of businesses or homogeneous products for strategic, commercial and industrial plans. For the year 2012 the Group recorded impairments of 206 million in operating profit and 192 million in net income, Group share, on European

Table of Contents

assets. In the context of persistent volatility of European refining margins the Group did not change impairments on CGUs for refining in France and the United Kingdom. The various scenarios of sensitivity (gross margin and discount rates) would not lead to additional impairments on CGUs of this segment.

The CGUs of Marketing & Services are subsidiaries or groups of subsidiaries organised by relevant geographical zone. For the year 2012 the Group recorded impairments on CGUs of the Marketing & Services segment of 68 million in operating profit and 121 million in net income, Group share. These impairments were in respect of the CGU SunPower (closure of sites) and holdings in equity consolidated associate companies.

In respect of SunPower a 0.5% decrease of the unit sale prices would have a negative impact of 83 million in net income, Group share. An increase of 1% in the discount rate would have a negative impact of 77 million in net income, Group share. SunPower is a CGU acquired in 2011 for which specific assumptions were applied notably because of its equity financing and listing on the NASDAQ. Future cash flows for this CGU were therefore discounted using a post-tax discount rate of 14%, corresponding to the weighted average cost of capital for this CGU (17.5%

pre- tax). The various scenarios of sensitivity would not lead to additional impairments on the other CGUs of this segment.

For the year 2012 the Group recorded impairments in the Holding segment for 30 million in net income, Group share further to the loss of value of certain listed securities.

For the year ended December 31, 2011, impairments of assets have been recognized in the Upstream, Refining & Chemicals and Marketing & Services segments with an impact of 781 million in operating income and 1,014 million in net income, Group share. These impairments have been disclosed as adjustments to operating income and adjustments to net income, Group share.

For the year ended December 31, 2010, impairments of assets have been recognized in the Upstream, Refining & Chemicals and Marketing & Services segments with an impact of 1,416 million in operating income and 1,224 million in net income, Group share. These impairments have been disclosed as adjustments to operating income and adjustments to net income, Group share.

No reversal of impairment has been recognized for the years ended December 31, 2012, 2011 and 2010.

5) INFORMATION BY GEOGRAPHICAL AREA

(M)	France	Rest of Europe	North America	Africa	Rest of the world	Total
For the year ended December 31, 2012						
Non-Group sales	45,981	103,862	17,648	17,921	14,649	200,061
Property, plant and equipment, intangible assets, net	4,560	17,697	15,220	24,999	19,714	82,190
Capital expenditures	1,589	4,406	3,148	7,274	6,526	22,943
For the year ended December 31, 2011						
Non-Group sales	42,626	81,453	15,917	15,077	29,620	184,693
Property, plant and equipment, intangible assets, net	5,637	15,576	14,518	23,546	17,593	76,870
Capital expenditures	1,530	3,802	5,245	5,264	8,700	24,541
For the year ended December 31, 2010						
Non-Group sales	36,820	72,636	12,432	12,561	24,820	159,269
Property, plant and equipment, intangible assets, net	5,666	14,568	9,584	20,166	13,897	63,881
Capital expenditures	1,062	2,629	3,626	4,855	4,101	16,273

6) OPERATING EXPENSES

For the year ended December 31, (M)	2012	2011	2010
Purchases, net of inventory variation ^(a)	(126,798)	(113,892) ^(b)	(93,171)
Exploration costs	(1,446)	(1,019)	(864)
Other operating expenses ^(c)	(22,668)	(19,843)	(19,135)
<i>of which non-current operating liabilities (allowances) reversals</i>	552	615	387
<i>of which current operating liabilities (allowances) reversals</i>	(51)	(150)	(101)
Operating expenses	(150,912)	(134,754)	(113,170)

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(a) Includes taxes paid on oil and gas production in the Upstream segment, namely royalties.

(b) As of December 31, 2011, the Group valued under / over lifting at market value. The impact in operating expenses is 577 million and 103 million in net income, Group share as of December 31, 2011.

(c) Principally composed of production and administrative costs (see in particular the payroll costs as detailed in Note 26 to the Consolidated Financial Statements Payroll and staff). Also includes an amount of 176 million for the exceptional contribution of 4% on the value of the oil stocks established by the second corrective finance act for 2012 in France. This exceptional contribution is due by every person, with the exception of the state, owning volumes of certain types of petroleum products situated in the territory of metropolitan France.

F-34

Table of Contents**7) OTHER INCOME AND OTHER EXPENSE**

For the year ended December 31, (M)	2012	2011	2010
Gains (losses) on disposal of assets	1,321	1,650	1,117
Foreign exchange gains	26	118	
Other	115	178	279
Other income	1,462	1,946	1,396
Foreign exchange losses			
Amortization of other intangible assets (excl. mineral interests)	(250)	(592)	(267)
Other	(665)	(655)	(633)
Other expense	(915)	(1,247)	(900)
Other income			

In 2012, gains and losses on disposal of assets were mainly related to the sale of the interest in Sanofi and to the sale of assets in the Upstream segment (sales in Colombia (see Note 3 to the Consolidated Financial Statements), Great Britain and Nigeria).

In 2011, gains and losses on disposal of assets were mainly related to the sale of the interest in CEPSA, to the sale of assets in the Upstream segment (especially the sale of 10% Group's interest in the Colombian pipeline OCENSA) and to the sale of photocure and coatings resins businesses (see Note 3 to the Consolidated Financial Statements).

In 2010, gains and losses on disposal of assets were mainly related to sales of assets in the Upstream segment (sale of the interests in the Valhall and Hod fields in Norway and sale of the interest in Block 31 in Angola, see Note 3 to the Consolidated Financial Statements), as well as the change in the accounting treatment and the disposal of shares of Sanofi (see Note 3 to the Consolidated Financial Statements).

Other expense

In 2012, the heading "Other" is mainly comprised of a provision for the amount of \$398 million in relation to a transaction in progress with the United States Securities and Exchange Commission (SEC) and the Department of Justice (DoJ) in the United States (see Note 32 to the Consolidated Financial Statements).

In 2011, the heading "Other" is mainly comprised of 243 million of restructuring charges in the Upstream, Refining & Chemicals and Marketing & Services segments.

In 2010, the heading "Other" was mainly comprised of 248 million of restructuring charges in Refining & Chemicals.

8) OTHER FINANCIAL INCOME AND EXPENSE

As of December 31, (M)	2012	2011	2010
Dividend income on non-consolidated subsidiaries	223	330	255
Capitalized financial expenses	248	171	113
Other	87	108	74
Other financial income	558	609	442
Accretion of asset retirement obligations	(405)	(344)	(338)
Other	(94)	(85)	(69)
Other financial expense	(499)	(429)	(407)

9) INCOME TAXES

As from 2011, TOTAL S.A. is taxed in accordance with the common French tax regime further to its exit from the consolidated income tax treatment. This exit had no significant impact, neither on the Group's financial situation nor on the consolidated results.

However, an additional tax to corporate income tax of 3%, due on dividends distributed by French companies or foreign organizations subject to corporate income tax in France, was established by the second corrective finance act for 2012. This new tax is liable on amounts distributed, the payment of which was due from August 17th, 2012, the effective date of the law.

The impact of this additional tax for the Group is a charge of 120 million relating to distributions for the 1st, 2nd and the 3rd quarters of 2012. This additional tax is not tax deductible.

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In addition, no deferred tax is recognized for the temporary differences between the carrying amounts and tax bases of investments in foreign subsidiaries which are considered to be permanent investments. Undistributed earnings from foreign subsidiaries considered to be reinvested indefinitely amounted to 27,007 million as of December 31, 2012. The determination of the tax effect relating to such reinvested income is not practicable.

No deferred tax is recognized on unremitted earnings (approximately 28,212 million) of the Group's French subsidiaries since the remittance of such earnings would be tax exempt for the subsidiaries in which the Company owns 95% or more of the outstanding shares.

Income taxes are detailed as follows:

For the year ended December 31, (M)	2012	2011	2010
Current income taxes	(12,430)	(12,495)	(9,934)
Deferred income taxes	(636)	(1,578)	(294)
Total income taxes	(13,066)	(14,073)	(10,228)

F-35

Table of Contents

Before netting deferred tax assets and liabilities by fiscal entity, the components of deferred tax balances are as follows:

As of December 31, (M)	2012	2011	2010
Net operating losses and tax carry forwards	2,247	1,584	1,145
Employee benefits	483	621	535
Other temporary non-deductible provisions	3,816	3,521	2,757
Gross deferred tax assets	6,546	5,726	4,437
Valuation allowance	(719)	(667)	(576)
Net deferred tax assets	5,827	5,059	3,861
Excess tax over book depreciation	(14,083)	(12,831)	(10,966)
Other temporary tax deductions	(2,697)	(2,721)	(1,339)
Gross deferred tax liability	(16,780)	(15,552)	(12,305)
Net deferred tax liability	(10,953)	(10,493)	(8,444)

Carried forward tax losses on net operating losses in the table above for 2,247 million as of December 31, 2012, only come from foreign subsidiaries, notably Belgium for 567 million and the United States for 467 million.

After netting deferred tax assets and liabilities by fiscal entity, deferred taxes are presented on the balance sheet as follows:

As of December 31, (M)	2012	2011	2010
Deferred tax assets, non-current	1,832	1,767	1,378
Deferred tax assets, current (Note 16)			151
Deferred tax liabilities, non-current	(12,785)	(12,260)	(9,947)
Deferred tax liabilities, current			(26)
Net amount	(10,953)	(10,493)	(8,444)

The net deferred tax variation in the balance sheet is analyzed as follows:

As of December 31, (M)	2012	2011	2010
Opening balance	(10,493)	(8,444)	(7,639)
Deferred tax on income	(636)	(1,578)	(294)
Deferred tax on shareholders' equity ^(a)	63	(55)	28
Changes in scope of consolidation ^(b)	74	(17)	(59)
Currency translation adjustment	39	(399)	(480)
Closing balance	(10,953)	(10,493)	(8,444)

(a) This amount includes mainly current income taxes and deferred taxes for changes in fair value of listed securities classified as financial assets available for sale as well as deferred taxes related to the cash flow hedge (see Note 17 to the Consolidated Financial Statements).

(b) Changes in scope of consolidation include the impact of reclassifications in Assets classified as held for sale and Liabilities directly associated with the assets classified as held for sale for 81 million.

Reconciliation between provision for income taxes and pre-tax income:

For the year ended December 31, (M)	2012	2011	2010
Consolidated net income	10,841	12,581	10,807
Provision for income taxes	13,066	14,073	10,228
Pre-tax income	23,907	26,654	21,035
French statutory tax rate	36.10%	36.10%	34.43%
Theoretical tax charge	(8,630)	(9,622)	(7,242)
Difference between French and foreign income tax rates	(5,934)	(5,740)	(4,921)
Tax effect of equity in income (loss) of affiliates	726	695	672
Permanent differences	811	889	1,375
Adjustments on prior years income taxes	82	(19)	(45)
Adjustments on deferred tax related to changes in tax rates	(69)	(201)	2

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Changes in valuation allowance of deferred tax assets	(52)	(71)	(65)
Other		(4)	(4)
Net provision for income taxes	(13,066)	(14,073)	(10,228)

The French statutory tax rate includes the standard corporate tax rate (33.33%) and additional applicable taxes that bring the overall tax rate to 36.10% in 2012 (versus 36.10% in 2011 and 34.43% in 2010).

Permanent differences are mainly due to impairment of goodwill and to dividends from non-consolidated companies as well as the specific taxation rules applicable to certain activities.

Table of Contents**Net operating losses and carried forward tax credits**

Deferred tax assets related to carried forward tax credits on net operating losses expire in the following years:

As of December 31, (M)	2012		2011		2010	
	Basis	Tax	Basis	Tax	Basis	Tax
2011					225	110
2012			242	115	177	80
2013	316	150	171	81	146	59
2014	249	116	104	47	1,807	602
2015 ^(a)	167	75	8	2	190	62
2016 ^(b)	26	8	2,095	688		
2017 and after	3,187	971				
Unlimited	3,049	927	2,119	651	774	232
Total	6,994	2,247	4,739	1,584	3,319	1,145

(a) Net operating losses and carried forward tax credits in 2015 and after for 2010.

(b) Net operating losses and carried forward tax credits in 2016 and after for 2011.

10) INTANGIBLE ASSETS

As of December 31, 2012 (M)	Cost	Amortization and impairment	Net
Goodwill	1,852	(963)	889
Proved mineral interests	8,803	(3,291)	5,512
Unproved mineral interests	6,416	(913)	5,503
Other intangible assets	3,571	(2,617)	954
Total intangible assets	20,642	(7,784)	12,858

As of December 31, 2011 (M)	Cost	Amortization and impairment	Net
Goodwill	1,903	(993)	910
Proved mineral interests	8,319	(2,626)	5,693
Unproved mineral interests	5,400	(555)	4,845
Other intangible assets	3,377	(2,412)	965
Total intangible assets	18,999	(6,586)	12,413

As of December 31, 2010 (M)	Cost	Amortization and impairment	Net
Goodwill	1,498	(596)	902
Proved mineral interests	6,294	(2,369)	3,925
Unproved mineral interests	3,805	(343)	3,462
Other intangible assets	2,803	(2,175)	628
Total intangible assets	14,400	(5,483)	8,917

Changes in net intangible assets are analyzed in the following table:

(M)	Net amount as of January 1,	Acquisitions	Disposals	Amortization and impairment	Currency translation adjustment	Other	Net amount as of December 31,
2012	12,413	2,466	(58)	(1,439)	(163)	(361)	12,858

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2011	8,917	2,504	(428)	(991)	358	2,053	12,413
2010	7,514	2,466	(62)	(553)	491	(939)	8,917

In 2012, the heading "Other" mainly includes the reclassification of assets in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations" for (333) million (see Note 34 to the Consolidated Financial Statements).

In 2011, the heading "Other" mainly included Chesapeake's Barnett shale mineral interests reclassified

into the acquisitions for (649) million, the not yet paid part of the acquisition of Chesapeake's mineral interests in Utica for 1,216 million, the reclassification of Joslyn's mineral interests sold in 2011 and formerly classified in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations" for 384 million, and 697 million related to the acquisition of SunPower.

Table of Contents

In 2010, the heading "Other" mainly included Chesapeake's Barnett shale mineral interests reclassified into the acquisitions for (975) million and the reclassification of Joslyn's mineral interests in accordance with IFRS 5 "Non-current assets held for sale and

discontinued operations" for (390) million, including the currency translation adjustment, partially compensated by the acquisition of UTS for 646 million (see Note 3 to the Consolidated Financial Statements).

A summary of changes in the carrying amount of goodwill by business segment for the year ended December 31, 2012 is as follows:

(M)	Net goodwill as of January 1, 2012	Increases	Impairments	Other	Net goodwill as of December 31, 2012
Upstream	66			(64)	2
Refining & Chemicals	727	91	(11)	(19)	788
Marketing & Services	92			(18)	74
Corporate	25				25
Total	910	91	(11)	(101)	889

In 2012, the heading "Other" principally corresponds to the reclassification of assets in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations".

11) PROPERTY, PLANT AND EQUIPMENT

As of December 31, 2012 (M)	Cost	Depreciation and impairment	Net
Upstream properties			
Proved properties	87,896	(57,832)	30,064
Unproved properties	229		229
Work in progress	26,645	(172)	26,473
Subtotal	114,770	(58,004)	56,766
Other property, plant and equipment			
Land	1,354	(407)	947
Machinery, plant and equipment (including transportation equipment)	25,501	(19,458)	6,043
Buildings	6,489	(4,172)	2,317
Work in progress	1,732	(277)	1,455
Other	6,840	(5,036)	1,804
Subtotal	41,916	(29,350)	12,566
Total property, plant and equipment	156,686	(87,354)	69,332

As of December 31, 2011 (M)	Cost	Depreciation and impairment	Net
Upstream properties			
Proved properties	84,222	(54,589)	29,633
Unproved properties	209		209
Work in progress	21,190	(15)	21,175
Subtotal	105,621	(54,604)	51,017
Other property, plant and equipment			
Land	1,346	(398)	948
Machinery, plant and equipment (including transportation equipment)	25,838	(18,349)	7,489
Buildings	6,241	(4,131)	2,110
Work in progress	1,534	(306)	1,228
Other	6,564	(4,899)	1,665
Subtotal	41,523	(28,083)	13,440
Total property, plant and equipment	147,144	(82,687)	64,457

Table of Contents

As of December 31, 2010 (M)	Cost	Depreciation and impairment	Net
Upstream properties			
Proved properties	77,183	(50,582)	26,601
Unproved properties	347	(1)	346
Work in progress	14,712	(37)	14,675
Subtotal	92,242	(50,620)	41,622
Other property, plant and equipment			
Land	1,304	(393)	911
Machinery, plant and equipment (including transportation equipment)	23,831	(17,010)	6,821
Buildings	6,029	(3,758)	2,271
Work in progress	2,350	(488)	1,862
Other	6,164	(4,687)	1,477
Subtotal	39,678	(26,336)	13,342
Total property, plant and equipment	131,920	(76,956)	54,964

Changes in net property, plant and equipment are analyzed in the following table:

(M)	Net amount as of January 1,	Acquisitions	Disposals	Depreciation and impairment	Currency translation adjustment	Other	Net amount as of December 31,
2012	64,457	17,439	(633)	(9,042)	(409)	(2,480)	69,332
2011	54,964	15,443	(1,489)	(7,636)	1,692	1,483	64,457
2010	51,590	11,346	(1,269)	(8,564)	2,974	(1,113)	54,964

In 2012, the heading "Disposals" mainly includes the impact of sales of assets in the Upstream segment in Great Britain, Norway and Nigeria.

In 2012, the heading "Depreciation and impairment" includes the impact of impairments of shale gas assets in the Barnett basin recognized for 1,134 million (see Note 4E to the Consolidated Financial Statements).

In 2012, the heading "Other" principally includes the reclassification of assets in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations" for an amount of 2,992 million (see Note 34 to the Consolidated Financial Statements).

In 2011, the heading "Disposals" mainly included the impact of sales of assets in the Upstream segment (disposal of the interests in Gassled in Norway and in Joslyn's field in Canada) and in the Marketing & Services segment (disposal of Marketing assets in the United Kingdom) (see Note 3 to the Consolidated Financial Statements).

In 2011, the heading "Depreciation and impairment" included the impact of impairments of assets recognized for 781 million (see Note 4D to the Consolidated Financial Statements).

In 2011, the heading "Other" corresponded to the increase of the asset for sites restitution for an amount of 653 million. It

also included 428 million related to the reclassification of tangible assets of Joslyn and resins businesses sold in 2011 and formerly classified in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations".

In 2010, the heading "Disposals" mainly included the impact of sales of assets in the Upstream segment (sale of the interests in the Valhall and Hod fields in Norway and sale of the interest in Block 31 in Angola, see Note 3 to the Consolidated Financial Statements).

In 2010, the heading "Depreciation and impairment" included the impact of impairments of assets recognized for 1,416 million (see Note 4D to the Consolidated Financial Statements).

In 2010, the heading "Other" mainly corresponded to the change in the consolidation method of Samsung Total Petrochemicals (see Note 12 to the Consolidated Financial Statements) for (541) million and the reclassification for (537) million, including the currency translation adjustment, of property, plant and equipment related to Joslyn, Total E&P Cameroun, and resins businesses subject to a disposal project in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", partially compensated by the acquisition of UTS for 217 million (see Note 3 to the Consolidated Financial Statements).

Table of Contents

Property, plant and equipment presented above include the following amounts for facilities and equipment under finance leases that have been capitalized:

As of December 31, 2012 (M)	Cost	Depreciation and impairment	Net
Machinery, plant and equipment	391	(294)	97
Buildings	54	(26)	28
Other	207	(2)	205
Total	652	(322)	330
As of December 31, 2011 (M)	Cost	Depreciation and impairment	Net
Machinery, plant and equipment	414	(284)	130
Buildings	54	(25)	29
Other			
Total	468	(309)	159
As of December 31, 2010 (M)	Cost	Depreciation and impairment	Net
Machinery, plant and equipment	480	(332)	148
Buildings	54	(24)	30
Other			
Total	534	(356)	178

Table of Contents**12) EQUITY AFFILIATES: INVESTMENTS AND LOANS**

Equity value (M)			As of December 31,			
	2012	2011	2010	2012	2011	2010
	% owned		Equity value			
NLNG	15.00%	15.00%	15.00%	714	953	1,108
PetroCedeño EM	30.32%	30.32%	30.32%	1,282	1,233	1,136
CEPSA (Upstream share) ^(b)			48.83%			340
Angola LNG Ltd.	13.60%	13.60%	13.60%	957	869	710
Qatargas	10.00%	10.00%	10.00%	106	97	85
FOSMAX	27.54%	27.60%	28.03%	112	119	125
Dolphin Energy Ltd (Del) Abu Dhabi	24.50%	24.50%	24.50%	95	208	172
Qatar Liquefied Gas Company Limited II (Train B)	16.70%	16.70%	16.70%	219	209	184
Yemen LNG Co	39.62%	39.62%	39.62%	252	169	25
Shtokman Development AG	25.00%	25.00%	25.00%	268	248	214
Novatek ^(c)	15.34%	14.09%		3,815	3,368	
Other				549	681	661
Total associates				8,369	8,154	4,760
Yamal LNG ^(c)	20.02%	20.01%		702	495	
Ichthys LNG Ltd ^(c)	24.00%	24.00%		79	82	
Other				44		
Total jointly-controlled entities				825	577	
Total Upstream				9,194	8,731	4,760
CEPSA (Refining & Chemicals share) ^(b)			48.83%			1,487
Qatar Petrochemical Company Ltd.	20.00%	20.00%	20.00%	228	240	221
Saudi Aramco Total Refining & Petrochemicals	37.50%	37.50%	37.50%	177	121	51
Qatofin Company Limited	36.36%	36.36%	36.36%	285	136	27
Other				131	118	124
Total associates				821	615	1,910
Samsung Total Petrochemicals	50.00%	50.00%	50.00%	758	706	645
Total jointly-controlled entities				758	706	645
Total Refining & Chemicals				1,579	1,321	2,555
CEPSA (Marketing & Services share) ^(b)			48.83%			1,075
AMYRIS	18.50%	21.37%	22.03%	31	79	101
Other				158	197	139
Total associates				189	276	1,315
SARA	50.00%	50.00%	50.00%	122	125	134
TotalErg	49.00%	49.00%	49.00%	264	296	289
Other				51		80
Total jointly-controlled entities				437	421	503
Total Marketing & Services				626	697	1,818
Sanofi ^(a)						
Total associates						
Total jointly-controlled entities						
Total Corporate						
Total investments				11,399	10,749	9,133
Loans				2,360	2,246	2,383
Total investments and loans				13,759	12,995	11,516

(a) End of the accounting for by the equity method of Sanofi as of July 1, 2010 (see Note 3 to the Consolidated Financial Statements).

(b) Sale of CEPSA on July 29, 2011.

(c) Investment accounted for by the equity method as from 2011.

Table of Contents

	As of December 31,			For the year ended December 31,		
	2012	2011	2010	2012	2011	2010
Equity in income (loss) (M)		% owned		Equity in income (loss)		
NLNG	15.00%	15.00%	15.00%	434	374	207
PetroCedeño EM	30.32%	30.32%	30.32%	123	55	195
CEPSA (Upstream share) ^(b)			48.83%		15	57
Angola LNG Ltd.	13.60%	13.60%	13.60%	14	6	8
Qatargas	10.00%	10.00%	10.00%	233	196	136
FOSMAX	27.54%	27.60%	28.03%	11	13	
Dolphin Energy Ltd (Del) Abu Dhabi	24.50%	24.50%	24.50%	125	131	121
Qatar Liquefied Gas Company Limited II (Train B)	16.70%	16.70%	16.70%	483	446	288
Yemen LNG Co	39.62%	39.62%	39.62%	84	130	37
Shtokman Development AG	25.00%	25.00%	25.00%	(7)	1	(5)
Novatek ^(c)	15.34%	14.09%		34	24	
Other				331	320	157
Total associates				1,865	1,711	1,201
Yamal LNG ^(c)	20.02%	20.01%		(11)		
Ichthys LNG Ltd ^(c)	24.00%	24.00%		(2)	(7)	
Other				4		
Total jointly-controlled entities				(9)	(7)	
Total Upstream				1,856	1,704	1,201
CEPSA (Refining & Chemicals share) ^(b)			48.83%		32	164
Qatar Petrochemical Company Ltd.	20.00%	20.00%	20.00%	82	89	84
Saudi Aramco Total Refining & Petrochemicals	37.50%	37.50%	37.50%	(29)	(30)	(20)
Qatofin Company Limited	36.36%	36.36%	36.36%	152	98	36
Other				(30)	(8)	57
Total associates				175	181	321
Samsung Total Petrochemicals	50.00%	50.00%	50.00%	68	114	104
Total jointly-controlled entities				68	114	104
Total Refining & Chemicals				243	295	425
CEPSA (Marketing & Services share) ^(b)			48.83%		13	86
AMYRIS ^(a)	18.50%	21.37%	22.03%	(64)	(23)	(3)
Other				(14)	(27)	7
Total associates				(78)	(37)	90
SARA	50.00%	50.00%	50.00%	14	11	31
TotalErg	49.00%	49.00%	49.00%	(32)	7	(11)
Other				7	(55)	8
Total jointly-controlled entities				(11)	(37)	28
Total Marketing & Services				(89)	(74)	118
Sanofi ^(a)						209
Total associates						209
Total jointly-controlled entities						
Total Corporate						209
Total investments				2,010	1,925	1,953

^(a) End of the accounting for by the equity method of Sanofi as of July 1, 2010 (see Note 3 to the Consolidated Financial Statements).

^(b) Sale of CEPSA on July 29th, 2011.

^(c) Investment accounted for by the equity method as from 2011.

The market value of the Group's share in Novatek amounts to 3,996 million as of December 31, 2012 for an equity value of 3,815 million.

The equity value of the Group's share in Shtokman Development AG amounts to 268 million as of December 31, 2012.

In 2007, TOTAL and Gazprom signed an agreement for the first phase of development of the Shtokman gas and condensates offshore field located in the Barents Sea. A joint venture, Shtokman Development AG (SDAG)

(TOTAL, 25%) was created in 2008 to design, build, finance and operate this first phase based on an initial development plan intended to produce 23.7 Bm³/y (0.4 Mboe/d) of gas, with half of the gas being piped to Europe and the other half being exported as LNG.

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The studies performed on the Shtokman project demonstrated that initially selected technical solutions had too high capital and operating costs to provide an acceptable return on investment, and led the partners at the first quarter 2012 to redefine the development plan for LNG production only.

F-42

Table of Contents

Within this framework, TOTAL and Gazprom are pursuing discussions so as to conclude a new agreement reflecting the revised development scheme and replacing the previous

agreement of 2007, expired since July 1, 2012. In parallel, TOTAL and Gazprom are pursuing dialogue on technical studies to achieve an economically viable project.

In Group share, the main financial items of the equity affiliates are as follows:

As of December 31,						
(M)	2012		2011		2010	
	Associates	Jointly-controlled entities	Associates	Jointly-controlled entities	Associates	Jointly-controlled entities
Assets	18,937	4,673	18,088	3,679	19,192	2,770
Shareholders' equity	9,379	2,020	9,045	1,704	7,985	1,148
Liabilities	9,558	2,653	9,043	1,975	11,207	1,622

For the year ended December 31,						
(M)	2012		2011		2010	
	Associates	Jointly-controlled entities	Associates	Jointly-controlled entities	Associates	Jointly-controlled entities
Revenues from sales	9,068	6,436	9,948	5,631	16,529	2,575
Pre-tax income	2,565	54	2,449	119	2,389	166
Income tax	(603)	(6)	(594)	(49)	(568)	(34)
Net income	1,962	48	1,855	70	1,821	132

13) OTHER INVESTMENTS

The investments detailed below are classified as Financial assets available for sale (see Note 1 paragraph M(ii) to the Consolidated Financial Statements).

As of December 31, 2012			
(M)	Carrying amount	Unrealized gain (loss)	Balance sheet value
Areva ^(b)	37	10	47
CME Group	1	7	8
Olympia Energy Fund - energy investment fund	38	(6)	32
Gevo	3		3
Other publicly traded equity securities	1		1
Total publicly traded equity securities^(c)	80	11	91
BBPP	61		61
Ocensa ^(d)	83		83
BTC Limited	119		119
Other equity securities	836		836
Total other equity securities^(c)	1,099		1,099
Other investments	1,179	11	1,190

As of December 31, 2011			
(M)	Carrying amount	Unrealized gain (loss)	Balance sheet value
Sanofi ^(a)	2,100	351	2,451
Areva ^(b)	69	1	70
Arkema			
Chicago Mercantile Exchange Group	1	6	7

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Olympia Energy Fund – energy investment fund	38	(5)	33
Gevo	15	(3)	12
Other publicly traded equity securities	3	(1)	2
Total publicly traded equity securities^(c)	2,226	349	2,575
BBPP	62		62
Ocensa ^(d)	85		85
BTC Limited	132		132
Other equity securities	820		820
Total other equity securities^(c)	1,099		1,099
Other investments	3,325	349	3,674

F-43

Table of Contents

As of December 31, 2010			
(M)	Carrying amount	Unrealized gain (loss)	Balance sheet value
Sanofi ^(a)	3,510	(56)	3,454
Areva ^(b)	69	63	132
Arkema			
Chicago Mercantile Exchange Group	1	9	10
Olympia Energy Fund – energy investment fund	37	(3)	34
Other publicly traded equity securities	2	(1)	1
Total publicly traded equity securities^(c)	3,619	12	3,631
BBPP	60		60
BTC Limited	141		141
Other equity securities	758		758
Total other equity securities^(c)	959		959
Other investments	4,578	12	4,590

(a) End of the accounting for by the equity method of Sanofi as of July 1, 2010 (see Note 3 to the Consolidated Financial Statements).

(b) Unrealized gain based on the investment certificate.

(c) Including cumulative impairments of 669 million in 2012, 604 million in 2011 and 597 million in 2010.

(d) End of the accounting for by the equity method of Ocesa in July 2011 (see Note 3 to the Consolidated Financial Statements).

14) OTHER NON-CURRENT ASSETS

As of December 31, 2012			
(M)	Gross value	Valuation allowance	Net value
Loans and advances ^(a)	2,593	(386)	2,207
Other	1,508		1,508
Total	4,101	(386)	3,715

As of December 31, 2011			
(M)	Gross value	Valuation allowance	Net value
Loans and advances ^(a)	2,454	(399)	2,055
Other	1,049		1,049
Total	3,503	(399)	3,104

As of December 31, 2010			
(M)	Gross value	Valuation allowance	Net value
Loans and advances ^(a)	2,060	(464)	1,596
Other	681		681
Total	2,741	(464)	2,277

(a) Excluding loans to equity affiliates.

Changes in the valuation allowance on loans and advances are detailed as follows:

For the year ended December 31,	Valuation allowance as of			Currency translation adjustment and other variations	Valuation allowance as of
(M)	January 1,	Increases	Decreases		December 31,
2012	(399)	(16)	18	11	(386)

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2011	(464)	(25)	122	(32)	(399)
2010	(587)	(33)	220	(64)	(464)

15) INVENTORIES

As of December 31, 2012

(M)	Gross value	Valuation allowance	Net value
Crude oil and natural gas	3,044	(17)	3,027
Refined products	7,169	(86)	7,083
Chemicals products	1,440	(94)	1,346
Trading inventories	3,782		3,782
Other inventories	2,620	(461)	2,159
Total	18,055	(658)	17,397

F-44

Table of Contents

As of December 31, 2011 (M)	Gross value	Valuation allowance	Net value
Crude oil and natural gas	3,791	(24)	3,767
Refined products	7,483	(36)	7,447
Chemicals products	1,489	(103)	1,386
Trading inventories	3,233		3,233
Other inventories	2,695	(406)	2,289
Total	18,691	(569)	18,122

As of December 31, 2010 (M)	Gross value	Valuation allowance	Net value
Crude oil and natural gas	3,402		3,402
Refined products	5,897	(28)	5,869
Chemicals products	1,350	(99)	1,251
Trading inventories	3,504		3,504
Other inventories	1,892	(318)	1,574
Total	16,045	(445)	15,600

Changes in the valuation allowance on inventories are as follows:

For the year ended December 31, (M)	Valuation allowance as of January 1,	Increase (net)	Currency translation adjustment and other variations	Valuation allowance as of December 31,
2012	(569)	(96)	7	(658)
2011	(445)	(83)	(41)	(569)
2010	(417)	(39)	11	(445)

16) ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

As of December 31, 2012 (M)	Gross value	Valuation allowance	Net value
Accounts receivable	19,678	(472)	19,206
Recoverable taxes	2,796		2,796
Other operating receivables	6,416	(258)	6,158
Deferred income tax			
Prepaid expenses	1,085		1,085
Other current assets	47		47
Other current assets	10,344	(258)	10,086

As of December 31, 2011 (M)	Gross value	Valuation allowance	Net value
Accounts receivable	20,532	(483)	20,049
Recoverable taxes	2,398		2,398
Other operating receivables	7,750	(283)	7,467
Deferred income tax			
Prepaid expenses	840		840
Other current assets	62		62
Other current assets	11,050	(283)	10,767

As of December 31, 2010 (M)	Gross value	Valuation allowance	Net value
Accounts receivable	18,635	(476)	18,159
Recoverable taxes	2,227		2,227
Other operating receivables	4,543	(136)	4,407
Deferred income tax	151		151

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Prepaid expenses	657		657
Other current assets	41		41
Other current assets	7,619	(136)	7,483

F-45

Table of Contents

Changes in the valuation allowance on Accounts receivable and Other current assets are as follows:

(M)	Valuation allowance as of January 1,	Increase (net)	Currency translation adjustments and other variations	Valuation allowance as of December 31,
Accounts receivable				
2012	(483)	(56)	67	(472)
2011	(476)	4	(11)	(483)
2010	(468)	(31)	23	(476)
Other current assets				
2012	(283)	26	(1)	(258)
2011	(136)	(132)	(15)	(283)
2010	(69)	(66)	(1)	(136)

As of December 31, 2012, the net portion of the overdue receivables included in Accounts receivable and Other current assets was 3,442 million, of which 2,025 million was due in less than 90 days, 679 million was due between 90 days and 6 months, 260 million was due between 6 and 12 months and 478 million was due after 12 months.

As of December 31, 2011, the net portion of the overdue receivables included in Accounts receivable and Other current assets was 3,556 million, of which 1,857 million was due in less than 90 days, 365 million was due between 90 days and 6 months, 746 million was due between 6 and 12 months and 588 million was due after 12 months.

As of December 31, 2010, the net portion of the overdue receivables included in Accounts receivable and Other current assets was 3,141 million, of which 1,885 million was due in less than 90 days, 292 million was due between 90 days and 6 months, 299 million was due between 6 and 12 months and 665 million was due after 12 months.

17) SHAREHOLDERS EQUITY**Number of TOTAL shares**

The Company's common shares, par value 2.50, as of December 31, 2012 are the only category of shares. Shares may be held in either bearer or registered form.

Double voting rights are granted to holders of shares that are fully-paid and held in the name of the same shareholder for at least two years, with due consideration for the total portion of the share capital represented. Double voting rights are also assigned to restricted shares in the event of an increase in share capital by incorporation of reserves, profits or premiums based on shares already held that are entitled to double voting rights.

Pursuant to the Company's bylaws (Statutes), no shareholder may cast a vote at a shareholders' meeting, either by himself or through an agent, representing more than 10% of the total voting rights for the Company's shares. This limit applies to the aggregated amount of voting rights held directly, indirectly or through voting proxies. However, in the case of double voting rights, this limit may be extended to 20%.

These restrictions no longer apply if any individual or entity, acting alone or in concert, acquires at least two-thirds of the total share capital of the Company, directly or indirectly, following a public tender offer for all of the Company's shares.

The authorized share capital amounts to 3,421,533,930 shares as of December 31, 2012 compared to 3,446,401,650 shares as of December 31, 2011 and 3,439,391,697 as of December 31, 2010.

Table of Contents**Variation of the share capital**

As of January 1, 2010		2,348,422,884
Shares issued in connection with:	Exercise of TOTAL share subscription options	1,218,047
As of January 1, 2011		2,349,640,931
Shares issued in connection with:	Capital increase reserved for employees	8,902,717
	Exercise of TOTAL share subscription options	5,223,665
As of December 31, 2011		2,363,767,313
Shares issued in connection with:	Capital increase as part of a global free share plan intended for the Group employees	1,366,950
	Exercise of TOTAL share subscription options	798,883
As of December 31, 2012 ^(a)		2,365,933,146

(a) Including 108,391,639 treasury shares deducted from consolidated shareholders' equity.

The variation of both weighted-average number of shares and weighted-average number of diluted shares respectively used in the calculation of earnings per share and fully-diluted earnings per share is detailed as follows:

	2012	2011	2010
Number of shares as of January 1,	2,363,767,313	2,349,640,931	2,348,422,884
<i>Number of shares issued during the year (pro rated)</i>			
Exercise of TOTAL share subscription options	663,429	3,412,123	412,114
Exercise of TOTAL share purchase options			984,800
TOTAL performance shares	991,126	978,503	416,420
Global free TOTAL share plan ^(a)	683,868	506	15
Capital increase reserved for employees		5,935,145	
TOTAL shares held by TOTAL S.A. or by its subsidiaries and deducted from shareholders' equity	(110,304,173)	(112,487,679)	(115,407,190)
Weighted-average number of shares	2,255,801,563	2,247,479,529	2,234,829,043
<i>Dilutive effect</i>			
TOTAL share subscription and purchase options	247,527	470,095	1,758,006
TOTAL performance shares	7,748,805	6,174,808	6,031,963
Global free TOTAL share plan ^(a)	1,703,554	2,523,233	1,504,071
Capital increase reserved for employees	1,134,296	303,738	371,493
Weighted-average number of diluted shares	2,266,635,745	2,256,951,403	2,244,494,576

(a) The Board of Directors approved on May 21, 2010 the implementation and conditions of a global free share plan intended for the Group employees.

Capital increase reserved for Group employees

The Combined General Meeting of May 11, 2012, in its seventeenth resolution, delegated to the Board of Directors the authority to carry out in one or more occasions within a maximum period of twenty-six months, a capital increase reserved for employees belonging to an employee savings plan.

The Combined General Meeting of May 11, 2012, in its eighteenth resolution, also delegated to the Board of Directors the powers necessary to accomplish in one or more occasions within a maximum period of eighteen months, a capital increase with the objective of providing employees with their registered office located outside France with benefits comparable to those granted to the employees included in the seventeenth resolution of the Combined General Meeting of May 11, 2012.

Pursuant to these delegations, the Board of Directors, during its September 18, 2012, meeting, decided to proceed with a capital increase reserved for employees that included a classic offering and a leverage offering depending on the employees' choice, within the limit of 18 million shares with dividend rights as of January 1, 2012, and delegated to the Chairman and Chief Executive Officer all powers to determine the opening and closing of the subscription period and the subscription price. This capital increase, opened in 2013, should be completed before the General Meeting of 2013.

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The prior capital increase reserved for employees of the Group was decided by the Board of Directors on October 28, 2010, under the terms of the authorization of the Combined General Meeting of May 21, 2010, and resulted in the subscription of 8,902,717 shares with a par value of 2.5 at a unit price of 34.80. The issuance of the shares was acknowledged on April 28, 2011.

F-47

Table of Contents

Capital increase as part of a global free share plan intended for Group employees

The Shareholders Meeting held on May 16, 2008, in its seventeenth resolution, delegated to the Board of Directors the authority to grant, in one or more occasions within a maximum period of thirty-eight months, restricted shares to employees and executive officers of the Company or companies outside France affiliated with the Company, within a limit of 0.8% of the outstanding share capital of the Company as of the date of the decision of the Board of Directors to grant such shares.

Pursuant to this delegation, the Board of Directors, during its May 21, 2010 meeting, determined the terms of a global free share plan intended for Group employees and granted the Chairman and Chief Executive Officer all powers necessary to implement this plan.

As a result, on July 2, 2012, the Chairman and Chief Executive Officer of the Group acknowledged the issuance and the final allocation of 1,366,950 ordinary shares with a nominal value of 2.50 to beneficiaries designated by the terms defined by the Board of Directors meeting held on May 21, 2010.

On December 31, 2012, 974,900 additional shares may be issued as part of this plan.

Share cancellation

The Group did not proceed with a reduction of capital by cancellation of shares held by the Company during the fiscal years 2010, 2011 and 2012.

Treasury shares (TOTAL shares held by TOTAL S.A.)

As of December 31, 2012, TOTAL S.A. holds 8,060,371 of its own shares, representing 0.34% of its share capital, detailed as follows:

7,994,470 shares allocated to TOTAL share grant plans for Group employees; and

65,901 shares intended to be allocated to new TOTAL share purchase option plans or to new share grant plans.
These shares are deducted from the consolidated shareholders equity.

As of December 31, 2011, TOTAL S.A. held 9,222,905 of its own shares, representing 0.39% of its share capital, detailed as follows:

6,712,528 shares allocated to TOTAL share grant plans for Group employees;

2,510,377 shares intended to be allocated to new TOTAL share purchase option plans or to new share grant plans.
These shares were deducted from the consolidated shareholders equity.

As of December 31, 2010, TOTAL S.A. held 12,156,411 of its own shares, representing 0.52% of its share capital, detailed as follows:

6,012,460 shares allocated to TOTAL share grant plans for Group employees;

6,143,951 shares intended to be allocated to new TOTAL share purchase option plans or to new share grant plans.
These shares were deducted from the consolidated shareholders equity.

TOTAL shares held by Group subsidiaries

As of December 31, 2012, 2011 and 2010, TOTAL S.A. held indirectly through its subsidiaries 100,331,268 of its own shares, representing 4.24% of its share capital as of December 31, 2012, 4.24% of its share capital as of December 31, 2011 and 4.27% of its share capital as of December 31, 2010 detailed as follows:

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2,023,672 shares held by a consolidated subsidiary, Total Nucléaire, 100% indirectly controlled by TOTAL S.A.; and

98,307,596 shares held by subsidiaries of Elf Aquitaine (Financière Valorgest, Sogapar and Fingestval), 100% indirectly controlled by TOTAL S.A. These shares are deducted from the consolidated shareholders' equity.

Dividend

TOTAL S.A. paid on March 22, 2012, the third quarterly interim dividend of 0.57 per share for the fiscal year 2011 (the ex-dividend date was March 19, 2012). TOTAL S.A. also paid on June 21, 2012, the balance of the dividend of 0.57 per share for the 2011 fiscal year (the ex-dividend date was June 18, 2012).

In addition, TOTAL S.A. paid two quarterly interim dividends for the fiscal year 2012:

the first quarterly interim dividend of 0.57 per share for the fiscal year 2012, decided by the Board of Directors on April 26, 2012, was paid on September 27, 2012 (the ex-dividend date was September 24, 2012); and

F-48

Table of Contents

the second quarterly interim dividend of 0.59 per share for the fiscal year 2012, decided by the Board of Directors on July 26, 2012, was paid on December 20, 2012 (the ex-dividend date was December 17, 2012).

The Board of Directors, during its October 30, 2012 meeting, decided to set the third quarterly interim dividend for the fiscal year 2012 at 0.59 per share. This interim dividend will be paid on March 21, 2013 (the ex-dividend date will be March 18, 2013).

A resolution will be submitted at the shareholders meeting on May 17, 2013 to pay a dividend of 2.34 per share for the 2012 fiscal year, *i.e.* a balance of 0.59 per share to be distributed after deducting the quarterly interim dividend of 0.57 and the two quarterly interim dividends of 0.59 per share that will have already been paid.

Paid-in surplus

In accordance with French law, the paid-in surplus corresponds to premiums related to shares, contributions or mergers of the parent company which can be capitalized or used to offset losses if the legal reserve has reached its minimum required level. The amount of the

paid-in surplus may also be distributed subject to taxation except in cases of a refund of shareholder contributions to.

As of December 31, 2012, paid-in surplus amounted to 27,684 million (27,655 million as of December 31, 2011 and 27,208 million as of December 31, 2010).

Reserves

Under French law, 5% of net income must be transferred to the legal reserve until the legal reserve reaches 10% of the nominal value of the share capital. This reserve cannot be distributed to the shareholders other than upon liquidation but can be used to offset losses.

If wholly distributed, the unrestricted reserves of the parent company would be taxed for an approximate amount of 539 million as of December 31, 2012 (539 million as of December 31, 2011 and 514 million as of December 31, 2010) with regards to additional corporation tax to be applied on regulatory reserves so that they become distributable.

Furthermore, the additional tax to corporate income tax of 3%, due on dividends distributed by French companies or foreign organizations subject to corporate income in France, established by the second corrective finance act for 2012 would be payable for an amount of 375 million.

Other comprehensive income

Detail of other comprehensive income showing items reclassified from equity to net income is presented in the table below:

For the year ended December 31, (M)	2012	2011	2010
Currency translation adjustment	(701)	1,498	2,231
Unrealized gain/(loss) of the period	(712)	1,435	2,234
Less gain/(loss) included in net income	(11)	(63)	3
Available for sale financial assets	(338)	337	(100)
Unrealized gain/(loss) of the period	63	382	(50)
Less gain/(loss) included in net income	401	45	50
Cash flow hedge	65	(84)	(80)
Unrealized gain/(loss) of the period	152	(131)	(195)
Less gain/(loss) included in net income	87	(47)	(115)
Share of other comprehensive income of equity affiliates, net amount	160	(15)	302
Other	(13)	(2)	(7)
Unrealized gain/(loss) of the period	(13)	(2)	(7)
Less gain/(loss) included in net income			
Tax effect	63	(55)	28
Total other comprehensive income, net amount	(764)	1,679	2,374

Table of Contents

Tax effects relating to each component of other comprehensive income are as follows:

For the year ended December 31, (M)	2012			2011			2010		
	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount
Currency translation adjustment	(701)		(701)	1,498		1,498	2,231		2,231
Available for sale financial assets	(338)	89	(249)	337	(93)	244	(100)	2	(98)
Cash flow hedge	65	(26)	39	(84)	38	(46)	(80)	26	(54)
Share of other comprehensive income of equity affiliates, net amount	160		160	(15)		(15)	302		302
Other	(13)		(13)	(2)		(2)	(7)		(7)
Total other comprehensive income	(827)	63	(764)	1,734	(55)	1,679	2,346	28	2,374

18) EMPLOYEE BENEFITS OBLIGATIONS

Liabilities for employee benefits obligations consist of the following:

As of December 31, (M)	2012	2011	2010
Pension benefits liabilities	1,077	1,268	1,268
Other benefits liabilities	627	620	605
Restructuring reserves (early retirement plans)	269	344	298
Total	1,973	2,232	2,171
Net liabilities relating to assets held for sale	4		

The Group's main defined benefit pension plans are located in France, in the United Kingdom, in the United States, in Belgium and in Germany. Their main characteristics are the following:

The benefits are usually based on the final salary and seniority;

They are usually funded (pension fund or insurer); and

They are closed to new employees who benefit from defined contribution pension plans. The pension benefits include also termination indemnities and early retirement benefits.

The other benefits are the employer contribution to post-employment medical care.

Table of Contents

The fair value of the defined benefit obligation and plan assets in the Consolidated Financial Statements is detailed as follows:

As of December 31, (M)	Pension benefits			Other benefits		
	2012	2011	2010	2012	2011	2010
Change in benefit obligation						
Benefit obligation at beginning of year	9,322	8,740	8,169	628	623	547
Service cost	180	163	159	14	13	11
Interest cost	429	420	441	29	28	29
Curtailments	(1)	(24)	(4)		(1)	(3)
Settlements		(111)	(60)			
Special termination benefits						1
Plan participants' contributions	9	9	11			
Benefits paid	(549)	(451)	(471)	(37)	(34)	(33)
Plan amendments	205	33	28	8	4	1
Actuarial losses (gains)	1,217	435	330	58	(9)	57
Foreign currency translation and other	81	108	137	1	4	13
Benefit obligation at year-end	10,893	9,322	8,740	701	628	623
Change in fair value of plan assets						
Fair value of plan assets at beginning of year	(7,028)	(6,809)	(6,286)			
Expected return on plan assets	(378)	(385)	(396)			
Actuarial losses (gains)	(327)	155	(163)			
Settlements		80	56			
Plan participants' contributions	(9)	(9)	(11)			
Employer contributions	(787)	(347)	(269)			
Benefits paid	452	386	394			
Foreign currency translation and other	(71)	(99)	(134)			
Fair value of plan assets at year-end	(8,148)	(7,028)	(6,809)	701	628	623
Unfunded status	2,745	2,294	1,931	701	628	623
Unrecognized prior service cost	(249)	(78)	(105)	3	9	10
Unrecognized actuarial (losses) gains	(2,510)	(1,713)	(1,170)	(75)	(17)	(28)
Asset ceiling	10	10	9			
Net recognized amount	(4)	513	665	629	620	605
Pension benefits and other benefits liabilities	1,077	1,268	1,268	627	620	605
Other non-current assets	(1,083)	(755)	(603)			
Net benefit liabilities relating to assets held for sale	2			2		

As of December 31, 2012, the fair value of pension benefits and other pension benefits which are entirely or partially funded amounts to 9,918 million and the present value of the unfunded benefits amounts to 1,677 million (against 8,277 million and 1,673 million respectively as of December 31, 2011 and 7,727 million and 1,636 million respectively as of December 31, 2010).

The experience actuarial (gains) losses related to the defined benefit obligation and the fair value of plan assets are as follows:

For the year ended December 31, (M)	2012	2011	2010	2009	2008
Experience actuarial (gains) losses related to the defined benefit obligation	147	(58)	(54)	(108)	12
Experience actuarial (gains) losses related to the fair value of plan assets	(327)	155	(163)	(317)	1,099

As of December 31, (M)	2012	2011	2010	2009	2008
Pension benefits					
Benefit obligation	10,893	9,322	8,740	8,169	7,405
Fair value of plan assets	(8,148)	(7,028)	(6,809)	(6,286)	(5,764)
Unfunded status	2,745	2,294	1,931	1,883	1,641
Other benefits					
Benefits obligation	701	628	623	547	544
Fair value of plan assets					
Unfunded status	701	628	623	547	544

Table of Contents

The Group expects to contribute 158 million to its pension plans in 2013.

Estimated future payments (M)	Pension benefits	Other benefits
2013	503	37
2014	538	36
2015	544	37
2016	546	36
2017	583	37
2018-2022	2,945	191

Asset allocation As of December 31,	Pension benefits		
	2012	2011	2010
Equity securities	29%	29%	34%
Debt securities	64%	64%	60%
Monetary	3%	4%	3%
Real estate	4%	3%	3%

The Group's assumptions of expected returns on assets are built up by asset class and by country based on long-term bond yields and risk premiums.

The discount rate retained is determined by reference to the high quality rates for AA-rated prime corporate bonds for a duration equivalent to that of the obligations. It derives from a benchmark per country of different market data at the closing date.

Assumptions used to determine benefits obligations As of December 31,	Pension benefits			Other benefits		
	2012	2011	2010	2012	2011	2010
Discount rate (weighted average for all regions)	3.79%	4.61%	5.01%	3.82%	4.70%	5.00%
<i>Of which Euro zone</i>	3.20%	4.21%	4.58%	3.19%	4.25%	4.55%
<i>Of which United States</i>	4.00%	5.00%	5.49%	4.00%	4.97%	5.42%
<i>Of which United Kingdom</i>	4.25%	4.75%	5.50%			
Average expected rate of salary increase	4.60%	4.69%	4.55%			
Expected rate of healthcare inflation						
initial rate				4.54%	4.82%	4.82%
ultimate rate				3.74%	3.77%	3.75%

Assumptions used to determine the net periodic benefit cost (income) For the year ended December 31,	Pension benefits			Other benefits		
	2012	2011	2010	2012	2011	2010
Discount rate (weighted average for all regions)	4.61%	5.01%	5.41%	4.70%	5.00%	5.60%
<i>Of which Euro zone</i>	4.21%	4.58%	5.12%	4.25%	4.55%	5.18%
<i>Of which United States</i>	5.00%	5.49%	6.00%	4.97%	5.42%	5.99%
<i>Of which United Kingdom</i>	4.75%	5.50%	5.50%			
Average expected rate of salary increase	4.69%	4.55%	4.50%			
Expected return on plan assets	5.35%	5.90%	6.39%			
Expected rate of healthcare inflation						
initial rate				4.82%	4.82%	4.91%
ultimate rate				3.77%	3.75%	3.79%

A 0.5% increase or decrease in discount rates all other things being equal would have the following approximate impact on the benefit obligation:

(M)	0.5% increase	0.5% decrease
Benefit obligation as of December 31, 2012	(683)	765
2013 net periodic benefit cost (income)	(26)	25

Table of Contents

The components of the net periodic benefit cost (income) in 2012, 2011 and 2010 are:

For the year ended December 31, (M)	Pension benefits			Other benefits		
	2012	2011	2010	2012	2011	2010
Service cost	180	163	159	14	13	11
Interest cost	429	420	441	29	28	29
Expected return on plan assets	(378)	(385)	(396)			
Amortization of prior service cost	31	58	74	2	2	(5)
Amortization of actuarial losses (gains)	101	46	66	1		(4)
Asset ceiling		2	(3)			
Curtailments	(1)	(22)	(3)		(1)	(3)
Settlements		(9)	7			
Special termination benefits						1
Net periodic benefit cost (income)	362	273	345	46	42	29

A positive or negative change of one-percentage-point in the healthcare inflation rate would have the following approximate impact:

(M)	1% increase	1% decrease
Benefit obligation as of December 31, 2012	100	(77)
2012 net periodic benefit cost (income)	5	(5)

19) PROVISIONS AND OTHER NON-CURRENT LIABILITIES

As of December 31, (M)	2012	2011	2010
Litigations and accrued penalty claims	930	572	485
Provisions for environmental contingencies	556	600	644
Asset retirement obligations	7,624	6,884	5,917
Other non-current provisions	1,028	1,099	1,116
Other non-current liabilities	1,447	1,754	936
Total	11,585	10,909	9,098

In 2012, litigation reserves mainly include a provision of \$398 million in relation to a transaction in progress with the United States Securities and Exchange Commission (SEC) and the Department of Justice (DoJ) in the United States (see Note 32 to the Consolidated Financial Statements). It also includes a provision covering risks concerning antitrust investigations related to Arkema for an amount of 17 million as of December 31, 2012. Other risks and commitments that give rise to contingent liabilities are described in Note 32 to the Consolidated Financial Statements.

In 2012, other non-current provisions mainly include:

The contingency reserve related to the Toulouse-AZF plant explosion (civil liability) for 17 million as of December 31, 2012;

Provisions related to restructuring activities in the Refining & Chemicals and Marketing & Services segments for 196 million as of December 31, 2012; and

Provisions for financial risks related to non-consolidated and equity consolidated affiliates for 147 million as of December 31, 2012;

The contingency reserve regarding to guarantees granted in relation to solar panels of SunPower for 89 million as of December 31, 2012.

In 2012, other non-current liabilities mainly include debts (whose maturity is more than one year) related to fixed assets acquisitions. This heading is mainly composed of a 737 million debt related to the acquisition of an interest in the liquids-rich area of the Utica shale play (see Note 3 to the Consolidated Financial

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Statements).

In 2011, litigation reserves mainly included a provision covering risks concerning antitrust investigations related to Arkema amounting to 17 million as of December 31, 2011. Other risks and commitments that give rise to contingent liabilities are described in Note 32 to the Consolidated Financial Statements.

In 2011, other non-current provisions mainly included:

The contingency reserve related to the Toulouse-AZF plant explosion (civil liability) for 21 million as of December 31, 2011;

Provisions related to restructuring activities in the Refining & Chemicals and Marketing & Services segments for 227 million as of December 31, 2011; and

The contingency reserve related to the Buncefield depot explosion (civil liability) for 80 million as of December 31, 2011.

F-53

Table of Contents

In 2011, other non-current liabilities mainly included debts (whose maturity is more than one year) related to fixed assets acquisitions. This heading was mainly composed of a 991 million debt related to the acquisition of an interest in the liquids-rich area of the Utica shale play (see Note 3 to the Consolidated Financial Statements).

In 2010, litigation reserves mainly included a provision covering risks concerning antitrust investigations related to Arkema amounting to 17 million as of December 31, 2010. Other risks and commitments that give rise to contingent liabilities are described in Note 32 to the Consolidated Financial Statements.

In 2010, other non-current provisions mainly included:

The contingency reserve related to the Toulouse-AZF plant explosion (civil liability) for 31 million as of December 31, 2010;

Provisions related to restructuring activities in the Refining & Chemicals and Marketing & Services segments for 261 million as of December 31, 2010; and

The contingency reserve related to the Buncefield depot explosion (civil liability) for 194 million as of December 31, 2010.

In 2010, other non-current liabilities mainly included debts (whose maturity is more than one year) related to fixed assets acquisitions.

Changes in provisions and other non-current liabilities

Changes in provisions and other non-current liabilities are as follows:

(M)	As of January 1,	Allowances	Reversals	Currency translation adjustment	Other	As of December 31,
2012	10,909	1,217	(887)	47	299	11,585
2011	9,098	921	(798)	227	1,461	10,909
2010	9,381	1,052	(971)	497	(861)	9,098

Allowances

In 2012, allowances of the period (1,217 million) mainly include:

Asset retirement obligations for 405 million (accretion);

Environmental contingencies for 74 million in the Marketing & Services and Refining & Chemicals segments;

Provisions related to restructuring of activities for 74 million.

A provision of \$398 million in relation to a transaction in progress with the United States Securities and Exchange Commission (SEC) and the Department of Justice (DoJ) in the United States (see Note 32 to the Consolidated Financial Statements).

In 2011, allowances of the period (921 million) mainly included:

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Asset retirement obligations for 344 million (accretion);

Environmental contingencies for 100 million in the Downstream and Chemicals segments; and

Provisions related to restructuring of activities for 79 million.

In 2010, allowances of the period (1,052 million) mainly included:

Asset retirement obligations for 338 million (accretion);

Environmental contingencies for 88 million in the Downstream and Chemicals segments;

The contingency reserve related to the Buncefield depot explosion (civil liability) for 79 million; and

Provisions related to restructuring of activities for 226 million.

Reversals

In 2012, reversals of the period (887 million) are mainly related to the following incurred expenses:

Provisions for asset retirement obligations for 314 million;

Environmental contingencies written back for 109 million;

The contingency reserve related to the Toulouse-AZF plant explosion (civil liability), written back for 10 million;

The contingency reserve related to the Buncefield depot explosion (civil liability), written back for 81 million; and

Provisions for restructuring and social plans written back for 111 million.

Table of Contents

In 2011, reversals of the period (798 million) were mainly related to the following incurred expenses:

Provisions for asset retirement obligations for 189 million;

Environmental contingencies written back for 70 million;

The contingency reserve related to the Toulouse-AZF plant explosion (civil liability), written back for 10 million;

The contingency reserve related to the Buncefield depot explosion (civil liability), written back for 116 million; and

Provisions for restructuring and social plans written back for 164 million.

In 2010, reversals of the period (971 million) were mainly related to the following incurred expenses:

Provisions for asset retirement obligations for 214 million;

26 million for litigation reserves in connection with antitrust investigations;

Environmental contingencies written back for 66 million;

The contingency reserve related to the Toulouse-AZF plant explosion (civil liability), written back for 9 million;

The contingency reserve related to the Buncefield depot explosion (civil liability), written back for 190 million; and

Provisions for restructuring and social plans written back for 60 million.

Changes in the asset retirement obligation

Changes in the asset retirement obligation are as follows:

(M)	As of January 1,	Accretion	Revision in estimates	New obligations	Spending on existing obligations	Currency translation adjustment	Other	As of December 31,
2012	6,884	405	183	115	(314)	82	269	7,624
2011	5,917	344	330	323	(189)	150	9	6,884
2010	5,469	338	79	175	(214)	316	(246)	5,917

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In 2012 the heading "Other" includes 385 million increase in provisions to cover the costs of abandonment of wells in the Elgin-Franklin field (Great Britain) that will not return to production, and a 183 million increase in provisions for the restoration of the Lacq site in France on which activities

are going to be stopped. These amounts are partially offset by sales of assets notably in Great Britain and Norway that have been reclassified in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations" (see Note 34 to the Consolidated Financial Statements).

20) FINANCIAL DEBT AND RELATED FINANCIAL INSTRUMENTS

A) *NON-CURRENT FINANCIAL DEBT AND RELATED FINANCIAL INSTRUMENTS*

As of December 31, 2012 (M)

(Assets) / Liabilities	Secured	Unsecured	Total
Non-current financial debt	713	21,561	22,274
<i>of which hedging instruments of non-current financial debt (liabilities)</i>		<i>11</i>	<i>11</i>
Hedging instruments of non-current financial debt (assets) ^(a)		(1,626)	(1,626)
Non-current financial debt net of hedging instruments	713	19,935	20,648
Bonds after fair value hedge		15,227	15,227
Fixed rate bonds and bonds after cash flow hedge		4,504	4,504
Bank and other, floating rate	306	29	335
Bank and other, fixed rate	81	168	249
Financial lease obligations	326	7	333
Non-current financial debt net of hedging instruments	713	19,935	20,648

(a) See the description of these hedging instruments in Notes 1 paragraph M(iii) "Long-term financing", 28 and 29 to the Consolidated Financial Statements.

Table of Contents

As of December 31, 2011 (M)			
(Assets) / Liabilities	Secured	Unsecured	Total
Non-current financial debt	349	22,208	22,557
<i>of which hedging instruments of non-current financial debt (liabilities)</i>		146	146
Hedging instruments of non-current financial debt (assets) ^(a)		(1,976)	(1,976)
Non-current financial debt net of hedging instruments	349	20,232	20,581
Bonds after fair value hedge		15,148	15,148
Fixed rate bonds and bonds after cash flow hedge		4,424	4,424
Bank and other, floating rate	129	446	575
Bank and other, fixed rate	76	206	282
Financial lease obligations	144	8	152
Non-current financial debt net of hedging instruments	349	20,232	20,581

(a) See the description of these hedging instruments in Notes 1 paragraph M(iii) Long-term financing, 28 and 29 to the Consolidated Financial Statements.

As of December 31, 2010 (M)			
(Assets) / Liabilities	Secured	Unsecured	Total
Non-current financial debt	287	20,496	20,783
<i>of which hedging instruments of non-current financial debt (liabilities)</i>		178	178
Hedging instruments of non-current financial debt (assets) ^(a)		(1,870)	(1,870)
Non-current financial debt net of hedging instruments	287	18,626	18,913
Bonds after fair value hedge		15,491	15,491
Fixed rate bonds and bonds after cash flow hedge		2,836	2,836
Bank and other, floating rate	47	189	236
Bank and other, fixed rate	65	110	175
Financial lease obligations	175		175
Non-current financial debt net of hedging instruments	287	18,626	18,913

(a) See the description of these hedging instruments in Notes 1 paragraph M(iii) Long-term financing, 28 and 29 to the Consolidated Financial Statements.

Fair value of bonds, as of December 31, 2012, after taking into account currency and interest rates swaps, is detailed as follows:

Bonds after fair value hedge (M)	Year of issue	Fair value after hedging as of December 31, 2012	Fair value after hedging as of December 31, 2011	Fair value after hedging as of December 31, 2010	Currency	Maturity	Initial rate before hedging instruments
Parent company							
Bond	1998	127	129	125	FRF	2013	5.000%
Current portion (less than one year)		(127)					
Total Parent company			129	125			

Bonds after fair value hedge (M)	Year of issue	Fair value after hedging as of December 31, 2012	Fair value after hedging as of December 31, 2011	Fair value after hedging as of December 31, 2010	Currency	Maturity	Initial rate before hedging instruments
TOTAL CAPITAL^(a)							
Bond	2002		15	15	USD	2012	5.890%
Bond	2003	23	23	22	USD	2013	4.500%
Bond	2004			57	AUD	2011	5.750%
Bond	2004			116	CAD	2011	4.875%

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Bond	2004			235	USD	2011	4.125%
Bond	2004			75	USD	2011	4.125%
Bond	2004		129	125	CHF	2012	2.375%
Bond	2004	51	52	51	NZD	2014	6.750%
Bond	2005			57	AUD	2011	5.750%
Bond	2005			60	CAD	2011	4.000%
Bond	2005			120	CHF	2011	1.625%
Bond	2005			226	CHF	2011	1.625%
Bond	2005			139	USD	2011	4.125%

F-56

Table of Contents

Bonds after fair value hedge (M)	Year of issue	Fair value after hedging as of December 31, 2012	Fair value after hedging as of December 31, 2011	Fair value after hedging as of December 31, 2010	Currency	Maturity	Initial rate before hedging instruments
Bond	2005		63	63	AUD	2012	5.750%
Bond	2005		200	194	CHF	2012	2.135%
Bond	2005		65	65	CHF	2012	2.135%
Bond	2005		97	97	CHF	2012	2.375%
Bond	2005		404	391	EUR	2012	3.250%
Bond	2005		57	57	NZD	2012	6.500%
Bond	2006			42	EUR	2011	EURIBOR
							3 months
							+0.040%
Bond	2006			300	EUR	2011	3.875%
Bond	2006			150	EUR	2011	3.875%
Bond	2006			300	EUR	2011	3.875%
Bond	2006			120	USD	2011	5.000%
Bond	2006			300	EUR	2011	3.875%
Bond	2006			472	USD	2011	5.000%
Bond	2006		62	62	AUD	2012	5.625%
Bond	2006		72	72	CAD	2012	4.125%
Bond	2006		100	100	EUR	2012	3.250%
Bond	2006		74	74	GBP	2012	4.625%
Bond	2006		100	100	EUR	2012	3.250%
Bond	2006	125	125	125	CHF	2013	2.510%
Bond	2006	127	127	127	CHF	2014	2.635%
Bond	2006	130	130	130	CHF	2016	2.385%
Bond	2006	65	65	65	CHF	2016	2.385%
Bond	2006	64	64	64	CHF	2016	2.385%
Bond	2006	63	63	63	CHF	2016	2.385%
Bond	2006	129	129	129	CHF	2018	3.135%
Bond	2007			77	USD	2011	5.000%
Bond	2007		370	370	USD	2012	5.000%
Bond	2007		222	222	USD	2012	5.000%
Bond	2007		61	61	AUD	2012	6.500%
Bond	2007		72	72	CAD	2012	4.125%
Bond	2007		71	71	GBP	2012	4.625%
Bond	2007	300	300	300	EUR	2013	4.125%
Bond	2007	73	73	73	GBP	2013	5.500%
Bond	2007	305	306	306	GBP	2013	5.500%
Bond	2007	72	72	72	GBP	2013	5.500%
Bond	2007	248	248	248	CHF	2014	2.635%
Bond	2007	31	31	31	JPY	2014	1.505%
Bond	2007	61	61	61	CHF	2014	2.635%
Bond	2007	49	49	49	JPY	2014	1.723%
Bond	2007	121	121	121	CHF	2015	3.125%
Bond	2007	300	300	300	EUR	2017	4.700%
Bond	2007	76	76	76	CHF	2018	3.135%
Bond	2007	60	60	60	CHF	2018	3.135%
Bond	2008			92	AUD	2011	7.500%
Bond	2008			100	EUR	2011	3.875%
Bond	2008			150	EUR	2011	3.875%
Bond	2008			50	EUR	2011	3.875%
Bond	2008			50	EUR	2011	3.875%
Bond	2008			60	JPY	2011	EURIBOR
							6 months
							+ 0.018%
Bond	2008			102	USD	2011	3.750%

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Bond	2008	62	62	CHF	2012	2.135%
Bond	2008	124	124	CHF	2012	3.635%
Bond	2008	46	46	CHF	2012	2.385%
Bond	2008	92	92	CHF	2012	2.385%

F-57

Table of Contents

Bonds after fair value hedge (M)	Year of issue	Fair value after hedging as of December 31, 2012	Fair value after hedging as of December 31, 2011	Fair value after hedging as of December 31, 2010	Currency	Maturity	Initial rate before hedging instruments
Bond	2008		64	64	CHF	2012	2.385%
Bond	2008		50	50	EUR	2012	3.250%
Bond	2008		63	63	GBP	2012	4.625%
Bond	2008		63	63	GBP	2012	4.625%
Bond	2008		63	63	GBP	2012	4.625%
Bond	2008		62	62	NOK	2012	6.000%
Bond	2008		69	69	USD	2012	5.000%
Bond	2008	60	60	60	AUD	2013	7.500%
Bond	2008	61	61	61	AUD	2013	7.500%
Bond	2008	127	128	127	CHF	2013	3.135%
Bond	2008	62	62	62	CHF	2013	3.135%
Bond	2008	200	200	200	EUR	2013	4.125%
Bond	2008	100	100	100	EUR	2013	4.125%
Bond	2008	999	1,000	1,000	EUR	2013	4.750%
Bond	2008	63	63	63	GBP	2013	5.500%
Bond	2008	149	149	149	JPY	2013	EURIBOR
							6 months + 0.008%
Bond	2008	191	191	191	USD	2013	4.000%
Bond	2008	61	61	61	CHF	2015	3.135%
Bond	2008	62	62	62	CHF	2015	3.135%
Bond	2008	61	61	61	CHF	2015	3.135%
Bond	2008	62	62	62	CHF	2018	3.135%
Bond	2009	56	56	56	AUD	2013	5.500%
Bond	2009	54	54	54	AUD	2013	5.500%
Bond	2009	236	236	236	CHF	2013	2.500%
Bond	2009	77	77	77	USD	2013	4.000%
Bond	2009	131	131	131	CHF	2014	2.625%
Bond	2009	998	998	997	EUR	2014	3.500%
Bond	2009	150	150	150	EUR	2014	3.500%
Bond	2009	40	40	40	HKD	2014	3.240%
Bond	2009	105	107	103	AUD	2015	6.000%
Bond	2009	550	550	550	EUR	2015	3.625%
Bond	2009	684	684	684	USD	2015	3.125%
Bond	2009	227	232	224	USD	2015	3.125%
Bond	2009	99	99	99	CHF	2016	2.385%
Bond	2009	115	115	115	GBP	2017	4.250%
Bond	2009	225	225	225	GBP	2017	4.250%
Bond	2009	448	448	448	EUR	2019	4.875%
Bond	2009	69	69	69	HKD	2019	4.180%
Bond	2009			374	USD	2021	4.250%
Bond	2010	103	105	102	AUD	2014	5.750%
Bond	2010	69	70	68	AUD	2015	6.000%
Bond	2010	70	71	69	AUD	2015	6.000%
Bond	2010	64	64	64	AUD	2015	6.000%
Bond	2010	109	111	108	CAD	2014	2.500%
Bond	2010	482	491	476	EUR	2022	3.125%
Bond	2010	53	54	53	NZD	2014	4.750%
Bond	2010	189	193	187	USD	2015	2.875%
Bond	2010	947	966	935	USD	2015	3.000%
Bond	2010	757	773	748	USD	2016	2.300%
Bond	2011	586	597		USD	2018	3.875%
Bond	2011	113	116		USD	2016	6.500%
Current portion (less than one year)		(3,333)	(2,992)	(3,450)			
Total TOTAL CAPITAL		9,204	12,617	15,143			

Table of Contents

Bonds after fair value hedge (M)	Year of issue	Fair value after hedging as of December 31, 2012	Fair value after hedging as of December 31, 2011	Fair value after hedging as of December 31, 2010	Currency	Maturity	Initial rate before hedging instruments
TOTAL CAPITAL CANADA Ltd.^(b)							
Bond	2011	567	565		CAD	2014	1.625%
Bond	2011	567	565		CAD	2014	USLIBOR 3 months + 0.38%
Bond	2011	76	75		CAD	2014	5.750%
Bond	2011	743	738		CAD	2013	USLIBOR 3 months + 0.09%
Bond	2011	83	82		CAD	2016	4.000%
Bond	2011	69	69		CAD	2016	3.625%
Current portion (less than one year)		(743)					
Total TOTAL CAPITAL CANADA Ltd.		1,362	2,094				
TOTAL CAPITAL INTERNATIONAL^(c)							
Bond	2012	78			USD	2017	4.875%
Bond	2012	758			USD	2017	1.500%
Bond	2012	116			USD	2017	4.125%
Bond	2012	1,137			USD	2017	1.550%
Bond	2012	76			USD	2016	2.250%
Bond	2012	111			USD	2017	2.250%
Bond	2012	485			USD	2023	2.125%
Bond	2012	379			USD	2016	0.750%
Bond	2012	757			USD	2023	2.700%
Bond	2012	80			USD	2017	2.250%
Bond	2012	79			USD	2017	3.875%
Bond	2012	76			USD	2017	2.000%
Current portion (less than one year)							
TOTAL CAPITAL INTERNATIONAL		4,132	308	223			
Other consolidated subsidiaries		529	308	223			
Total bonds after fair value hedge		15,227	15,148	15,491			

Bonds after cash flow hedge and fix rate bonds (M)	Year of issue	Amount after hedging as of December 31, 2012	Amount after hedging as of December 31, 2011	Amount after hedging as of December 31, 2010	Currency	Maturity	Initial rate before hedging instruments
TOTAL CAPITAL^(a)							
Bond	2005		294	293	GBP	2012	4.625%
Bond	2009	701	744	691	EUR	2019	4.875%
Bond	2009	379	386		USD	2021	4.250%
Bond	2009	926	1,016	917	EUR	2024	5.125%
Bond	2010	947	966	935	USD	2020	4.450%
Bond	2011	379	386		USD	2021	4.125%
Current portion (less than one year)			(294)				
Total TOTAL CAPITAL		3,332	3,498	2,836			
TOTAL CAPITAL INTERNATIONAL^(c)							
Bond	2012	758			USD	2022	2.875%
Current portion (less than one year)							
Total TOTAL CAPITAL INTERNATIONAL		758	926				
Other consolidated subsidiaries		414	926				
Total Bonds after cash flow hedge		4,504	4,424	2,836			

(a) TOTAL CAPITAL is a wholly-owned indirect subsidiary of TOTAL S.A. (with the exception of one share held by each member of its Board of Directors). It acts as a financing vehicle for the Group. Its debt securities are fully and unconditionally guaranteed by TOTAL S.A. as to payment of principal, premium, if any, interest and any other amounts due.

(b)

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TOTAL CAPITAL CANADA Ltd. is a wholly-owned direct subsidiary of TOTAL S.A. It acts as a financing vehicle for the activities of the Group in Canada. Its debt securities are fully and unconditionally guaranteed by TOTAL S.A. as to payment of principal, premium, if any, interest and any other amounts due.

(c) TOTAL CAPITAL INTERNATIONAL is a wholly-owned direct subsidiary of TOTAL S.A. It acts as a financing vehicle for the Group. Its debt securities are fully and unconditionally guaranteed by TOTAL S.A. as to payment of principal, premium, if any, interest and any other amounts due.

F-59

Table of Contents**Loan repayment schedule (excluding current portion)**

As of December 31, 2012 (M)	Non-current financial debt	<i>of which hedging instruments of non-current financial debt (liabilities)</i>	Hedging instruments of non-current financial debt (assets)	Non-current financial debt - net of hedging instruments	%
2014	4,163	1	(331)	3,832	19%
2015	3,903	8	(438)	3,465	17%
2016	2,335		(210)	2,125	10%
2017	3,275		(149)	3,126	15%
2018 and beyond	8,598	2	(498)	8,100	39%
Total	22,274	11	(1,626)	20,648	100%

As of December 31, 2011 (M)	Non-current financial debt	<i>of which hedging instruments of non-current financial debt (liabilities)</i>	Hedging instruments of non-current financial debt (assets)	Non-current financial debt - net of hedging instruments	%
2013	5,021	80	(529)	4,492	22%
2014	4,020	3	(390)	3,630	18%
2015	4,070	6	(456)	3,614	18%
2016	1,712	9	(193)	1,519	7%
2017 and beyond	7,734	48	(408)	7,326	35%
Total	22,557	146	(1,976)	20,581	100%

As of December 31, 2010 (M)	Non-current financial debt	<i>of which hedging instruments of non-current financial debt (liabilities)</i>	Hedging instruments of non-current financial debt (assets)	Non-current financial debt - net of hedging instruments	%
2012	3,756	34	(401)	3,355	18%
2013	4,017	76	(473)	3,544	19%
2014	2,508	1	(290)	2,218	12%
2015	3,706	2	(302)	3,404	18%
2016 and beyond	6,796	65	(404)	6,392	33%
Total	20,783	178	(1,870)	18,913	100%

Analysis by currency and interest rate

These analyses take into account interest rate and foreign currency swaps to hedge non-current financial debt.

As of December 31, (M)	2012	%	2011	%	2010	%
U.S. Dollar	13,685	66%	8,645	42%	7,248	39%
Euro	5,643	27%	9,582	47%	11,417	60%
Other currencies	1,320	7%	2,354	11%	248	1%
Total	20,648	100%	20,581	100%	18,913	100%

As of December 31, (M)	2012	%	2011	%	2010	%
Fixed rate	5,085	25%	4,854	24%	3,177	17%

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Floating rate	15,563	75%	15,727	76%	15,736	83%
Total	20,648	100%	20,581	100%	18,913	100%

F-60

Table of Contents**B) CURRENT FINANCIAL ASSETS AND LIABILITIES**

Current borrowings consist mainly of commercial papers or treasury bills or draws on bank loans. These instruments bear interest at rates that are close to market rates.

As of December 31, (M)	2012	2011	2010
(Assets) / Liabilities			
Current financial debt ^(a)	6,392	5,819	5,867
Current portion of non-current financial debt	4,624	3,856	3,786
Current borrowings (Note 28)	11,016	9,675	9,653
Current portion of hedging instruments of debt (liabilities)	84	40	12
Other current financial instruments (liabilities)	92	127	147
Other current financial liabilities (Note 28)	176	167	159
Current deposits beyond three months	(1,093)	(101)	(869)
Current portion of hedging instruments of debt (assets)	(430)	(383)	(292)
Other current financial instruments (assets)	(39)	(216)	(44)
Current financial assets (Note 28)	(1,562)	(700)	(1,205)
Current borrowings and related financial assets and liabilities, net	9,630	9,142	8,607

(a) As of December 31, 2011 and as of December 31, 2010, the current financial debt includes a commercial paper program in Total Capital Canada Ltd. Total Capital Canada Ltd. is a wholly-owned direct subsidiary of TOTAL S.A. It acts as a financing vehicle for the activities of the Group in Canada. Its debt securities are fully and unconditionally guaranteed by TOTAL S.A. as to payment of principal, premium, if any, interest and any other amounts due.

C) NET-DEBT-TO-EQUITY RATIO

For its internal and external communication needs, the Group calculates a debt ratio by dividing its net financial debt by equity. Adjusted shareholders' equity for the year ended December 31, 2012 is calculated after payment of a dividend of 2.34 per share, subject to approval by the shareholders' meeting on May 17, 2013.

The net-debt-to-equity ratio is calculated as follows:

As of December 31, (M)	2012	2011	2010
(Assets) / Liabilities			
Current borrowings	11,016	9,675	9,653
Other current financial liabilities	176	167	159
Current financial assets	(1,562)	(700)	(1,205)
Net financial assets and liabilities held for sale or exchange	756		
Non-current financial debt	22,274	22,557	20,783
Hedging instruments on non-current financial debt	(1,626)	(1,976)	(1,870)
Cash and cash equivalents	(15,469)	(14,025)	(14,489)
Net financial debt	15,565	15,698	13,031
Shareholders' equity - Group share	72,912	68,037	60,414
Distribution of the income based on existing shares at the closing date	(1,299)	(1,255)	(2,553)
Non-controlling interests	1,281	1,352	857
Adjusted shareholders' equity	72,894	68,134	58,718
Net-debt-to-equity ratio	21.4%	23.0%	22.2%

21) OTHER CREDITORS AND ACCRUED LIABILITIES

As of December 31, (M)	2012	2011	2010
Accruals and deferred income	240	231	184
Payable to States (including taxes and duties)	7,426	8,040	7,235
Payroll	1,128	1,062	996
Other operating liabilities	5,904	5,441	3,574
Total	14,698	14,774	11,989

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As of December 31, 2012, the heading "Other operating liabilities" includes mainly the third quarterly interim dividend for the fiscal year 2012 for 1,366 million. This interim dividend will be paid on March 2013.

As of December 31, 2011, the heading "Other operating liabilities" mainly included the third quarterly interim dividend for the fiscal year 2011 for 1,317 million. This interim dividend was paid on March 2012.

F-61

Table of Contents**22) LEASE CONTRACTS**

The Group leases real estate, retail stations, ships, and other equipments (see Note 11 to the Consolidated Financial Statements).

The future minimum lease payments on operating and finance leases to which the Group is committed are shown as follows:

For the year ended December 31, 2012 (M)	Operating leases	Finance leases
2013	781	55
2014	569	54
2015	514	53
2016	441	51
2017	337	19
2018 and beyond	971	236
Total minimum payments	3,613	468
Less financial expenses		(108)
Nominal value of contracts		360
Less current portion of finance lease contracts		(27)
Outstanding liability of finance lease contracts		333

For the year ended December 31, 2011 (M)	Operating leases	Finance leases
2012	762	41
2013	552	40
2014	416	37
For the year ended December 31, 2011 (M)	Operating leases	Finance leases
2015	335	36
2016	316	34
2017 and beyond	940	20
Total minimum payments	3,321	208
Less financial expenses		(31)
Nominal value of contracts		177
Less current portion of finance lease contracts		(25)
Outstanding liability of finance lease contracts		152

For the year ended December 31, 2010 (M)	Operating leases	Finance leases
2011	582	39
2012	422	39
2013	335	39
2014	274	35
2015	230	35
2016 and beyond	1,105	54
Total minimum payments	2,948	241
Less financial expenses		(43)
Nominal value of contracts		198
Less current portion of finance lease contracts		(23)
Outstanding liability of finance lease contracts		175

Net rental expense incurred under operating leases for the year ended December 31, 2012 is 780 million (against 645 million in 2011 and 605 million in 2010).

23) COMMITMENTS AND CONTINGENCIES

As of December 31, 2012 (M)	Maturity and installments			
	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Non-current debt obligations net of hedging instruments (Note 20)	20,315		12,405	7,910
Current portion of non-current debt obligations net of hedging instruments (Note 20)	4,251	4,251		
Finance lease obligations (Note 22)	360	27	143	190
Asset retirement obligations (Note 19)	7,624	407	1,429	5,788
Contractual obligations recorded in the balance sheet	32,550	4,685	13,977	13,888
Operating lease obligations (Note 22)	3,613	781	1,861	971
Purchase obligations	83,219	12,005	21,088	50,126
Contractual obligations not recorded in the balance sheet	86,832	12,786	22,949	51,097
Total of contractual obligations	119,382	17,471	36,926	64,985
Guarantees given for excise taxes	1,675	1,507	70	98
Guarantees given against borrowings	3,952	117	2,695	1,140
Indemnities related to sales of businesses	193	4	49	140
Guarantees of current liabilities	403	133	105	165
Guarantees to customers / suppliers	3,586	1,982	113	1,491
Letters of credit	2,298	1,785	252	261
Other operating commitments	2,659	753	702	1,204
Total of other commitments given	14,766	6,281	3,986	4,499
Mortgages and liens received	435	117	8	310
Sales obligations	80,514	7,416	26,137	46,961
Other commitments received	5,564	3,465	859	1,240
Total of commitments received	86,513	10,998	27,004	48,511

F-62

Table of Contents

As of December 31, 2011	Maturity and installments			
	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
(M)				
Non-current debt obligations net of hedging instruments (Note 20)	20,429		13,121	7,308
Current portion of non-current debt obligations net of hedging instruments (Note 20)	3,488	3,488		
Finance lease obligations (Note 22)	177	25	134	18
Asset retirement obligations (Note 19)	6,884	272	804	5,808
Contractual obligations recorded in the balance sheet	30,978	3,785	14,059	13,134
Operating lease obligations (Note 22)	3,321	762	1,619	940
Purchase obligations	77,353	11,049	20,534	45,770
Contractual obligations not recorded in the balance sheet	80,674	11,811	22,153	46,710
Total of contractual obligations	111,652	15,596	36,212	59,844
Guarantees given for excise taxes	1,765	1,594	73	98
Guarantees given against borrowings	4,778	1,027	2,797	954
Indemnities related to sales of businesses	39		34	5
Guarantees of current liabilities	376	262	35	79
Guarantees to customers / suppliers	3,265	1,634	57	1,574
Letters of credit	2,408	1,898	301	209
Other operating commitments	2,477	433	697	1,347
Total of other commitments given	15,108	6,848	3,994	4,266
Mortgages and liens received	408	7	119	282
Sales obligations ^(a)	62,216	4,221	17,161	40,834
Other commitments received	6,740	4,415	757	1,568
Total of commitments received	69,364	8,643	18,037	42,684

(a) As from December 31, 2011, the Group discloses its sales obligations.

As of December 31, 2010	Maturity and installments			
	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
(M)				
Non-current debt obligations net of hedging instruments (Note 20)	18,738		12,392	6,346
Current portion of non-current debt obligations net of hedging instruments (Note 20)	3,483	3,483		
Finance lease obligations (Note 22)	198	23	129	46
Asset retirement obligations (Note 19)	5,917	177	872	4,868
Contractual obligations recorded in the balance sheet	28,336	3,683	13,393	11,260
Operating lease obligations (Note 22)	2,948	582	1,261	1,105
Purchase obligations	61,293	6,347	14,427	40,519
Contractual obligations not recorded in the balance sheet	64,241	6,929	15,688	41,624
Total of contractual obligations	92,577	10,612	29,081	52,884
Guarantees given for excise taxes	1,753	1,594	71	88
Guarantees given against borrowings	5,005	1,333	493	3,179
Indemnities related to sales of businesses	37		31	6
Guarantees of current liabilities	171	147	19	5
Guarantees to customers / suppliers	3,020	1,621	96	1,303
Letters of credit	1,250	1,247		3
Other operating commitments	2,057	467	220	1,370
Total of other commitments given	13,293	6,409	930	5,954
Mortgages and liens received	429	2	114	313
Other commitments received	6,387	3,878	679	1,830
Total of commitments received	6,816	3,880	793	2,143

Table of Contents

A. CONTRACTUAL OBLIGATIONS

Debt obligations

Non-current debt obligations are included in the items Non-current financial debt and Hedging instruments of non-current financial debt of the Consolidated Balance Sheet. It includes the non-current portion of swaps hedging bonds, and excludes non-current finance lease obligations of 333 million.

The current portion of non-current debt is included in the items Current borrowings, Current financial assets and Other current financial liabilities of the Consolidated Balance Sheet. It includes the current portion of swaps hedging bonds, and excludes the current portion of finance lease obligations of 27 million.

The information regarding contractual obligations linked to indebtedness is presented in Note 20 to the Consolidated Financial Statements.

Lease contracts

The information regarding operating and finance leases is presented in Note 22 to the Consolidated Financial Statements.

Asset retirement obligations

This item represents the discounted present value of Upstream asset retirement obligations, primarily asset removal costs at the completion date. The information regarding contractual obligations linked to asset retirement obligations is presented in Notes 1Q and 19 to the Consolidated Financial Statements.

Purchase obligations

Purchase obligations are obligations under contractual agreements to purchase goods or services, including capital projects. These obligations are enforceable and legally binding on the company and specify all significant terms, including the amount and the timing of the payments.

These obligations mainly include: hydrocarbon unconditional purchase contracts (except where an active, highly-liquid market exists and when the hydrocarbons are expected to be re-sold shortly after purchase), reservation of transport capacities in pipelines, unconditional exploration works and development works in the Upstream segment, and contracts for capital investment projects in the Refining & Chemicals segment.

B. OTHER COMMITMENTS GIVEN

Guarantees given for excise taxes

They consist of guarantees given to other oil and gas companies in order to comply with French tax authorities requirements for oil and gas imports in France. A payment would be triggered by a failure of the guaranteed party with respect to the French tax authorities. The default of the guaranteed parties is however considered to be highly remote by the Group.

Guarantees given against borrowings

The Group guarantees bank debt and finance lease obligations of certain non-consolidated subsidiaries and equity affiliates. Maturity dates vary, and guarantees will terminate on payment and/or cancellation of the obligation. A payment would be triggered by failure of the guaranteed party to fulfill its obligation covered by the guarantee, and no assets are held as collateral for these guarantees. As of December 31, 2012, the maturities of these guarantees are up to 2023.

Guarantees given against borrowings include the guarantee given in 2008 by TOTAL S.A. in connection with the financing of the Yemen LNG project for an amount of 584 million.

In 2010, TOTAL S.A. provided guarantees in connection with the financing of the Jubail project (operated by SAUDI ARAMCO TOTAL Refining and Petrochemical Company (SATORP)) of up to 2,416 million, proportional to TOTAL's share in the project (37.5%). In addition, TOTAL S.A. provided in 2010 a guarantee in favor of its partner in the Jubail project (Saudi Arabian Oil Company) with respect to Total Refining Saudi Arabia SAS's obligations under the shareholders agreement with respect to SATORP. As of December 31, 2012, this guarantee is of up to 932 million and has been recorded under Other operating commitments.

Indemnities related to sales of businesses

In the ordinary course of business, the Group executes contracts involving standard indemnities in oil industry and indemnities specific to transactions such as sales of businesses. These indemnities might include claims against any of the following: environmental, tax and shareholder matters, intellectual property rights, governmental regulations and employment-related matters, dealer, supplier, and other commercial contractual relationships. Performance under these indemnities would generally be triggered by a breach of terms of the contract.

Table of Contents

or by a third party claim. The Group regularly evaluates the probability of having to incur costs associated with these indemnities.

The guarantees related to antitrust investigations granted as part of the agreement relating to the spin-off of Arkema are described in Note 32 to the Consolidated Financial Statements.

Other guarantees given**Non-consolidated subsidiaries**

The Group also guarantees the current liabilities of certain non-consolidated subsidiaries. Performance under these guarantees would be triggered by a financial default of the entity.

Operating agreements

As part of normal ongoing business operations and consistent with generally and accepted recognized industry practices, the Group enters into numerous agreements with other parties. These commitments are often entered into for commercial purposes, for regulatory purposes or for other operating agreements.

C. COMMITMENTS RECEIVED**Sales obligations**

These amounts represent binding obligations under contractual agreements to sell goods, including in particular hydrocarbon unconditional sale contracts (except when an active, highly-liquid market exists and volumes are re-sold shortly after purchase).

24) RELATED PARTIES

The main transactions and balances with related parties (principally non-consolidated subsidiaries and equity affiliates) are detailed as follows:

As of December 31, (M)	2012	2011	2010
Balance sheet			
<i>Receivables</i>			
Debtors and other debtors	646	585	432
Loans (excl. loans to equity affiliates)	383	331	315
<i>Payables</i>			
Creditors and other creditors	713	724	497
Debts	9	31	28
For the year ended December 31, (M)	2012	2011	2010
Statement of income			
Sales	3,959	4,400	3,194
Purchases	5,721	5,508	5,576
Financial expense			69
Financial income	106	79	74
Compensation for the administration and management bodies			

The aggregate amount of direct and indirect compensation accounted for by the French and foreign affiliates of the Company for the executive officers of TOTAL (the members of the Management Committee and the Treasurer) and for the members of the Board of Directors who are employees of the Group, is detailed as follows:

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For the year ended December 31, (M)	2012	2011	2010
Number of people	34	30	26
Direct or indirect compensation received	21.3	20.4	20.8
Pension expenses ^(a)	11.4	9.4	12.2
Other long-term benefits expenses			
Termination benefits expenses		4.8	
Share-based payments expense (IFRS 2) ^(b)	10.6	10.2	10.0

(a) The benefits provided for executive officers and certain members of the Board of Directors, employees and former employees of the Group, include severance to be paid on retirement, supplementary pension schemes and insurance plans, which represent 181.3 million provisioned as of December 31, 2012 (against 139.7 million as of December 31, 2011 and 113.8 million as of December 31, 2010).

(b) Share-based payments expense computed for the executive officers and the members of the Board of Directors who are employees of the Group as described in Note 25 paragraph F to the Consolidated Financial Statements and based on the principles of IFRS 2 Share-based payments described in Note 1 paragraph E to the Consolidated Financial Statements.

The compensation allocated to members of the Board of Directors for directors fees totaled 1.10 million in 2012 (1.07 million in 2011 and 0.96 million in 2010).

Table of Contents**25) SHARE-BASED PAYMENTS****A. TOTAL SHARE SUBSCRIPTION OPTION PLANS**

	2003 Plan	2004 Plan	2005 Plan	2006 Plan	2007 Plan	2008 Plan	2009 Plan	2010 Plan	2011 Plan	Total	Weighted average exercise price
Date of the shareholders meeting	05/17/2001	05/14/2004	05/14/2004	05/14/2004	05/11/2007	05/11/2007	05/11/2007	05/21/2010	05/21/2010		
Date of the award^(a)	07/16/2003	07/20/2004	07/19/2005	07/18/2006	07/17/2007	10/09/2008	09/15/2009	09/14/2010	09/14/2011		
Exercise price until May 23, 2006 included^(b)	33.30	39.85	49.73								
Exercise price since May 24, 2006^(b)	32.84	39.30	49.04	50.60	60.10	42.90	39.90	38.20	33.00		
Expiry date	07/16/2011	07/20/2012	07/19/2013	07/18/2014	07/17/2015	10/09/2016	09/15/2017	09/14/2018	09/14/2019		
Number of options^(c)											
Existing options as of January 1, 2010	6,811,629	12,495,709	6,185,440	5,645,686	5,871,665	4,441,630	4,377,010			45,828,769	44.12
Granted								4,788,420		4,788,420	38.20
Cancelled ^(d)	(1,420)	(15,660)	(6,584)	(4,800)	(5,220)	(92,472)	(4,040)	(1,120)		(131,316)	43.50
Exercised	(1,075,765)	(141,202)					(1,080)			(1,218,047)	33.60
Existing options as of January 1, 2011	5,734,444	12,338,847	6,178,856	5,640,886	5,866,445	4,349,158	4,371,890	4,787,300		49,267,826	43.80
Granted									1,518,840	1,518,840	33.00
Cancelled ^(e)	(738,534)	(28,208)	(16,320)	(17,380)	(16,080)	(13,260)	(14,090)	(85,217)	(1,000)	(930,089)	34.86
Exercised	(4,995,910)	(216,115)				(200)		(2,040)	(9,400)	(5,223,665)	33.11
Existing options as of January 1, 2012		12,094,524	6,162,536	5,623,506	5,850,365	4,335,698	4,357,800	4,700,043	1,508,440	44,632,912	44.87
Granted											
Cancelled ^(f)		(11,351,931)	(2,516)	(1,980)	(1,380)	(3,600)	(2,700)	(4,140)	(3,400)	(11,371,647)	39.31
Exercised		(742,593)				(1,630)	(20,200)	(34,460)		(798,883)	39.28
Existing options as of December 31, 2012			6,160,020	5,621,526	5,848,985	4,330,468	4,334,900	4,661,443	1,505,040	32,462,382	46.96

(a) The grant date is the date of the Board meeting awarding the share subscription options, except for the grant of October 9, 2008, decided by the Board on September 9, 2008.

(b) Exercise price in euro. The exercise prices of TOTAL subscription shares of the plans in force at that date were multiplied by 0.25 to take into account the four-for-one stock split on May 18, 2006. Moreover, following the spin-off of Arkema, the exercise prices of TOTAL subscription shares of these plans were multiplied by an adjustment factor equal to 0.986147 effective as of May 24, 2006.

(c) The number of options awarded, outstanding, canceled or exercised before May 23, 2006 included, was multiplied by four to take into account the four-for-one stock split approved by the shareholders meeting on May 12, 2006.

(d) Out of 92,472 options awarded under the 2008 Plan that were canceled, 88,532 options were canceled due to the performance condition. The acquisition rate applicable to the subscription options that were subject to the performance condition of the 2008 Plan was 60%.

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(e) Out of the 930,089 options canceled in 2011, 738,534 options that were not exercised expired on July 16, 2011 due to the expiry of the 2003 subscription option Plan.

(f) Out of the 11,371,647 options canceled in 2012, 11,351,931 options that were not exercised expired on July 20, 2012 due to the expiry of the 2004 subscription option Plan.

F-66

Table of Contents

Options are exercisable, subject to a continuous employment condition, after a 2-year period from the date of the Board meeting awarding the options and expire eight years after this date. The underlying shares may not be transferred during four years from the date of grant. For the 2007 to 2011 Plans, the 4-year transfer restriction period does not apply to employees of non-French subsidiaries as of the date of the grant, who may transfer the underlying shares after a 2-year period from the date of the grant.

In 2012 no new TOTAL share subscription option plan or TOTAL share purchase plan was decided.

2011 Plan

For the 2011 Plan, the Board of Directors decided that for each grantee other than the Chairman and Chief Executive Officer, the options will be finally granted to their beneficiary provided that the performance condition is fulfilled.

The performance condition states that the number of options finally granted is based on the average of the Return On Equity (ROE) of the Group. The average ROE is calculated by the Group from the consolidated balance sheet and statement of income of the Group for fiscal years 2011 and 2012.

The acquisition rate:

is equal to zero if the average ROE is less than or equal to 7%;

varies on straight-line basis between 0% and 100% if the average ROE is more than 7% and less than 18%; and

is equal to 100% if the average ROE is more than or equal to 18%.

In addition, as part of the 2011 Plan, the Board of Directors decided that the number of share subscription options finally awarded to the Chairman and Chief Executive Officer will be subject to two performance conditions:

For 50% of the share subscription options granted, the performance condition states that the number of options finally granted is based on the average ROE of the Group. The average ROE is calculated by the Group from the consolidated balance sheet and statement of income of the Group for fiscal years 2011 and 2012. The acquisition rate is equal to zero if the average ROE is less than or equal to 7%; varies on a straight-line basis between 0% and 100% if the average ROE is more than 7% and less than 18%; and is equal to 100% if the average ROE is more than or equal to 18%.

For 50% of the share subscription options granted, the performance condition states that the number of options finally granted is based on the average of the Return On Average Capital Employed (ROACE) of the Group. The average ROACE is calculated by the Group from the consolidated balance sheet and statement of income of the Group for fiscal years 2011 and 2012. The acquisition rate is equal to zero if the average ROACE is less than or equal to 6%; varies on a straight-line basis between 0% and 100% if the average ROACE is more than 6% and less than 15%; and is equal to 100% if the average ROACE is more than or equal to 15%.

2010 Plan

For the 2010 Plan, the Board of Directors decided that:

For each grantee of up to 3,000 options, other than the Chairman and Chief Executive Officer, the options will be finally granted to their beneficiary.

For each grantee of more than 3,000 options and less or equal to 50,000 options (other than the Chairman and Chief Executive Officer):

The first 3,000 options and two-thirds above the first 3,000 options will be finally granted to their beneficiary;

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The outstanding options, that are one-third of the options above the first 3,000 options, will be finally granted provided that the performance condition described below is fulfilled.

For each grantee of more than 50,000 options (other than the Chairman and Chief Executive Officer):

The first 3,000 options, two-thirds of the options above the first 3,000 options and below the first 50,000 options, and one-third of the options above the first 50,000 options, will be finally granted to their beneficiary;

The outstanding options, that are one-third of the options above the first 3,000 options and below the first 50,000 options and two-thirds of the options above the first 50,000 options, will be finally granted provided that the performance condition is fulfilled. The performance condition states that the number of options finally granted is based on the average ROE of the Group. The average ROE is calculated by the Group based on TOTAL's consolidated balance sheet and statement of income for fiscal years 2010 and 2011. The acquisition rate:

is equal to zero if the average ROE is less than or equal to 7%;

F-67

Table of Contents

varies on straight-line basis between 0% and 100% if the average ROE is more than 7% and less than 18%; and

is equal to 100% if the average ROE is more than or equal to 18%.

In addition, as part of the 2010 Plan, the Board of Directors decided that the number of share subscription options finally awarded to the Chairman and Chief Executive Officer will be subject to two performance conditions:

For 50% of the share subscription options granted, the performance condition states that the number of options finally granted is based on the average ROE of the Group. The average ROE is calculated by the Group based on TOTAL's consolidated balance sheet and statement of income for fiscal years 2010 and 2011. The acquisition rate is equal to zero if the average ROE is less than or equal to 7%; varies on a straight-line basis between 0% and 100% if the average ROE is more than 7% and less than 18%; and is equal to 100% if the average ROE is more than or equal to 18%.

For 50% of the share subscription options granted, the performance condition states that the number of options finally granted is based on the average ROACE of the Group. The average ROACE is calculated by the Group based on TOTAL's consolidated balance sheet and statement of income for fiscal years 2010 and 2011. The acquisition rate is equal to zero if the average ROACE is less than or equal to 6%; varies on a straight-line basis between 0% and 100% if the average ROACE is more than 6% and less than 15%; and is equal to 100% if the average ROACE is more than or equal to 15%.

Due to the application of the performance condition, the acquisition rates were 100% for the 2010 Plan.

B. TOTAL SHARE PURCHASE OPTION PLANS

	2002 Plan ^(a)	Total	Weighted average exercise price
Date of the shareholders meeting	05/17/2001		
Date of the award^(b)	07/09/2002		
Exercise price until May 23, 2006 included^(c)	39.58		
Exercise price since May 24, 2006^(c)	39.03		
Expiry date	07/09/2010		
Number of options^(d)			
Existing options as of January 1, 2010	5,935,261	5,935,261	39.03
Granted			
Cancelled ^(e)	(4,671,989)	(4,671,989)	39.03
Exercised	(1,263,272)	(1,263,272)	39.03
Existing options as of January 1, 2011			
Granted			
Cancelled			
Exercised			
Existing options as of January 1, 2012			
Granted			
Cancelled			
Exercised			
Existing options as of December 31, 2012			

(a) Options were exercisable, subject to a continued employment condition, after a 2-year vesting period from the date of the Board meeting awarding the options and expired 8 years after this date. The underlying shares may not be transferred during the 4-year period from the date of the grant. This plan expired on July 9, 2010.

(b) The grant date is the date of the Board meeting awarding the options.

(c) Exercise price in euro. The exercise prices of TOTAL share purchase options of the plans at that date were multiplied by 0.25 to take into account the four-for-one stock split on May 18, 2006. Moreover, following the spin-off of Arkema, the exercise prices of TOTAL share purchase options of these plans were

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multiplied by an adjustment factor equal to 0.986147 effective as of May 24, 2006.

(d) The number of options awarded, outstanding, canceled or exercised before May 23, 2006 included, was multiplied by four to take into account the four-for-one stock split approved by the shareholders meeting on May 12, 2006.

(e) Out of the 4,671,989 options canceled in 2010, 4,671,145 options that were not exercised expired due to the expiry of the 2002 purchase option Plan on July 9, 2010.

F-68

Table of Contents**C. TOTAL PERFORMANCE SHARE GRANTS**

TOTAL performance share grants	2008 Plan	2009 Plan	2010 Plan	2011 Plan	2012 Plan	Total
Date of the shareholders meeting	05/16/2008	05/16/2008	05/16/2008	05/13/2011	05/13/2011	
Date of the award^(a)	10/09/2008	09/15/2009	09/14/2010	09/14/2011	07/26/2012	
Date of the final award (end of the vesting period)	10/10/2010	09/16/2011	09/15/2012	09/15/2013	07/27/2014	
Transfer authorized as from	10/10/2012	09/16/2013	09/15/2014	09/15/2015	07/27/2016	
Number of performance shares						
Outstanding as of January 1, 2010	2,762,476	2,966,036				5,728,512
Notified			3,010,011			3,010,011
Cancelled ^(d)	(1,113,462)	(9,796)	(8,738)			(1,131,996)
Finally granted ^{(b)(c)}	(1,649,014)	(1,904)	(636)			(1,651,554)
Outstanding as of January 1, 2011		2,954,336	3,000,637			5,954,973
Notified				3,649,770		3,649,770
Cancelled	356	(26,214)	(10,750)	(19,579)		(56,187)
Finally granted ^{(b)(c)(e)}	(356)	(2,928,122)	(1,836)			(2,930,314)
Outstanding as of January 1, 2012			2,988,051	3,630,191		6,618,242
Notified					4,295,930	4,295,930
Cancelled	96	832	(32,650)	(18,855)		(50,577)
Finally granted ^{(b)(c)(f)}	(96)	(832)	(2,955,401)	(5,530)		(2,961,859)
Outstanding as of December 31, 2012				3,605,806	4,295,930	7,901,736

(a) The grant date is the date of the Board of Directors meeting that awarded the shares, except for the shares awarded by the Board of Directors at their meeting of September 9, 2008, and granted on October 9, 2008.

(b) Performance shares finally granted following the death of their beneficiaries (Plan 2008 during the year 2009, Plan 2009 and Plan 2010 during the year 2010, Plan 2010 during the year 2011, Plan 2011 during the year 2012).

(c) Including performance shares finally granted for which the entitlement right had been canceled erroneously.

(d) Out of the 1,113,462 canceled rights to the grant share under the 2008 Plan, 1,094,914 entitlement rights were canceled due to the performance condition. The acquisition rate for the 2008 Plan was 60%.

(e) The acquisition rate for the 2009 Plan was 100%.

(f) The acquisition rate for the 2010 Plan was 100%.

The performance shares, which are bought back by the Company on the market, are finally granted to their beneficiaries after a 2-year vesting period from the date of the grant. The final grant is subject to a continued employment condition and a performance condition. Moreover, the transfer of the performance shares finally granted will not be permitted until the end of a 2-year mandatory holding period from the date of the final grant.

2012 Plan

For the 2012 Plan, the Board of Directors decided that, for each senior executive (other than the Chairman and Chief Executive Officer), the shares will be finally granted subject to a performance condition. This condition is based on the average ROE as published by the Group and calculated based on the Group's consolidated balance sheet and statement of income for fiscal years 2012 and 2013. The acquisition rate:

is equal to zero if the average ROE is less than or equal to 8%;

varies on a straight-line basis between 0% and 100% if the average ROE is greater than 8% and less than 16%; and

is equal to 100% if the average ROE is greater than or equal to 16%.

The Board of Directors decided also that, for each for each beneficiary (other than the Chairman and Chief Executive

Officer and the senior executives) of more than 100 shares, the shares in excess of this number will be finally granted subject to the performance condition mentioned before.

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In addition, as part of the 2012 plan, the Board of Directors decided that the number of performance share finally granted to the Chairman and Chief Executive Officer will be subject to two performance conditions:

For 50% of the share granted, the performance condition states that the number of shares finally granted is based on the average ROE of the Group. The average ROE is calculated by the Group from the consolidated balance sheet and statement of income of the Group for fiscal years 2013 and 2012. The acquisition rate is equal to zero if the average ROE is less than or equal to 8%; varies on a straight-line basis between 0% and 100% if the average ROE is more than 8% and less than 16%; and is equal to 100% if the average ROE is more than or equal to 16%.

For 50% of the share granted, the performance condition states that the number of shares finally granted is based on the average ROACE of the Group. The average ROACE is calculated by the Group from the consolidated balance sheet and statement of income of the Group for fiscal years 2013 and 2012. The acquisition rate is equal to zero if the average ROACE is less than or equal to 7%; varies on a straight-line basis between 7% and 100% if the

Table of Contents

average ROACE is more than 7% and less than 15%; and is equal to 100% if the average ROACE is more than or equal to 15%.

2011 Plan

For the 2011 Plan, the Board of Directors decided that, for each senior executive (other than the Chairman and Chief Executive Officer), the shares will be finally granted subject to a performance condition. This condition is based on the average ROE as published by the Group and calculated based on the Group's consolidated balance sheet and statement of income for fiscal years 2011 and 2012. The acquisition rate:

is equal to zero if the average ROE is less than or equal to 7%;

varies on a straight-line basis between 0% and 100% if the average ROE is greater than 7% and less than 18%; and

is equal to 100% if the average ROE is greater than or equal to 18%.

The Board of Directors decided also that, for each for each beneficiary (other than the Chairman and Chief Executive Officer and the senior executives) of more than 100 shares, the shares in excess of this number will be finally granted subject to the performance condition mentioned before.

In addition, as part of the 2011 plan, the Board of Directors decided that the number of performance share finally granted to the Chairman and Chief Executive Officer will be subject to two performance conditions:

For 50% of the share granted, the performance condition states that the number of shares finally granted is based on the average ROE of the Group. The average ROE is calculated by the Group from the consolidated balance sheet and statement of income of the Group for fiscal years 2011 and 2012. The acquisition rate is equal to zero if the average ROE is less than or equal to 7%; varies on a straight-line basis between 0% and 100% if the average ROE is more than 7% and less than 18%; and is equal to 100% if the average ROE is more than or equal to 18%.

For 50% of the share granted, the performance condition states that the number of shares finally granted is based on the average ROACE of the Group. The average ROACE is calculated by the Group from the consolidated balance sheet and statement of income of the Group for fiscal years 2011 and 2012. The acquisition rate is equal to zero if the average ROACE is less than or equal to 6%; varies on a straight-line basis between 0% and 100% if the average ROACE is more than 6% and less than 15%; and is equal to 100% if the average ROACE is more than or equal to 15%.

2010 Plan

For the 2010 Plan, the Board of Directors decided that, for each beneficiary of more than 100 shares, half of the shares in excess of this number will be finally granted subject to a performance condition. This condition is based on the average ROE calculated by the Group based on TOTAL's consolidated balance sheet and statement of income for fiscal years 2010 and 2011. The acquisition rate:

is equal to zero if the average ROE is less than or equal to 7%;

varies on a straight-line basis between 0% and 100% if the average ROE is greater than 7% and less than 18%; and

is equal to 100% if the average ROE is greater than or equal to 18%.

Due to the application of the performance condition, the acquisition rate was 100% for the 2009 Plan.

D. GLOBAL FREE TOTAL SHARE PLAN

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The Board of Directors approved at its meeting on May 21, 2010, the implementation and conditions of a global free share plan intended for the Group's employees. On June 30, 2010, entitlement rights to twenty-five free shares were granted to every employee. The final grant is subject to a continued employment condition during the plan's vesting period. Depending on the country in which the companies of the Group are located, the acquisition period is either two years followed by a conservation period of two years (for the countries with a 2+2 structure), or four years without any conservation period (for the countries with a 4+0 structure).

Following the vesting period, the shares awarded will be new shares, issued from an increase of capital of TOTAL S.A., by incorporation of paid-in surplus or retained earnings.

F-70

Table of Contents

The Chairman and Chief Executive Officer acknowledged on July 2, 2012, the issuance and the award of 1,366,950 shares to the beneficiaries designated at the end of the 2-year acquisition period.

	2010 Plan (2+2)	2010 Plan (4+0)	Total
Date of the shareholders meeting	05/16/2008	05/16/2008	
Date of the award^(a)	06/30/2010	06/30/2010	
Date of the final award	07/01/2012	07/01/2014	
Transfer authorized as from	07/01/2014	07/01/2014	
Number of free shares			
Outstanding as of January 1, 2010			
Notified	1,508,850	1,070,650	2,579,500
Cancelled	(125)	(75)	(200)
Finally granted ^(b)	(75)		(75)
Outstanding as of January 1, 2011	1,508,650	1,070,575	2,579,225
Notified			
Cancelled	(29,175)	(54,625)	(83,800)
Finally granted ^(b)	(475)	(425)	(900)
Outstanding as of January 1, 2012	1,479,000	1,015,525	2,494,525
Notified			
Cancelled	(111,725)	(40,275)	(152,000)
Finally granted ^{(b)(c)}	(1,367,275)	(350)	(1,367,625)
Outstanding as of December 31, 2012		974,900	974,900

(a) The June 30, 2010, grant was decided by the Board of Directors on May 21, 2010.

(b) Final grant following the death or disability of the beneficiary of the shares.

(c) Final grant of 1,366,950 shares to the designated beneficiaries at the end of the acquisition period.

E. SUNPOWER PLANS

SunPower has three stock incentive plans: the 1996 Stock Plan (1996 Plan), the Third Amended and Restated 2005 SunPower Corporation Stock Incentive Plan (2005 Plan) and the PowerLight Corporation Common Stock Option and Common Stock Purchase Plan (PowerLight Plan). The PowerLight Plan was assumed by SunPower by way of the acquisition of PowerLight in fiscal 2007. Under the terms of all three plans, SunPower may issue incentive or non-statutory stock options or stock purchase rights to directors, employees and consultants to purchase common stock. The 2005 Plan was adopted by SunPower's Board of Directors in August 2005, and was approved by shareholders in November 2005. The 2005 Plan replaced the 1996 Plan and allows not only for the grant of options, but also for the grant of stock appreciation rights, restricted stock grants, restricted stock units and other equity rights. The 2005 Plan also allows for tax withholding obligations related to stock option exercises or restricted stock awards to be satisfied through the retention of shares otherwise released upon vesting. The PowerLight Plan was adopted by PowerLight's Board of Directors in October 2000.

In May 2008, SunPower's stockholders approved an automatic annual increase available for grant under the 2005 Plan, beginning in fiscal 2009. The automatic annual increase is equal to the lower of three percent of the

outstanding shares of all classes of SunPower's common stock measured on the last day of the immediately preceding fiscal quarter, 6.0 million shares, or such other number of shares as determined by SunPower's Board of Directors. As of December 30, 2012, approximately 7.1 million shares were available for grant under the 2005 Plan. No new awards are being granted under the 1996 Plan or the PowerLight Plan.

Incentive stock options may be granted at no less than the fair value of the common stock on the date of grant. Non-statutory stock options and stock purchase rights may be granted at no less than 85% of the fair value of the common stock at the date of grant. The options and rights become exercisable when and as determined by SunPower's Board of Directors, although these terms generally do not exceed ten years for stock options. Under the 1996 and 2005 Plans, the options typically vest over five years with a one-year cliff and monthly vesting thereafter. Under the PowerLight Plan, the options typically vest over five years with yearly cliff vesting. Under the 2005 Plan, the restricted stock grants and restricted stock units typically vest in three equal installments annually over three years.

The majority of shares issued are net of the minimum statutory withholding requirements that SunPower pays on behalf of its employees. During 2012 and the six months ended January 1, 2012 SunPower withheld 905,953 and

Table of Contents

221,262 shares, respectively, to satisfy the employees' tax obligations. SunPower pays such withholding requirements in cash to the appropriate taxing authorities. Shares

withheld are treated as common stock repurchases for accounting and disclosure purposes and reduce the number of shares outstanding upon vesting.

The following table summarizes SunPower's stock option activities:

	Shares (in thousands)	Outstanding Stock Options		Aggregate Intrinsic Value (in thousands dollars)
		Weighted-Average Exercise Price Per Share (in dollars)	Weighted-Average Remaining Contractual Term (in years)	
Outstanding as of July 3, 2011	519	25.39		
Exercised	(29)	3.93		
Forfeited	(6)	31.29		
Outstanding as of January 1, 2012	484	26.62	4.71	480
Exercisable as of January 1, 2012	441	24.52	4.53	480
Expected to vest after January 1, 2012	40	48.08	6.64	
Outstanding as of January 1, 2012	484	26.62		
Exercised	(20)	2.59		
Forfeited	(70)	24.17		
Outstanding as of December 30, 2012	394	28.27	3.51	310
Exercisable as of December 30, 2012	394	28.27	3.51	310

The intrinsic value of options exercised in 2012 and in the six months ended January 1, 2012 were \$0.1 million and \$0.3 million respectively. There were no stock options granted in 2012 and in the six months ended January 1, 2012.

The aggregate intrinsic value in the preceding table represents the total pre-tax intrinsic value, based on

SunPower's closing stock price of \$5.49 at December 30, 2012, which would have been received by the option holders had all option holders exercised their options as of that date. The total number of in-the-money options exercisable was 0.1 million shares as of December 30, 2012.

The following table summarizes SunPower's non-vested stock options and restricted stock activities thereafter:

	Stock Options		Restricted Stock Awards and Units	
	Shares (in thousands)	Weighted-Average Exercise Price Per Share (in dollars)	Shares (in thousands)	Weighted-Average Grant Date Fair Value Per Share (in dollars) ^(a)

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Outstanding as of July 3, 2011	67	41.34	7,198	16.03
Granted			2,336	6.91
Vested ^(b)	(19)	28.73	(691)	18.96
Forfeited	(5)	31.29	(1,473)	14.10
Outstanding as of December 31, 2011	43	48.33	7,370	13.25
Granted			5,638	5.93
Vested ^(b)	(30)	57.79	(2,845)	13.94
Forfeited	(13)	24.72	(1,587)	11.52
Outstanding as of December 31, 2012	0		8,576	8.35

(a) The Company estimates the fair value of the restricted stock unit awards as the stock price on the grant date.

(b) Restricted stock awards and units vested include shares withheld on behalf of employees to satisfy the minimum statutory tax withholding requirements.

F. SHARE-BASED PAYMENT EXPENSE

Share-based payment expense before tax for the year 2012 amounts to 148 million and is broken down as follows:

13 million for TOTAL share subscription plans;

133 million for TOTAL restricted shares plans; and

2 million for SunPower plans.

Share-based payment expense before tax for the year 2011 amounts to 178 million and is broken down as follows:

27 million for TOTAL share subscription plans;

134 million for TOTAL restricted shares plans; and

17 million for SunPower plans.

Table of Contents

Share-based payment expense before tax for the year 2010 amounted to 140 million and was broken down as follows:

31 million for TOTAL share subscription plans; and

109 million for TOTAL restricted shares plans.

The fair value of the options granted in 2011 and 2010 has been measured according to the Black-Scholes method and based on the following assumptions:

For the year ended December 31,	2012	2011	2010
Risk free interest rate (%) ^(a)		2.0	2.1
Expected dividends (%) ^(b)		5.6	5.9
Expected volatility (%) ^(c)		27.5	25.0
Vesting period (years)		2	2
Exercise period (years)		8	8
Fair value of the granted options (€ per option)		4.4	5.8

(a) Zero coupon Euro swap rate at 6 years.

(b) The expected dividends are based on the price of TOTAL share derivatives traded on the markets.

(c) The expected volatility is based on the implied volatility of TOTAL share options and of share indices options traded on the markets.

In 2012 no new TOTAL share subscription option plan was decided.

The cost of capital increases reserved for employees is reduced to take into account the non transferability of the shares that could be subscribed by the employees over a period of five years. The valuation method of non transferability of the shares is based on a strategy cost in two steps consisting, first, in a five years forward sale of the nontransferable shares, and second, in purchasing the same number of shares in cash with a loan financing reimbursable in fine. During 2011, the main assumptions used for the valuation of the cost of capital increase reserved for employees were the following:

For the year ended December 31,	2011
Date of the Board of Directors meeting that decided the issue	October 28, 2010
Subscription price (€)	34.80
Share price at the reference date (€) ^(a)	41.60
Number of shares (in millions)	8.90
Risk free interest rate (%) ^(b)	2.82
Employees loan financing rate (%) ^(c)	7.23
Non transferability cost (% of the reference shares share price)	17.6

(a) Share price at the date which the Chairman and Chief Executive Officer decided the subscription period.

(b) Zero coupon Euro swap rate at 5 years.

(c) The employees loan financing rate is based on a 5 year consumer's credit rate.

Due to the fact that the non transferability cost was higher than the discount, no cost has been accounted in 2011.

In addition on September 18, 2012 the Board of Directors implemented a capital increase reserved for employees comprising a classic subscription formula and a formula with leverage at the choice of the employees, within the limit of 18 million shares, with dividend rights as of the January 1, 2012 and delegated all power to the Chairman and Chief Executive Officer to determine dates for the opening and closing of subscription period and the subscription price. This capital increase will be opened in 2013 and should be closed before the Combined General Meeting of 2013.

26) PAYROLL AND STAFF

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For the year ended December 31,	2012	2011	2010
Personnel expenses (M)			
Wages and salaries (including social charges)	7,135	6,579	6,246
Group employees			
France			
Management	11,347	11,123	10,852
Other	23,656	23,914	24,317
International			
Management	16,307	15,713	15,146
Other	45,816	45,354	42,540
Total	97,126	96,104	92,855

The number of employees includes only employees of fully consolidated subsidiaries.

27) STATEMENT OF CASH FLOWS

A) CASH FLOW FROM OPERATING ACTIVITIES

The following table gives additional information on cash paid or received in the cash flow from operating activities:

For the year ended December 31, (M)	2012	2011	2010
Interests paid	(694)	(679)	(470)
Interests received	73	277	132
Income tax paid ^(a)	(13,067)	(12,061)	(8,848)
Dividends received	2,419	2,133	1,722

(a) These amounts include taxes paid in kind under production-sharing contracts in the exploration-production.

Changes in working capital are detailed as follows:

For the year ended December 31, (M)	2012	2011	2010
Inventories	372	(1,845)	(1,896)
Accounts receivable	767	(1,287)	(2,712)
Other current assets	(226)	(2,409)	911
Accounts payable	345	2,646	2,482
Other creditors and accrued liabilities	(174)	1,156	719
Net amount	1,084	(1,739)	(496)

Table of Contents***B) CASH FLOW USED IN FINANCING ACTIVITIES***

Changes in non-current financial debt are detailed in the following table under a net value due to the high number of multiple drawings:

For the year ended December 31, (M)	2012	2011	2010
Issuance of non-current debt	5,539	4,234	3,995
Repayment of non-current debt	(260)	(165)	(206)
Net amount	5,279	4,069	3,789

C) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are detailed as follows:

For the year ended December 31, (M)	2012	2011	2010
Cash	6,202	4,715	4,679
Cash equivalents	9,267	9,310	9,810
Total	15,469	14,025	14,489

Cash equivalents are mainly composed of deposits less than three months deposited in government institutions or deposit banks selected in accordance with strict criteria.

Table of Contents**28) FINANCIAL ASSETS AND LIABILITIES ANALYSIS PER INSTRUMENTS CLASS AND STRATEGY**

The financial assets and liabilities disclosed in the balance sheet are detailed as follows:

As of December 31, 2012 (M) Assets / (Liabilities)	Financial instruments related to financing and operational activities					Other financial instruments	Total	Fair value
	Amortized cost	Available for sale ^(a)	Held for trading	Fair value Financial debt ^(b)	Hedging financial debt	Cash and investment and other		
Equity affiliates: loans	2,360						2,360	2,360
Other investments		1,190					1,190	1,190
Hedging instruments of non-current financial debt				1,566	60		1,626	1,626
Other non-current assets	2,207						2,207	2,207
Accounts receivable, net						19,206	19,206	19,206
Other operating receivables			707			5,451	6,158	6,158
Current financial assets	1,093		38		430	1	1,562	1,562
Cash and cash equivalents						15,469	15,469	15,469
Total financial assets	5,660	1,190	745	1,996	61	40,126	49,778	49,778
Total non-financial assets							122,051	
Total assets							171,829	
Non-current financial debt	(5,086)			(17,177)	(11)		(22,274)	(22,473)
Accounts payable						(21,648)	(21,648)	(21,648)
Other operating liabilities			(482)			(5,412)	(5,904)	(5,904)
Current borrowings	(6,787)			(4,229)			(11,016)	(11,016)
Other current financial liabilities			(88)		(84)	(4)	(176)	(176)
Total financial liabilities	(11,873)		(570)	(21,406)	(95)	(14)	(27,060)	(61,018)
Total non-financial liabilities							(110,811)	
Total liabilities							(171,829)	

(a) Financial assets available for sale are measured at their fair value except for unlisted securities (see Note 1 paragraph M(ii) and Note 13 to the Consolidated Financial Statements).

(b) The financial debt is adjusted to the hedged risks value (currency and interest rate) as part of hedge accounting (see Note 1 paragraph M(iii) to the Consolidated Financial Statements).

Table of Contents

As of December 31, 2011 (M) Assets / (Liabilities)	Financial instruments related to financing and trading activities					Other financial instruments	Total	Fair value	
	Amortized cost	Fair value							
		Available for sale ^(a)	Held for trading	Financial debt ^(b)	Hedging financial debt				Cash and investment hedge and other
Equity affiliates: loans	2,246						2,246	2,246	
Other investments		3,674					3,674	3,674	
Hedging instruments of non-current financial debt				1,971	5		1,976	1,976	
Other non-current assets	2,055						2,055	2,055	
Accounts receivable, net						20,049	20,049	20,049	
Other operating receivables			1,074			6,393	7,467	7,467	
Current financial assets	146		159	383	12		700	700	
Cash and cash equivalents						14,025	14,025	14,025	
Total financial assets	4,447	3,674	1,233	2,354	17	40,467	52,192	52,192	
Total non-financial assets							111,857		
Total assets							164,049		
Non-current financial debt	(4,858)			(17,551)	(97)	(49)	(2)	(22,557)	(23,247)
Accounts payable							(22,086)	(22,086)	(22,086)
Other operating liabilities			(606)				(4,835)	(5,441)	(5,441)
Current borrowings	(6,158)			(3,517)				(9,675)	(9,675)
Other current financial liabilities			(87)	(40)	(14)	(26)		(167)	(167)
Total financial liabilities	(11,016)		(693)	(21,068)	(137)	(63)	(26,923)	(59,926)	(60,616)
Total non-financial liabilities								(104,123)	
Total liabilities								(164,049)	

(a) Financial assets available for sale are measured at their fair value except for unlisted securities (see Note 1 paragraph M(ii) and Note 13 to the Consolidated Financial Statements).

(b) The financial debt is adjusted to the hedged risks value (currency and interest rate) as part of hedge accounting (see Note 1 paragraph M(iii) to the Consolidated Financial Statements).

Table of Contents

As of December 31, 2010 (M) Assets / (Liabilities)	Financial instruments related to financing and trading activities					Other financial instruments	Total	Fair value
	Amortized cost	Available for sale ^(a)	Held for trading	Fair value debt ^(b)	Fair value financial debt			
Equity affiliates: loans	2,383						2,383	2,383
Other investments		4,590					4,590	4,590
Hedging instruments of non-current financial debt					1,814	56	1,870	1,870
Other non-current assets	1,596						1,596	1,596
Accounts receivable, net						18,159	18,159	18,159
Other operating receivables			499			3,908	4,407	4,407
Current financial assets	869		38		292	6	1,205	1,205
Cash and cash equivalents						14,489	14,489	14,489
Total financial assets	4,848	4,590	537		2,106	56	36,556	48,699
Total non-financial assets								95,019
Total assets								143,718
Non-current financial debt	(3,186)			(17,419)	(178)		(20,783)	(21,172)
Accounts payable						(18,450)	(18,450)	(18,450)
Other operating liabilities			(559)			(3,015)	(3,574)	(3,574)
Current borrowings	(5,916)			(3,737)			(9,653)	(9,653)
Other current financial liabilities			(147)		(12)		(159)	(159)
Total financial liabilities	(9,102)		(706)	(21,156)	(190)		(21,465)	(52,619)
Total non-financial liabilities								(91,099)
Total liabilities								(143,718)

(a) Financial assets available for sale are measured at their fair value except for unlisted securities (see Note 1 paragraph M(ii) and Note 13 to the Consolidated Financial Statements).

(b) The financial debt is adjusted to the hedged risks value (currency and interest rate) as part of hedge accounting (see Note 1 paragraph M(iii) to the Consolidated Financial Statements).

Table of Contents**29) FAIR VALUE OF FINANCIAL INSTRUMENTS (EXCLUDING COMMODITY CONTRACTS)****A) IMPACT ON THE STATEMENT OF INCOME PER NATURE OF FINANCIAL INSTRUMENTS****Operating assets and liabilities**

The impact on the statement of income is detailed as follows:

For the year ended December 31, (M)	2012	2011	2010
Assets available for sale (investments):			
dividend income on non-consolidated subsidiaries	223	330	255
gains (losses) on disposal of assets	516	103	60
other	(60)	(29)	(17)
Loans and receivables	(20)	(34)	90
Impact on net operating income	659	370	388

The impact in the statement of income mainly includes:

Dividends and gains or losses on disposal of other investments classified as Other investments ;

Financial gains and depreciation on loans related to equity affiliates, non-consolidated companies and on receivables reported in Loans and receivables .

Assets and liabilities from financing activities

The impact on the statement of income of financing assets and liabilities is detailed as follows:

For the year ended December 31, (M)	2012	2011	2010
Loans and receivables	80	271	133
Financing liabilities and associated hedging instruments	(675)	(730)	(469)
Fair value hedge (ineffective portion)	4	17	4
Assets and liabilities held for trading	20	2	(2)
Impact on the cost of net debt	(571)	(440)	(334)

The impact on the statement of income mainly includes:

Financial income on cash, cash equivalents, and current financial assets (notably current deposits beyond three months) classified as Loans and receivables ;

Financial expense of long term subsidiaries financing, associated hedging instruments (excluding ineffective portion of the hedge detailed below) and financial expense of short term financing classified as Financing liabilities and associated hedging instruments ;

Ineffective portion of bond hedging; and

Financial income, financial expense and fair value of derivative instruments used for cash management purposes classified as Assets and liabilities held for trading .

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Financial derivative instruments used for cash management purposes (interest rate and foreign exchange) are considered to be held for trading. Based on practical documentation issues, the Group did not elect to set up hedge accounting for such instruments. The impact on income of the derivatives is offset by the impact of loans and current liabilities they are related to. Therefore these transactions taken as a whole do not have a significant impact on the Consolidated Financial Statements.

B) IMPACT OF THE HEDGING STRATEGIES

Fair value hedge

The impact on the statement of income of the bond hedging instruments which is recorded in the item Financial interest on debt in the Consolidated Statement of Income is detailed as follows:

For the year ended December 31, (M)	2012	2011	2010
Revaluation at market value of bonds	321	(301)	(1,164)
Swap hedging of bonds	(317)	318	1,168
Ineffective portion of the fair value hedge	4	17	4

The ineffective portion is not representative of the Group's performance considering the Group's objective to hold swaps to maturity. The current portion of the swaps valuation is not subject to active management.

Table of Contents**Net investment hedge**

These instruments are recorded directly in shareholders' equity under "Currency translation adjustments". The variations of the period are detailed in the table below:

For the year ended December 31, (M)	As of January 1,	Variations	Disposals	As of December 31
2012	(104)	(187)		(291)
2011	(243)	139		(104)
2010	25	(268)		(243)

As of December 31, 2012, the Group had no open forward hedging instruments. The fair value of open forward instruments was (26) million in 2011 and 6 million in 2010.

Cash flow hedge

The impact on the statement of income and on equity of the hedging instruments qualified as cash flow hedges is detailed as follows:

For the year ended December 31, (M)	2012	2011	2010
Profit (Loss) recorded in equity during the period	65	(84)	(80)
Recycled amount from equity to the income statement during the period	87	(47)	(115)

As of December 31, 2012, 2011 and 2010, the ineffective portion of these financial instruments is equal to zero.

Table of Contents**C) MATURITY OF DERIVATIVE INSTRUMENTS**

The maturity of the notional amounts of derivative instruments, excluding the commodity contracts, is detailed in the following table:

As of December 31, 2012 (M)	Notional value ^(a)							2018 and after
Assets / (Liabilities)	Fair value	Total	2013	2014	2015	2016	2017	
Fair value hedge								
Swaps hedging fixed-rates bonds (liabilities)	(11)	1,737						
Swaps hedging fixed-rates bonds (assets)	1,566	15,431						
Total swaps hedging fixed-rates bonds (assets and liabilities)	1,555	17,168		4,205	3,537	2,098	3,075	4,253
Swaps hedging fixed-rates bonds (current portion) (liabilities)	(84)	591						
Swaps hedging fixed-rates bonds (current portion) (assets)	430	3,614						
Total swaps hedging fixed-rates bonds (current portion) (assets and liabilities)	346	4,205	4,205					
Cash flow hedge								
Swaps hedging fixed-rates bonds (liabilities)								
Swaps hedging fixed-rates bonds (assets)	60	1,683						
Total swaps hedging fixed-rates bonds (assets and liabilities)	60	1,683						1,683
Swaps hedging fixed-rates bonds (current portion) (liabilities)	(4)	148						
Swaps hedging fixed-rates bonds (current portion) (assets)	1	19						
Total swaps hedging fixed-rates bonds (current portion) (assets and liabilities)	(3)	167	167					
Swaps hedging investments (liabilities)	(10)	518						
Swaps hedging investments (assets)								
Total swaps hedging investments (assets and liabilities)	(10)	518	365	141	12			
Net investment hedge								
Currency swaps and forward exchange contracts (assets)								
Currency swaps and forward exchange contracts (liabilities)								
Total swaps hedging net investments								
Held for trading								
Other interest rate swaps (assets)	2	11,041						
Other interest rate swaps (liabilities)	(2)	9,344						
Total other interest rate swaps (assets and liabilities)		20,385	19,962	133	88	85	64	53
Currency swaps and forward exchange contracts (assets)	36	4,768						
Currency swaps and forward exchange contracts (liabilities)	(86)	12,224						
Total currency swaps and forward exchange contracts (assets and liabilities)	(50)	16,992	16,776	186	(15)	16	16	13

(a) These amounts set the levels of notional commitment and are not indicative of a contingent gain or loss.

Table of Contents

As of December 31, 2011 (M)	Notional value ^(a)							2017 and after
Assets / (Liabilities)	Fair value	Total	2012	2013	2014	2015	2016	
Fair value hedge								
Swaps hedging fixed-rates bonds (liabilities)	(97)	1,478						
Swaps hedging fixed-rates bonds (assets)	1,971	15,653						
Total swaps hedging fixed-rates bonds (assets and liabilities)	1,874	17,131		4,204	4,215	3,380	1,661	3,671
Swaps hedging fixed-rates bonds (current portion) (liabilities)	(40)	642						
Swaps hedging fixed-rates bonds (current portion) (assets)	383	2,349						
Total swaps hedging fixed-rates bonds (current portion) (assets and liabilities)	343	2,991	2,991					
Cash flow hedge								
Swaps hedging fixed-rates bonds (liabilities)	(49)	967						
Swaps hedging fixed-rates bonds (assets)	5	749						
Total swaps hedging fixed-rates bonds (assets and liabilities)	(44)	1,716						1,716
Swaps hedging fixed-rates bonds (current portion) (liabilities)	(14)	582						
Swaps hedging fixed-rates bonds (current portion) (assets)	12	908						
Total swaps hedging fixed-rates bonds (current portion) (assets and liabilities)	(2)	1,490	1,490					
Net investment hedge								
Currency swaps and forward exchange contracts (assets)								
Currency swaps and forward exchange contracts (liabilities)	(26)	881						
Total swaps hedging net investments	(26)	881	881					
Held for trading								
Other interest rate swaps (assets)	1	3,605						
Other interest rate swaps (liabilities)	(2)	14,679						
Total other interest rate swaps (assets and liabilities)	(1)	18,284	18,284					
Currency swaps and forward exchange contracts (assets)	158	6,984						
Currency swaps and forward exchange contracts (liabilities)	(85)	4,453						
Total currency swaps and forward exchange contracts (assets and liabilities)	73	11,437	11,176	80	58	36	31	56

(a) These amounts set the levels of notional commitment and are not indicative of a contingent gain or loss.

Table of Contents

As of December 31, 2010 (M)	Fair value	Total	Notional value ^(a)					2016 and after
			2011	2012	2013	2014	2015	
Assets / (Liabilities)								
Fair value hedge								
Swaps hedging fixed-rates bonds (liabilities)	(178)	2,244						
Swaps hedging fixed-rates bonds (assets)	1,814	13,939						
Total swaps hedging fixed-rates bonds (assets and liabilities)	1,636	16,183		2,967	3,461	2,421	3,328	4,006
Swaps hedging fixed-rates bonds (current portion) (liabilities)	(12)	592						
Swaps hedging fixed-rates bonds (current portion) (assets)	292	2,815						
Total swaps hedging fixed-rates bonds (current portion) (assets and liabilities)	280	3,407	3,407					
Cash flow hedge								
Swaps hedging fixed-rates bonds (liabilities)								
Swaps hedging fixed-rates bonds (assets)	56	1,957						
Total swaps hedging fixed-rates bonds (assets and liabilities)	56	1,957		295				1,662
Swaps hedging fixed-rates bonds (current portion) (liabilities)								
Swaps hedging fixed-rates bonds (current portion) (assets)								
Total swaps hedging fixed-rates bonds (current portion) (assets and liabilities)								
Net investment hedge								
Currency swaps and forward exchange contracts (assets)	6	381						
Currency swaps and forward exchange contracts (liabilities)								
Total swaps hedging net investments	6	381	381					
Held for trading								
Other interest rate swaps (assets)	1	6,463						
Other interest rate swaps (liabilities)	(3)	11,395						
Total other interest rate swaps (assets and liabilities)	(2)	17,858	17,667	189				2
Currency swaps and forward exchange contracts (assets)	37	1,532						
Currency swaps and forward exchange contracts (liabilities)	(144)	6,757						
Total currency swaps and forward exchange contracts (assets and liabilities)	(107)	8,289	8,102		25	49	31	82

(a) These amounts set the levels of notional commitment and are not indicative of a contingent gain or loss.

D) FAIR VALUE HIERARCHY

The fair value hierarchy for financial instruments excluding commodity contracts is as follows:

As of December 31, 2012 (M)	Quoted prices in active markets for identical assets (level 1)	Prices based on observable data (level 2)	Prices based on non observable data (level 3)	Total
	Fair value hedge instruments		1,901	
Cash flow hedge instruments		47		47
Net investment hedge instruments				
Assets and liabilities held for trading		(50)		(50)
Assets available for sale	91			91
Total	91	1,898		1,989

Table of Contents

	Quoted prices in active markets for identical assets (level 1)	Prices based on observable data (level 2)	Prices based on non observable data (level 3)	Total
As of December 31, 2011 (M)				
Fair value hedge instruments		2,217		2,217
Cash flow hedge instruments		(46)		(46)
Net investment hedge instruments		(26)		(26)
Assets and liabilities held for trading		72		72
Assets available for sale	2,575			2,575
Total	2,575	2,217		4,792

	Quoted prices in active markets for identical assets (level 1)	Prices based on observable data (level 2)	Prices based on non observable data (level 3)	Total
As of December 31, 2010 (M)				
Fair value hedge instruments		1,916		1,916
Cash flow hedge instruments		56		56
Net investment hedge instruments		6		6
Assets and liabilities held for trading		(109)		(109)
Assets available for sale	3,631			3,631
Total	3,631	1,869		5,500

The description of each fair value level is presented in Note 1 paragraph M(v) to the Consolidated Financial Statements.

30) FINANCIAL INSTRUMENTS RELATED TO COMMODITY CONTRACTS

Financial instruments related to oil, gas and power activities as well as related currency derivatives are recorded at fair value under Other current assets or Other creditors and accrued liabilities depending on whether they are assets or liabilities.

As of December 31, 2012 (M) Assets / (Liabilities)	Carrying amount	Fair value ^(b)
Crude oil, petroleum products and freight rates activities		
Petroleum products and crude oil swaps	(26)	(26)
Freight rate swaps		
Forwards ^(a)	(2)	(2)
Options	(18)	(18)
Futures	(6)	(6)
Options on futures	5	5
Total crude oil, petroleum products and freight rates	(47)	(47)
Gas & Power activities		
Swaps	(17)	(17)
Forwards ^(a)	291	291
Options	(2)	(2)
Futures		
Total Gas & Power	272	272
Total	225	225
Total of fair value non recognized in the balance sheet		

(a) Forwards: contracts resulting in physical delivery are accounted for as derivative commodity contracts and included in the amounts shown.

(b) When the fair value of derivatives listed on an organized exchange market (futures, options on futures and swaps) is offset with the margin call received or paid in the balance sheet, this fair value is set to zero.

Table of Contents

As of December 31, 2011 (M)		
Assets / (Liabilities)	Carrying amount	Fair value ^(b)
Crude oil, petroleum products and freight rates activities		
Petroleum products and crude oil swaps	3	3
Freight rate swaps		
Forwards ^(a)	(16)	(16)
Options	(4)	(4)
Futures	(14)	(14)
Options on futures	(6)	(6)
Total crude oil, petroleum products and freight rates	(37)	(37)
Gas & Power activities		
Swaps	57	57
Forwards ^(a)	452	452
Options	(3)	(3)
Futures		
Total Gas & Power	506	506
Total	469	469
Total of fair value non recognized in the balance sheet		

(a) Forwards: contracts resulting in physical delivery are accounted for as derivative commodity contracts and included in the amounts shown.

(b) When the fair value of derivatives listed on an organized exchange market (futures, options on futures and swaps) is offset with the margin call received or paid in the balance sheet, this fair value is set to zero.

As of December 31, 2010 (M)		
Assets / (Liabilities)	Carrying amount	Fair value ^(b)
Crude oil, petroleum products and freight rates activities		
Petroleum products and crude oil swaps	(2)	(2)
Freight rate swaps		
Forwards ^(a)	5	5
Options	51	51
Futures	(12)	(12)
Options on futures	(4)	(4)
Total crude oil, petroleum products and freight rates	38	38
Gas & Power activities		
Swaps	(1)	(1)
Forwards ^(a)	(102)	(102)
Options	5	5
Futures		
Total Gas & Power	(98)	(98)
Total	(60)	(60)
Total of fair value non recognized in the balance sheet		

(a) Forwards: contracts resulting in physical delivery are accounted for as derivative commodity contracts and included in the amounts shown.

(b) When the fair value of derivatives listed on an organized exchange market (futures, options on futures and swaps) is offset with the margin call received or paid in the balance sheet, this fair value is set to zero.

Most commitments on crude oil and refined products have a short term maturity (less than one year). The maturity of most Gas & Power energy derivatives is less than three years forward.

The changes in fair value of financial instruments related to commodity contracts are detailed as follows:

For the year ended December 31, (M)	Fair value as of January 1,	Impact on income	Settled contracts	Other	Fair value as of December 31,
Crude oil, petroleum products and freight rates activities					

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2012	(37)	1,694	(1,705)	1	(47)
2011	38	1,572	(1,648)	1	(37)
2010	(28)	1,556	(1,488)	(2)	38
Gas & Power activities					
2012	506	588	(825)	3	272
2011	(98)	899	(295)	0	506
2010	134	410	(648)	6	(98)

F-84

Table of Contents

The fair value hierarchy for financial instruments related to commodity contracts is as follows:

	Quoted prices in active markets for identical assets (level 1)	Prices based on observable data (level 2)	Prices based on non observable data (level 3)	Total
As of December 31, 2012 (M)				
Crude oil, petroleum products and freight rates activities	5	(52)		(47)
Gas & Power activities	(52)	324		272
Total	(47)	272		225

	Quoted prices in active markets for identical assets (level 1)	Prices based on observable data (level 2)	Prices based on non observable data (level 3)	Total
As of December 31, 2011 (M)				
Crude oil, petroleum products and freight rates activities	(38)	1		(37)
Gas & Power activities	(44)	550		506
Total	(82)	551		469

	Quoted prices in active markets for identical assets (level 1)	Prices based on observable data (level 2)	Prices based on non observable data (level 3)	Total
As of December 31, 2010 (M)				
Crude oil, petroleum products and freight rates activities	(10)	48		38
Gas & Power activities	50	(148)		(98)
Total	40	(100)		(60)

The description of each fair value level is presented in Note 1 paragraph M(v) to the Consolidated Financial Statements.

31) FINANCIAL RISKS MANAGEMENT*Oil and gas market related risks*

Due to the nature of its business, the Group has significant oil and gas trading activities as part of its day-to-day operations in order to optimize revenues from its oil and gas production and to obtain favorable pricing to supply its refineries.

In its international oil trading business, the Group follows a policy of not selling its future production. However, in connection with this trading business, the Group, like most other oil companies, uses energy derivative instruments to adjust its exposure to price fluctuations of crude oil, refined products, natural gas, power and coal. The Group also uses freight rate derivative contracts in its shipping business to adjust its exposure to freight-rate fluctuations. To hedge against this risk, the Group uses various instruments such as futures, forwards, swaps and options on organized markets or over-the-counter markets. The list of the different derivatives held by the Group in these markets is detailed in Note 30 to the Consolidated Financial Statements.

The Trading & Shipping division measures its market risk exposure, *i.e.* potential loss in fair values, on its crude oil, refined products and freight rates trading activities using a value-at-risk technique. This technique is based on an historical model and makes an assessment of the market risk arising from possible future changes in market values over a 24-hour period. The calculation of the range of potential changes in fair values takes into account a

snapshot of the end-of-day exposures and the set of historical price movements for the last 400 business days for all instruments and maturities in the global trading activities. Options are systematically re-evaluated using appropriate models.

The potential movement in fair values corresponds to a 97.5% value-at-risk type confidence level. This means that the Group's portfolio result is likely to exceed the value-at-risk loss measure once over 40 business days if the portfolio exposures were left unchanged.

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Trading & Shipping: value-at-risk with a 97.5% probability

As of December 31, (M)	High	Low	Average	Year end
2012	13.0	3.8	7.4	5.5
2011	10.6	3.7	6.1	6.3
2010	23.1	3.4	8.9	3.8

As part of its gas, power and coal trading activity, the Group also uses derivative instruments such as futures, forwards, swaps and options in both organized and over-the-counter markets. In general, the transactions are settled at maturity date through physical delivery. The Gas & Power division measures its market risk exposure, *i.e.* potential loss in fair values, on its trading business using a value-at-risk technique. This technique is based on an historical model and makes an assessment of the market risk arising from possible future changes in market values over a one-day period. The calculation of the range of potential changes in fair values takes into account a

F-85

Table of Contents

snapshot of the end-of-day exposures and the set of historical price movements for the past two years for all instruments and maturities in the global trading business.

Gas & Power trading: value-at-risk with a 97.5% probability

As of December 31, (M)	High	Low	Average	Year end
2012	20.9	2.6	7.4	2.8
2011	21.0	12.7	16.0	17.6
2010	13.9	2.7	6.8	10.0

The Group has implemented strict policies and procedures to manage and monitor these market risks. These are based on the separation of control and front-office functions and on an integrated information system that enables real-time monitoring of trading activities.

Limits on trading positions are approved by the Group's Executive Committee and are monitored daily. To increase flexibility and encourage liquidity, hedging operations are performed with numerous independent operators, including other oil companies, major energy producers or consumers and financial institutions. The Group has established counterparty limits and monitors outstanding amounts with each counterparty on an ongoing basis.

Financial markets related risks

As part of its financing and cash management activities, the Group uses derivative instruments to manage its exposure to changes in interest rates and foreign exchange rates. These instruments are mainly interest rate and currency swaps. The Group may also occasionally use futures contracts and options. These operations and their accounting treatment are detailed in Notes 1 paragraph M, 20, 28 and 29 to the Consolidated Financial Statements.

Risks relative to cash management operations and to interest rate and foreign exchange financial instruments are managed according to rules set by the Group's senior management, which provide for regular pooling of available cash balances, open positions and management of the financial instruments by the Treasury Department. Excess cash of the Group is deposited mainly in government institutions, deposit banks, or major companies through deposits, reverse repurchase agreements and purchase of commercial paper. Liquidity positions and the management of financial instruments are centralized by the Treasury Department, where they are managed by a team specialized in foreign exchange and interest rate market transactions.

The Cash Monitoring-Management Unit within the Treasury Department monitors limits and positions per bank on a daily basis and results of the Front Office. This unit also

prepares marked-to-market valuations of used financial instruments and, when necessary, performs sensitivity analysis.

Counterparty risk

The Group has established standards for market transactions under which bank counterparties must be approved in advance, based on an assessment of the counterparty's financial soundness (multi-criteria analysis including a review of market prices and of the Credit Default Swap (CDS), its ratings with Standard & Poor's and Moody's, which must be of high quality, and its overall financial condition).

An overall authorized credit limit is set for each bank and is allotted among the subsidiaries and the Group's central treasury entities according to their needs.

To reduce the market values risk on its commitments, in particular for swaps set as part of bonds issuance, the Treasury Department also developed a system of margin call that is gradually implemented with significant counterparties.

Currency exposure

The Group seeks to minimize the currency exposure of each entity to its functional currency (primarily the euro, the dollar, the Canadian dollar, the pound sterling and the Norwegian krone).

For currency exposure generated by commercial activity, the hedging of revenues and costs in foreign currencies is typically performed using currency operations on the spot market and, in some cases, on the forward market. The Group rarely hedges future cash flows, although it may use options to do so.

With respect to currency exposure linked to non-current assets booked in a currency other than the euro, the Group has a policy of reducing the related currency exposure by financing these assets in the same currency.

Net short-term currency exposure is periodically monitored against limits set by the Group's senior management.

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The non-current debt described in Note 20 to the Consolidated Financial Statements is generally raised by the corporate treasury entities either directly in dollars, in euros or in Canadian dollars, or in other currencies which are then exchanged for dollars or euros through swaps issues to appropriately match general corporate needs. The proceeds from these debt issuances are loaned to affiliates whose accounts are kept in dollars, in Canadian dollars or in euros. Thus, the net sensitivity of these positions to currency exposure is not significant.

F-86

Table of Contents

The Group's short-term currency swaps, the notional value of which appears in Note 29 to the Consolidated Financial Statements, are used to attempt to optimize the centralized cash management of the Group. Thus, the sensitivity to currency fluctuations which may be induced is likewise considered negligible.

Short-term interest rate exposure and cash

Cash balances, which are primarily composed of euros and dollars, are managed according to the guidelines established by the Group's senior management (maintain an adequate level of liquidity, optimize revenue from investments considering existing interest rate yield curves, and minimize the cost of borrowing) over a less than twelve-month horizon and on the basis of a daily interest

rate benchmark, primarily through short-term interest rate swaps and short-term currency swaps, without modifying currency exposure.

Interest rate risk on non-current debt

The Group's policy consists of incurring non-current debt primarily at a floating rate, or, if the opportunity arises at the time of an issuance, at a fixed rate. Debt is incurred in dollars, in euros or in Canadian dollars according to general corporate needs. Long-term interest rate and currency swaps may be used to hedge bonds at their issuance in order to create a variable or fixed rate synthetic debt. In order to partially modify the interest rate structure of the long-term debt, TOTAL may also enter into long-term interest rate swaps.

Sensitivity analysis on interest rate and foreign exchange risk

The tables below present the potential impact of an increase or decrease of 10 basis points on the interest rate yield curves for each of the currencies on the fair value of the current financial instruments as of December 31, 2012, 2011 and 2010.

Assets / (Liabilities) (M)	Carrying amount	Estimated fair value	Change in fair value due to a change in interest rate by	
			+ 10 basis points	- 10 basis points
As of December 31, 2012				
Bonds (non-current portion, before swaps)	(21,346)	(21,545)	97	(97)
<i>Swaps hedging fixed-rates bonds (liabilities)</i>	(11)	(11)		
<i>Swaps hedging fixed-rates bonds (assets)</i>	1,626	1,626		
Total swaps hedging fixed-rates bonds (assets and liabilities)	1,615	1,615	(58)	58
Current portion of non-current debt after swap (excluding capital lease obligations)	4,251	4,251	4	(4)
Other interest rates swaps			2	(2)
Currency swaps and forward exchange contracts	(50)	(50)		
As of December 31, 2011				
Bonds (non-current portion, before swaps)	(21,402)	(22,092)	83	(83)
<i>Swaps hedging fixed-rates bonds (liabilities)</i>	(146)	(146)		
<i>Swaps hedging fixed-rates bonds (assets)</i>	1,976	1,976		
Total swaps hedging fixed-rates bonds (assets and liabilities)	1,830	1,830	(49)	49
Current portion of non-current debt after swap (excluding capital lease obligations)	3,488	3,488	3	(3)
Other interest rates swaps	(1)	(1)	3	(3)
Currency swaps and forward exchange contracts	47	47		
As of December 31, 2010				
Bonds (non-current portion, before swaps)	(20,019)	(20,408)	86	(84)
<i>Swaps hedging fixed-rates bonds (liabilities)</i>	(178)	(178)		
<i>Swaps hedging fixed-rates bonds (assets)</i>	1,870	1,870		
Total swaps hedging fixed-rates bonds (assets and liabilities)	1,692	1,692	(59)	59
Current portion of non-current debt after swap (excluding capital lease obligations)	3,483	3,483	4	(4)
Other interest rates swaps	(2)	(2)	3	(3)
Currency swaps and forward exchange contracts	(101)	(101)		

Table of Contents

The impact of changes in interest rates on the cost of net debt before tax is as follows:

For the year ended December 31, (M)	2012	2011	2010
Cost of net debt	(571)	(440)	(334)
Interest rate translation of:			
+ 10 basis points	(11)	(10)	(11)
- 10 basis points	11	10	11
+ 100 basis points	(106)	(103)	(107)
- 100 basis points	106	103	107

As a result of the policy for the management of currency exposure previously described, the Group's sensitivity to currency exposure is primarily influenced by the net equity of the subsidiaries whose functional currency is the dollar and, to a lesser extent, the pound sterling, the Norwegian krone and the Canadian dollar.

This sensitivity is reflected in the historical evolution of the currency translation adjustment recorded in the statement of changes in shareholders' equity which, in the course of the last three fiscal years, is essentially related to the fluctuation of dollar and pound sterling and is set forth in the table below:

	Euro / Dollar exchange rates	Euro / Pound sterling exchange rates
As of December 31, 2012	1.32	0.82
As of December 31, 2011	1.29	0.84
As of December 31, 2010	1.34	0.86

As of December 31, 2012 (M)	Total	Euro	Dollar	Pound sterling	Other currencies and equity affiliates
Shareholders' equity at historical exchange rate	74,400	45,999	22,510	4,651	1,240
Currency translation adjustment before net investment hedge	(1,488)		(781)	(823)	116
Net investment hedge - open instruments					
Shareholders' equity at exchange rate as of December 31, 2012	72,912	45,999	21,729	3,828	1,356
As of December 31, 2011 (M)	Total	Euro	Dollar	Pound sterling	Other currencies and equity affiliates
Shareholders' equity at historical exchange rate	69,025	41,396	21,728	4,713	1,188
Currency translation adjustment before net investment hedge	(962)		127	(923)	(166)
Net investment hedge - open instruments	(26)		(25)	(1)	
Shareholders' equity at exchange rate as of December 31, 2011	68,037	41,396	21,830	3,789	1,022
As of December 31, 2010 (M)	Total	Euro	Dollar	Pound sterling	Other currencies and equity affiliates ^(a)
Shareholders' equity at historical exchange rate	62,909	32,894	22,242	4,997	2,776
Currency translation adjustment before net investment hedge	(2,501)		(1,237)	(1,274)	10
Net investment hedge - open instruments	6		6		
Shareholders' equity at exchange rate as of December 31, 2010	60,414	32,894	21,011	3,723	2,786

As a result of this policy, the impact of currency exchange rate fluctuations on consolidated income, as illustrated in Note 7 to the Consolidated Financial Statements, has not been significant over the last three years despite the considerable fluctuation of the dollar (a gain of \$26 million in 2012, a gain of \$118 million in 2011, nil result in 2010).

Stock market risk

The Group holds interests in a number of publicly-traded companies (see Notes 12 and 13 to the Consolidated Financial Statements). The market value of these holdings fluctuates due to various factors, including stock market trends, valuations of the sectors in which the companies operate, and the economic and financial condition of each individual company.

Liquidity risk

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TOTAL S.A. has confirmed lines of credit granted by international banks, which are calculated to allow it to manage its short-term liquidity needs as required.

As of December 31, 2012, these lines of credit amounted to \$10,519 million, of which \$10,463 million was unused. The agreements for the lines of credit granted to TOTAL S.A. do not contain conditions related to the Company's financial ratios, to its financial ratings from specialized agencies, or to the occurrence of events that could have a material adverse effect on its financial position. As of December 31, 2012, the aggregate amount of the principal confirmed lines of credit granted by

F-88

Table of Contents

international banks to Group companies, including TOTAL S.A., was \$11,328 million, of which \$10,921 million was unused. The lines of credit granted to Group companies other than TOTAL S.A. are not intended to finance the Group's general needs; they are intended to finance either the general needs of the borrowing subsidiary or a specific project.

The following tables show the maturity of the financial assets and liabilities of the Group as of December 31, 2012, 2011 and 2010 (see Note 20 to the Consolidated Financial Statements).

As of December 31, 2012 (M)							
Assets/(Liabilities)	Less than one year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Non-current financial debt (notional value excluding interests)		(3,832)	(3,465)	(2,125)	(3,126)	(8,100)	(20,648)
Current borrowings	(11,016)						(11,016)
Other current financial liabilities	(176)						(176)
Current financial assets	1,562						1,562
Assets and liabilities available for sale or exchange	(756)						(756)
Cash and cash equivalents	15,469						15,469
Net amount before financial expense	5,083	(3,832)	(3,465)	(2,125)	(3,126)	(8,100)	(15,565)
Financial expense on non-current financial debt	(746)	(625)	(519)	(405)	(352)	(1,078)	(3,725)
Interest differential on swaps	371	335	225	106	62	(37)	1,062
Net amount	4,708	(4,122)	(3,759)	(2,424)	(3,416)	(9,215)	(18,228)

As of December 31, 2011 (M)							
Assets/(Liabilities)	Less than one year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Non-current financial debt (notional value excluding interests)		(4,492)	(3,630)	(3,614)	(1,519)	(7,326)	(20,581)
Current borrowings	(9,675)						(9,675)
Other current financial liabilities	(167)						(167)
Current financial assets	700						700
Cash and cash equivalents	14,025						14,025
Net amount before financial expense	4,883	(4,492)	(3,630)	(3,614)	(1,519)	(7,326)	(15,698)
Financial expense on non-current financial debt	(785)	(691)	(521)	(417)	(302)	(1,075)	(3,791)
Interest differential on swaps	320	331	221	120	55	44	1,091
Net amount	4,418	(4,852)	(3,930)	(3,911)	(1,766)	(8,357)	(18,398)

As of December 31, 2010 (M)							
Assets/(Liabilities)	Less than one year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Non-current financial debt (notional value excluding interests)		(3,355)	(3,544)	(2,218)	(3,404)	(6,392)	(18,913)
Current borrowings	(9,653)						(9,653)
Other current financial liabilities	(159)						(159)
Current financial assets	1,205						1,205
Cash and cash equivalents	14,489						14,489
Net amount before financial expense	5,882	(3,355)	(3,544)	(2,218)	(3,404)	(6,392)	(13,031)
Financial expense on non-current financial debt	(843)	(729)	(605)	(450)	(358)	(1,195)	(4,180)
Interest differential on swaps	461	334	153	33	2	(78)	905
Net amount	5,500	(3,750)	(3,996)	(2,635)	(3,760)	(7,665)	(16,306)

In addition, the Group guarantees bank debt and finance lease obligations of certain non-consolidated companies and equity affiliates. A payment would be triggered by failure of the guaranteed party to fulfill its obligation covered by the guarantee, and no assets are held as collateral for these guarantees. Maturity dates and amounts are set forth in Note 23 to the Consolidated Financial Statements (Guarantees given against borrowings).

The Group also guarantees the current liabilities of certain non-consolidated companies. Performance under these guarantees would be triggered by a financial default of these entities. Maturity dates and amounts are set forth in Note 23 to the Consolidated Financial Statements (Guarantees of current liabilities).

Table of Contents

The following table sets forth financial assets and liabilities related to operating activities as of December 31, 2012, 2011 and 2010 (see Note 28 to the Consolidated Financial Statements).

As of December 31 (M)	2012	2011	2010
Assets/(Liabilities)			
Accounts payable	(21,648)	(22,086)	(18,450)
Other operating liabilities	(5,904)	(5,441)	(3,574)
<i>including financial instruments related to commodity contracts</i>	<i>(482)</i>	<i>(606)</i>	<i>(559)</i>
Accounts receivable, net	19,206	20,049	18,159
Other operating receivables	6,158	7,467	4,407
<i>including financial instruments related to commodity contracts</i>	<i>707</i>	<i>1,074</i>	<i>499</i>
Total	(2,188)	(11)	542

These financial assets and liabilities mainly have a maturity date below one year.

Credit risk

Credit risk is defined as the risk of the counterparty to a contract failing to perform or pay the amounts due.

The Group is exposed to credit risks in its operating and financing activities. The Group's maximum exposure to credit risk is partially related to financial assets recorded on its balance sheet, including energy derivative instruments that have a positive market value.

The following table presents the Group's maximum credit risk exposure:

As of December 31, (M)	2012	2011	2010
Assets/(Liabilities)			
Loans to equity affiliates (Note 12)	2,360	2,246	2,383
Loans and advances (Note 14)	2,207	2,055	1,596
Hedging instruments of non-current financial debt (Note 20)	1,626	1,976	1,870
Accounts receivable (Note 16)	19,206	20,049	18,159
Other operating receivables (Note 16)	6,158	7,467	4,407
Current financial assets (Note 20)	1,562	700	1,205
Cash and cash equivalents (Note 27)	15,469	14,025	14,489
Total	48,588	48,518	44,109

The valuation allowance on loans and advances and on accounts receivable and other operating receivables is detailed respectively in Notes 14 and 16 to the Consolidated Financial Statements.

As part of its credit risk management related to operating and financing activities, the Group has developed margin call contracts with certain counterparties. As of December 31, 2012, the net amount received as part of these margin calls was 1,635 million (against

1,682 million as of December 31, 2011 and 1,560 million as of December 31, 2010).

Credit risk is managed by the Group's business segments as follows:

Upstream segment**Exploration & Production**

Risks arising under contracts with government authorities or other oil companies or under long-term supply contracts necessary for the development of projects are evaluated during the project approval process. The long-term aspect of these contracts and the high-quality of the other parties lead to a low level of credit risk.

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Risks related to commercial operations, other than those described above (which are, in practice, directly monitored by subsidiaries), are subject to procedures for establishing and reviewing credit.

Customer receivables are subject to provisions on a case-by-case basis, based on prior history and management's assessment of the facts and circumstances.

Gas & Power

Gas & Power deals with counterparties in the energy, industrial and financial sectors throughout the world. Financial institutions providing credit risk coverage are highly rated international bank and insurance groups.

Potential counterparties are subject to credit assessment and approval before concluding transactions and are thereafter subject to regular review, including re-appraisal and approval of the limits previously granted.

The creditworthiness of counterparties is assessed based on an analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information, such as data published by rating agencies. On this basis, credit limits are defined for each potential counterparty and, where appropriate, transactions are subject to specific authorizations.

Credit exposure, which is essentially an economic exposure or an expected future physical exposure, is permanently monitored and subject to sensitivity measures.

Credit risk is mitigated by the systematic use of industry standard contractual frameworks that permit netting, enable requiring added security in case of adverse change in the counterparty risk, and allow for termination of the contract upon occurrence of certain events of default.

Table of Contents

Marketing & Services segment

Internal procedures for the Marketing & Services segment include rules on credit risk that describe the basis of internal control in this domain, including the separation of authority between commercial and financial operations. Credit policies are defined at the local level, complemented by the implementation of procedures to monitor customer risk (credit committees at the subsidiary level, the creation of credit limits for corporate customers, portfolio guarantees, etc.).

Each entity also implements monitoring of its outstanding receivables. Risks related to credit may be mitigated or limited by subscription of credit insurance and/or requiring security or guarantees.

Bad debts are provisioned on a case-by-case basis at a rate determined by management based on an assessment of the risk of credit loss.

Refining & Chemicals segment

Refining & Chemicals

Credit risk is primarily related to commercial receivables. Each division implements procedures for managing and provisioning credit risk that differ based on the size of the subsidiary and the market in which it operates. The principal elements of these procedures are:

implementation of credit limits with different authorization procedures for possible credit overruns;

use of insurance policies or specific guarantees (letters of credit);

regular monitoring and assessment of overdue accounts (aging balance), including collection procedures; and

provisioning of bad debts on a customer-by-customer basis, according to payment delays and local payment practices (provisions may also be calculated based on statistics).

Trading & Shipping

Trading & Shipping deals with commercial counterparties and financial institutions located throughout the world. Counterparties to physical and derivative transactions are primarily entities involved in the oil and gas industry or in the trading of energy commodities, or financial institutions. Credit risk coverage is concluded with financial institutions,

international banks and insurance groups selected in accordance with strict criteria.

The Trading & Shipping division has a strict policy of internal delegation of authority governing establishment of country and counterparty credit limits and approval of specific transactions. Credit exposures contracted under these limits and approvals are monitored on a daily basis.

Potential counterparties are subject to credit assessment and approval prior to any transaction being concluded and all active counterparties are subject to regular reviews, including re-appraisal and approval of granted limits. The creditworthiness of counterparties is assessed based on an analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information, such as ratings published by Standard & Poor's, Moody's Investors Service and other agencies.

Contractual arrangements are structured so as to maximize the risk mitigation benefits of netting between transactions wherever possible and additional protective terms providing for the provision of security in the event of financial deterioration and the termination of transactions on the occurrence of defined default events are used to the greatest permitted extent.

Credit risks in excess of approved levels are secured by means of letters of credit and other guarantees, cash deposits and insurance arrangements. In respect of derivative transactions, risks are secured by margin call contracts wherever possible.

32) OTHER RISKS AND CONTINGENT LIABILITIES

TOTAL is not currently aware of any exceptional event, dispute, risks or contingent liabilities that could have a material impact on the assets and liabilities, results, financial position or operations of the Group.

ANTITRUST INVESTIGATIONS

The principal antitrust proceedings in which the Group's companies are involved are described thereafter.

Refining & Chemicals segment

As part of the spin-off of Arkema⁽¹⁾ in 2006, TOTAL S.A. and certain other Group companies agreed to grant Arkema a guarantee for potential monetary consequences related to antitrust proceedings arising from events prior to the spin-off.

⁽¹⁾ *Arkema is used in this section to designate those companies of the Arkema group whose ultimate parent company is Arkema S.A. Arkema became an independent company after being spun-off from TOTAL S.A. in May 2006.*

Table of Contents

This guarantee covers, for a period of ten years from the date of the spin-off, 90% of amounts paid by Arkema related to (i) fines imposed by European authorities or European member-states for competition law violations, (ii) fines imposed by U.S. courts or antitrust authorities for federal antitrust violations or violations of the competition laws of U.S. states, (iii) damages awarded in civil proceedings related to the government proceedings mentioned above, and (iv) certain costs related to these proceedings. The guarantee related to anti-competition violations in Europe applies to amounts above a 176.5 million threshold. On the other hand, the agreements provide that Arkema will indemnify TOTAL S.A. or any Group company for 10% of any amount that TOTAL S.A. or any Group company are required to pay under any of the proceedings covered by this guarantee, in Europe.

If one or more individuals or legal entities, acting alone or together, directly or indirectly holds more than one-third of the voting rights of Arkema, or if Arkema transfers more than 50% of its assets (as calculated under the enterprise valuation method, as of the date of the transfer) to a third party or parties acting together, irrespective of the type or number of transfers, this guarantee will become void.

In the United States, civil liability lawsuits, for which TOTAL S.A. has been named as the parent company, are closed without significant impact on the Group's financial position.

In Europe, since 2006, the European Commission has fined companies of the Group in its configuration prior to the spin-off following five investigations launched by the European Commission between 2000 and 2004, four of which are closed, the fifth is on hold a pending decision following the appeal of Arkema and the concerned companies of the Group.

In financial terms, the fines imposed by the European Commission following the five investigations reach an overall amount of 385.47 million, entirely settled as of today. As a result, once the threshold provided for by the guarantee is deducted, the overall amount assumed and paid by the Group since the spin-off in accordance with the guarantee amounted to 188.07 million¹, to which an amount of 31.31 million of interest has been added. These amounts were not modified during the 2012 financial year.

In addition, civil proceedings against Arkema and other groups of companies were initiated in 2009 and 2011, respectively, before German and Dutch courts by third parties for alleged damages pursuant to two of the above mentioned legal proceedings. TOTAL S.A. was summoned to serve notice of the dispute before the German court. At this point, the probability to have a favorable verdict and the financial impacts of these proceedings remain uncertain due to the number of legal difficulties they give rise to, the lack of documented claims and evaluations of the alleged damages.

Arkema began implementing compliance procedures in 2001 that are designed to prevent its employees from violating antitrust provisions. However, it is not possible to exclude the possibility that the relevant authorities could commence additional proceedings involving Arkema regarding events prior to the spin-off, as well as Elf Aquitaine and/or TOTAL S.A. based on their status as parent company.

Within the framework of all of the legal proceedings described above, a 17 million reserve remains booked in the Group's consolidated financial statements as of December 31, 2012.

Marketing & Services segment

Pursuant to a statement of objections received by Total Nederland N.V. and TOTAL S.A. (based on its status as parent company) from the European Commission, Total Nederland N.V. was fined 20.25 million in 2006, for which TOTAL S.A. was held jointly liable for 13.5 million. TOTAL S.A. lodged an appeal against this decision that was dismissed end of September 2012.

In addition, pursuant to a statement of objections received by Total Raffinage Marketing (formerly Total France) and TOTAL S.A. from the European Commission regarding a product line of the Marketing & Services segment, Total Raffinage Marketing was fined 128.2 million in 2008, which has been paid, and for which TOTAL S.A. was held jointly liable based on its status as parent company. The appeal against this decision lodged by the Group is still pending before the relevant European court.

In addition, the civil proceedings against TOTAL S.A., Total Raffinage Marketing and other companies initiated before UK and Dutch courts by third parties for alleged damages in connection with the prosecutions brought by the European Commission are ongoing. At this point, the

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(1) This amount does not take into account a case that led to Arkema, prior to Arkema's spin-off from TOTAL, and Elf Aquitaine being fined jointly 45 million and Arkema being fined 13.5 million.

F-92

Table of Contents

probability to have a favorable verdict and the financial impacts of these procedures remain uncertain due to the number of legal difficulties they gave rise to, the lack of documented claims and evaluations of the alleged damages.

Within the framework of the legal proceedings described above, a 30 million reserve is booked in the Group's consolidated financial statements as of December 31, 2012.

Whatever the evolution of the proceedings described above, the Group believes that their outcome should not have a material adverse effect on the Group's financial situation or consolidated results.

GRANDE PAROISSE

An explosion occurred at the Grande Paroisse industrial site in the city of Toulouse in France on September 21, 2001. Grande Paroisse, a former subsidiary of Atofina which became a subsidiary of Elf Aquitaine Fertilisants on December 31, 2004, as part of the reorganization of the Chemicals segment, was principally engaged in the production and sale of agricultural fertilizers. The explosion, which involved a stockpile of ammonium nitrate pellets, destroyed a portion of the site and caused the death of thirty-one people, including twenty-one workers at the site, and injured many others. The explosion also caused significant damage to certain property in part of the city of Toulouse.

This plant has been closed and individual assistance packages have been provided for employees. The site has been rehabilitated.

On December 14, 2006, Grande Paroisse signed, under the supervision of the city of Toulouse, the deed whereby it donated the former site of the AZF plant to the greater agglomeration of Toulouse (CAGT) and the *Caisse des dépôts et consignations* and its subsidiary ICADE. Under this deed, TOTAL S.A. guaranteed the site remediation obligations of Grande Paroisse and granted a 10 million endowment to the InNaBioSanté research foundation as part of the setting up of a cancer research center at the site by the city of Toulouse.

After having articulated several hypotheses, the Court appointed experts did not maintain in their final report filed on May 11, 2006, that the accident was caused by pouring a large quantity of a chlorine compound over ammonium nitrate. Instead, the experts have retained a scenario where a container of chlorine compound sweepings was poured between a layer of wet ammonium nitrate covering the floor and a quantity of dry agricultural

nitrate at a location not far from the principal storage site. This is claimed to have caused an explosion which then spread into the main storage site. Grande Paroisse was investigated based on this new hypothesis in 2006; Grande Paroisse is contesting this explanation, which it believes to be based on elements that are not factually accurate.

On July 9, 2007, the investigating magistrate brought charges against Grande Paroisse and the former plant manager before the criminal chamber of the Court of Appeal of Toulouse. In late 2008, TOTAL S.A. and Mr. Thierry Desmarest were summoned to appear in Court pursuant to a request by a victims association.

On November 19, 2009, the Toulouse Criminal Court acquitted both the former Plant Manager, and Grande Paroisse due to the lack of reliable evidence for the explosion. The Court also ruled that the summonses against TOTAL S.A. and Mr. Thierry Desmarest, Chairman and CEO at the time of the disaster were inadmissible.

Due to the presumption of civil liability that applied to Grande Paroisse, the Court declared Grande Paroisse civilly liable for the damages caused by the explosion to the victims in its capacity as custodian and operator of the plant.

The Prosecutor's office, together with certain third parties, has appealed the Toulouse Criminal Court verdict. In order to preserve its rights, Grande Paroisse lodged a cross-appeal with respect to civil charges.

By its decision of September 24, 2012, the Court of Appeal of Toulouse (*Cour d'appel de Toulouse*) upheld the lower court verdict pursuant to which the summonses against TOTAL S.A. and Mr. Thierry Desmarest were determined to be inadmissible. This element of the decision has been appealed by certain third parties before the French Supreme Court (*Cour de cassation*).

The Court of Appeal considered, however, that the explosion was the result of the chemical accident described by the court-appointed experts. Accordingly, it convicted the former plant manager and Grande Paroisse. This element of the decision has been appealed by the former plant manager and Grande Paroisse before the French Supreme Court (*Cour de cassation*), which has the effect of suspending their criminal sentences.

A compensation mechanism for victims was set up immediately following the explosion. 2.3 billion was paid for the compensation of claims and related expenses amounts. As of December 31, 2012, a 17 million reserve was recorded in the Group's consolidated balance sheet.

Table of Contents

BUNCEFIELD

On December 11, 2005, several explosions, followed by a major fire, occurred at an oil storage depot at Buncefield, north of London. This depot was operated by Hertfordshire Oil Storage Limited (HOSL), a company in which TOTAL's UK subsidiary holds 60% and another oil group holds 40%.

The explosion caused injuries, most of which were minor injuries, to a number of people and caused property damage to the depot and the buildings and homes located nearby. The official Independent Investigation Board has indicated that the explosion was caused by the overflow of a tank at the depot. The Board's final report was released on December 11, 2008. The civil procedure for claims, which had not yet been settled, took place between October and December 2008. The Court's decision of March 20, 2009, declared TOTAL's UK subsidiary liable for the accident and solely liable for indemnifying the victims. The subsidiary appealed the decision. The appeal trial took place in January 2010. The Court of Appeals, by a decision handed down on March 4, 2010, confirmed the prior judgment. The Supreme Court of United Kingdom has partially authorized TOTAL's UK subsidiary to contest the decision. TOTAL's UK subsidiary finally decided to withdraw from this recourse due to settlement agreements reached in mid-February 2011.

The Group carries insurance for damage to its interests in these facilities, business interruption and civil liability claims from third parties. The provision for the civil liability that appears in the Group's consolidated financial statements as of December 31, 2012, stands at 1 million after taking into account the payments previously made.

The Group believes that, based on the information currently available, on a reasonable estimate of its liability and on provisions recognized, this accident should not have a significant impact on the Group's financial situation or consolidated results.

In addition, on December 1, 2008, the Health and Safety Executive (HSE) and the Environment Agency (EA) issued a Notice of prosecution against five companies, including TOTAL's UK subsidiary. By a judgment on July 16, 2010, the subsidiary was fined £3.6 million and paid it. The decision takes into account a number of elements that have mitigated the impact of the charges brought against it.

ERIKA

Following the sinking in December 1999 of the Erika, a tanker that was transporting products belonging to one of the Group companies, the *Tribunal de grande instance* of

Paris convicted TOTAL S.A. of marine pollution pursuant to a judgment issued on January 16, 2008, finding that TOTAL S.A. was negligent in its vetting procedure for vessel selection, and ordering TOTAL S.A. to pay a fine of 375,000. The Court also ordered compensation to be paid to those affected by the pollution from the Erika up to an aggregate amount of 192 million, declaring TOTAL S.A. jointly and severally liable for such payments together with the Erika's inspection and classification firm, the Erika's owner and the Erika's manager.

TOTAL has appealed the verdict of January 16, 2008. In the meantime, it nevertheless proposed to pay third parties who so requested definitive compensation as determined by the Court. Forty-two third parties have been compensated for an aggregate amount of 171.5 million.

By a decision dated March 30, 2010, the *Cour d'appel de Paris* upheld the lower Court verdict pursuant to which TOTAL S.A. was convicted of marine pollution and fined 375,000. TOTAL appealed this decision to the French Supreme Court (*Cour de cassation*).

However, the Court of Appeal ruled that TOTAL S.A. bears no civil liability according to the applicable international conventions and consequently ruled that TOTAL S.A. be not convicted.

TOTAL challenged the criminal law-related of this decision before the French Supreme Court (*Cour de cassation*).

By a decision dated September 25, 2012, the *Cour de cassation* has dismissed the appeal lodged by TOTAL S.A. and upheld the conviction of marine pollution. The *Cour de cassation* also quashed the appeal judgment and ruled that TOTAL S.A. bears civil liability. Consequently, TOTAL S.A. has been declared severally liable together with the Erika's inspection and classification firm, owner and manager to compensate the damages allocated to third parties by the *Cour d'appel de Paris* in 2010.

Nearly all the damages allocated to third parties have already been paid. Consequently, the decision of the *Cour de cassation* did not give rise to a significant financial impact for the Group.

BLUE RAPID AND THE RUSSIAN OLYMPIC COMMITTEE – RUSSIAN REGIONS AND INTERNEFT

Blue Rapid, a Panamanian company, and the Russian Olympic Committee filed a claim for damages with the Paris Commercial Court against Elf Aquitaine, alleging a so-called non-completion by a former subsidiary of Elf Aquitaine of a contract related to an exploration and production project in Russia negotiated in the early 1990s. Elf Aquitaine believed this claim to be unfounded and

Table of Contents

opposed it. On January 12, 2009, the Commercial Court of Paris rejected Blue Rapid's claim against Elf Aquitaine and found that the Russian Olympic Committee did not have standing in the matter. Blue Rapid and the Russian Olympic Committee appealed this decision. On June 30, 2011, the Court of Appeal of Paris dismissed as inadmissible the claim of Blue Rapid and the Russian Olympic Committee against Elf Aquitaine, notably on the grounds of the contract's termination. Blue Rapid and the Russian Olympic Committee appealed this decision to the French Supreme Court.

In connection with the same facts, and fifteen years after the termination of the exploration and production contract, a Russian company, which was held not to be the contracting party to the contract, and two regions of the Russian Federation which were not even parties to the contract, have launched an arbitration procedure against the aforementioned former subsidiary of Elf Aquitaine that was liquidated in 2005, claiming alleged damages of U.S.\$ 22.4 billion. For the same reasons as those successfully adjudicated by Elf Aquitaine against Blue Rapid and the Russian Olympic Committee, the Group considers this claim to be unfounded as to a matter of law or fact. The Group has lodged a criminal complaint to denounce the fraudulent claim which the Group believes it is a victim of and, has taken and reserved its rights to take other actions and measures to defend its interests.

IRAN

In 2003, the United States Securities and Exchange Commission (SEC) followed by the Department of Justice (DoJ) issued a formal order directing an investigation in connection with the pursuit of business in Iran, by certain oil companies including, among others, TOTAL.

The inquiry concerns an agreement concluded by the Company with consultants concerning gas fields in Iran and aims to verify whether certain payments made under this agreement would have benefited Iranian officials in violation of the Foreign Corrupt Practices Act (FCPA) and the Company's accounting obligations. The Company fully cooperates with these investigations.

Since 2010, the Company has been in discussions with U.S. authorities (DoJ and SEC) to consider, as it is often the case in these kinds of proceedings, an out-of-court settlement, which would terminate the investigation in exchange for TOTAL respecting a number of obligations, including the payment of a fine and civil compensation, without admission of guilt.

U.S. authorities have proposed draft agreements that could be accepted by TOTAL. Consequently, and although

discussions have not yet been finalized, a provision of \$398 million, unchanged since its booking as of June 30, 2012, reflecting the best estimate of potential costs associated with the resolution of these proceedings, remains booked in the Group's consolidated financial statements as of December 31, 2012.

In this same affair, TOTAL and its Chief Executive Officer, President of the Middle East at the time of the facts, have been placed under formal investigation, following a judicial inquiry initiated in France in 2006.

At this point, the Company considers that the resolution of these cases is not expected to have a significant impact on the Group's financial situation or consequences on its future planned operations.

LIBYA

In June 2011, the United States Securities and Exchange Commission (SEC) issued to certain oil companies including, among others, TOTAL a formal request for information related to their operations in Libya. TOTAL is cooperating with this non public investigation.

OIL-FOR-FOOD PROGRAM

Several countries have launched investigations concerning possible violations related to the United Nations (UN) Oil-for-Food program in Iraq.

Pursuant to a French criminal investigation, certain current or former Group employees were placed under formal criminal investigation for possible charges as accessories to the misappropriation of corporate assets and as accessories to the corruption of foreign public agents. The Chairman and Chief Executive Officer of the Company, formerly President of the Group's Exploration & Production division, was also placed under formal investigation in October 2006. In 2007, the criminal investigation was closed and the case was transferred to the Prosecutor's office. In 2009, the Prosecutor's office recommended to the investigating magistrate that the case against the Group's current and former employees and TOTAL's Chairman and Chief Executive Officer not be pursued.

In early 2010, despite the recommendation of the Prosecutor's office, a new investigating magistrate, having taken over the case, decided to indict TOTAL S.A. on bribery charges as well as complicity and influence peddling. The indictment was brought eight years after the beginning of the investigation without any new evidence being introduced.

In October 2010, the Prosecutor's office recommended to the investigating magistrate that the case against

Table of Contents

TOTAL S.A., the Group's current and former employees and TOTAL's Chairman and Chief Executive Officer not be pursued. However, by ordinance notified in early August 2011, the investigating magistrate on the matter decided to send the case to trial. The hearings began in late January 2013 and are expected to end in late February 2013.

The Company believes that its activities related to the Oil-for-Food program have been in compliance with this program, as organized by the UN in 1996.

The Volcker report released by the independent investigating committee set up by the UN had discarded any bribery grievance within the framework of the Oil-For-Food program with respect to TOTAL.

ITALY

As part of an investigation led by the Prosecutor of the Republic of the Potenza Court, Total Italia and certain Group's employees are the subject of an investigation related to certain calls for tenders that Total Italia made for the preparation and development of an oil field. On February 16, 2009, as a preliminary measure before the proceedings go before the Court, the preliminary investigation judge of Potenza served notice to Total Italia of a decision that would suspend the concession for this field for one year. Total Italia has appealed the decision by the preliminary investigation judge before the Court of Appeal of Potenza. In a decision dated April 8, 2009, the Court reversed the suspension of the concession and appointed for one year, *i.e.* until February 16, 2010, a judicial administrator to supervise the operations related to the development of the concession, allowing the Tempa Rossa project to continue.

The criminal investigation was closed in the first half of 2010. In May 2012, the Judge of the preliminary hearing decided to dismiss the charges for some of the Group's employees and refer the case for trial for a reduced number of charges. The trial started on September 26, 2012.

In 2010, Total Italia's exploration and production operations were transferred to Total E&P Italia and refining and marketing operations were merged with those of Erg Petroli.

RIVUNION

On July 9, 2012, the Swiss *Tribunal Fédéral* (Switzerland's Supreme Court) rendered its decision against Rivunion, a wholly-owned subsidiary of Elf Aquitaine, confirming a tax reassessment in the amount of CHF 171 million (excluding interest for late payment, yet to be calculated by the

competent authorities). According to the *Tribunal*, Rivunion was held liable as tax collector of withholding taxes owed by the beneficiaries of taxable services. Rivunion, in liquidation since March 12, 2002, unable to recover the amounts corresponding to the withholding taxes in restitution from said beneficiaries in order to meet its fiscal obligations, has been subject to insolvency proceedings since November 1, 2012.

ELGIN

Following a gas leak starting on March 25, 2012, on the G4 well from the well-platform of the Elgin field in the North Sea (United Kingdom), the production from the Elgin, Franklin and West Franklin fields was stopped and the site's personnel was evacuated. No injuries to personnel occurred and the environmental impact was very limited.

TOTAL E&P UK Ltd immediately launched its emergency response plan and mobilized crisis management teams. The Group also mobilized international well control experts.

As from April 6, 2012, teams comprised of TOTAL experts and specialists engaged by the Group conducted numerous missions to the Elgin platform in order to prepare and implement the intervention plans for controlling the leak.

On May 21, 2012, TOTAL E&P UK Ltd confirmed, following five days of close monitoring, the success of the intervention conducted on May 15, 2012 to stop the gas leak of the G4 well. Injecting heavy mud into the G4 well allowed the regaining of control over the well. Five cement plugs were placed in the well between June and October 2012.

The works continue for a restart of the production of Elgin, Franklin and West Franklin in the first quarter of 2013. The investigations of the British authorities and TOTAL to understand the reasons for the accident and draw the proper lessons from them are in progress.

The loss of production from these three fields (Group share) is approximately 39 kboe/d in 2012, equivalent to less than 2% of the Group's production.

The cost of actions taken to resolve the situation on the well G4 are mostly covered by insurance guarantees in place.

The wells that will not be restarted were totally written-off in 2012 and the provisions to hedge the costs of abandonments of these wells were updated.

These elements represent a charge of 256 million (\$329 million) on the net operating income of the group as of December 31, 2012.

Table of Contents

TOTAL E&P UK Ltd is the operator of the Elgin, Franklin and West Franklin fields and the Group holds an interest of 46.17% since the end of 2011 via the Elgin Franklin Oil & Gas (EFOG) company.

NIGERIA (OML 58)

On April 3, 2012, TOTAL E&P Nigeria Ltd (TEPNG), a subsidiary of the Group, was informed about water and gas resurgence points observed in an uninhabited area close to its onshore gas production facilities on the OML 58 license. This event was the consequence of a technical incident that occurred March 20, 2012 on the Ibewa gas production site: a gas producing well (IBW16) was intersected during the drilling operations of a new well (OB127b), which resulted in gas flowing from the production well into intermediate geological layers. The Obite treatment gas plant was stopped and the other wells shut down and secured.

In close collaboration with representatives of the local communities and the Nigerian authorities, all necessary means to ensure the protection of nearby communities and personnel and to limit the impact on the environment have been immediately mobilized. Very important technical means, as well as experts of the Group and specialized companies have also been mobilized on site to regain control of the well and stop the flow of gas.

On May 18, 2012, TEPNG confirmed the success of the intervention conducted on the Ibewa 16 well to stop the gas leak. Cement plugs have been set to ensure the isolation of the reservoir. The activity of the gas resurgences decreased in intensity immediately after this intervention, and stopped within a few days. TOTAL teams are still maintaining a regular monitoring of the water and air quality. A comprehensive review of the environmental impact is underway in liaison with the authorities.

The Obite gas treatment plant was restarted, with the exception of wells damaged by the incident, and gas production from the site was resumed, finding a level close to the pre-incident levels up until the October 7, 2012.

The actions taken to solve the situation on OML 58 led to a charge of 25 million (\$32 million) in the net operating income of the group at 31 December, 2012.

Severe flooding which has affected a large part of the Nigeria during the third term of the year have also affected the operations of TOTAL E&P Nigeria Ltd. OML58 production facilities were shut-down from October 7 to November 11, 2012. Gas production was compensated from other fields (offshore). Total E&P Nigeria Ltd has mobilized important logistic means during this period in order to assist local communities.

The total impact of the loss of production generated by the above incidents (Group share) is approximately 13 kboe/d in 2012.

TOTAL E&P Nigeria Ltd operates the OML 58 license as part of the joint venture between TOTAL and the Nigerian National Petroleum Corporation, and holds a 40% stake in this permit.

YEMEN

The Yemen LNG company (39.62%) underwent since March 30, 2012 eight acts of sabotage on the 38 inch gas pipeline that links block 18 to the Balhaf facility on the Gulf of Aden, resulting in production losses of almost 24% compared to the budget. These acts of sabotage have led to short-term production stops of LNG. Prompt repairs permitted to limit the number of shipments cancelled accordingly. Safety and monitoring measures were strengthened along the gas pipeline and around the LNG plant.

33) OTHER INFORMATION

Research and development costs incurred by the Group in 2012 amounted to 805 million (776 million in 2011 and 715 million in 2010), corresponding to 0.4% of the sales.

The staff dedicated in 2012 to these research and development activities are estimated at 4,110 people (3,946 in 2011 and 4,087 in 2010).

34) CHANGES IN PROGRESS IN THE GROUP STRUCTURE

Upstream

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TOTAL announced in July 2012 that it has acquired an additional 6% interest in the Ichthys liquefied natural gas (LNG) project from its partner INPEX. TOTAL's overall equity stake in the Ichthys LNG project will increase from 24% to 30%. The transaction remains subject to approval by the relevant authorities.

TOTAL announced in August 2012 the signature of an agreement with INPEX concerning the sale of a 9.99% indirect interest in offshore Angola Block 14. This transaction remains subject to agreement by the relevant authorities.

TOTAL announced in February 2013 that it had entered into exclusive negotiations with a consortium comprising Snam, EDF and GIC (Government of Singapore Investment Corporation), having received a firm offer to

F-97

Table of Contents

acquire 100% of the outstanding shares of Transport et Infrastructures Gaz France (TIGF). In October TOTAL had announced to the representatives of the staff of TIGF the search for a potential buyer capable of assuring the development of TIGF. At December 31, 2012 the assets and liabilities of the company have been respectively classified in the consolidated balance sheet in assets classified as held for sale for an amount of 1,430 million and liabilities directly associated with assets classified as held for sale for an amount of 880 million. The assets and liabilities concerned mainly include tangible assets for an amount of 1,245 million and non-current financial debt for an amount of 793 million.

TOTAL has put up for sale its interest in the Upstream in Trinidad & Tobago. At December 31, 2012 the assets and liabilities have been respectively classified in the consolidated balance sheet in assets classified as held for sale for an amount of 249 million and liabilities directly associated with assets classified as held for sale for an amount of 99 million. The assets concerned mainly include tangible assets for an amount of 228 million.

TOTAL announced in November 2012 the finalization of an agreement for the sale in Nigeria of its 20% interest in block OML 138 to a subsidiary of China Petrochemical Corporation (Sinopec). This transaction remains subject to the approval by the relevant authorities. At December 31, 2012 the assets and liabilities have been respectively classified in the consolidated in assets classified as held for sale for an amount of 1,653 million and liabilities directly associated with assets classified as held for sale for an amount of 502 million.

TOTAL is engaged in a process to sell its 25% interest in the Tempa Rossa field in Italy. At December 31, 2012 the assets have been classified in the consolidated balance sheet in assets classified as held for sale for an amount of 465 million. The assets concerned include intangible assets for an amount of 249 million and tangible assets for an amount of 216 million.

Refining & Chemicals

TOTAL announced in February 2013 that it had received a firm offer from the Borealis Group for its fertilizing businesses in Europe. This offer will now be presented to the employee representatives concerned, as part of the information and consultation procedures.

35) CONSOLIDATION SCOPE

As of December 31, 2012, 883 entities are consolidated of which 803 are fully consolidated, and 80 are accounted for under the equity method (identified with the letter E). This simplified organizational chart shows the main consolidated entities. For each of them, the Group interest is mentioned between brackets. This chart of legal detentions is not exhaustive and does not reflect neither the operational structure nor the relative economic size of the Group entities and the business segments.

Table of Contents

F-99

Table of Contents

TOTAL

SUPPLEMENTAL OIL AND GAS INFORMATION (Unaudited)

As from 2009, the amendments to the Securities and Exchange Commission (SEC) Rule 4-10 of Regulation S-X set forth in the Modernization of Oil and Gas Reporting release (SEC Release n° 33-8995) and the Financial Accounting Standard Board (FASB) Accounting Standards Update regarding Extractive Activities - Oil and Gas (ASC 932) change a number of reserves estimation and disclosure requirements. As a reminder, in terms of reserves estimation, the main changes are: the use of an average price instead of a single year-end price; the use of new reliable technologies to assess proved reserves; and the inclusion, under certain conditions, of non-traditional sources as oil and gas producing activities. The revised rules form the basis of the 2012, 2011 and 2010 year-end estimation of proved reserves.

Preparation of reserves estimates

The estimation of reserves is an ongoing process which is done within affiliates by experienced geoscientists, engineers and economists under the supervision of each affiliate's General Management. Persons involved in reserves evaluation are trained to follow SEC-compliant internal guidelines and policies regarding criteria that must be met before reserves can be considered as proved.

The technical validation process relies on a Technical Reserves Committee that is responsible for approving proved reserves changes above a certain threshold and technical evaluations of reserves associated with any investment decision that requires approval from the Exploration & Production Executive Committee. The Chairman of the Technical Reserves Committee is appointed by the Senior Management of Exploration & Production and its members represent expertise in reservoir engineering, production geology, production geophysics, drilling, and development studies.

An internal control process related to reserves estimation is well established within TOTAL and involves the following elements:

- a central Reserve Entity whose responsibility is to consolidate, document and archive the Group's reserves; to ensure coherence of evaluations worldwide; to maintain the Corporate Reserves Guidelines Standards in line with SEC guidelines and policies; to deliver training on reserves evaluation and classification; and to conduct periodically in-depth technical review of reserves for each affiliate;
- an annual review of affiliates reserves conducted by an internal group of specialists selected for their expertise in geosciences and engineering or their knowledge of the affiliate. All members of this group chaired by the Reserves Vice-president and composed of at least three Technical Reserves Committee members are knowledgeable in the SEC guidelines for proved reserves evaluation. Their responsibility is to provide an independent review of reserves changes proposed by affiliates and ensure that reserves are estimated using appropriate standards and procedures;

- at the end of the annual review carried out by the Development Division, an SEC Reserves Committee chaired by the Exploration & Production Finance Senior Vice President and comprised of the Development, Exploration, Strategy and Legal Senior Vice Presidents, or their representatives, as well as the Chairman of the Technical Reserves Committee and the Reserves Vice-President, approves the SEC reserve booking proposals regarding criteria that are not dependent upon reservoir and geosciences techniques. The results of the annual review and the proposals for including revisions or additions of SEC Proved Reserves are presented to the Exploration & Production Executive Committee for approval before final validation by the Group Executive Management.

The reserves evaluation and control process is audited periodically by the Group's internal auditors who verify the effectiveness of the reserves evaluation process and control procedures.

The reserves Vice-President (RVP) is the technical person responsible for preparing the reserves estimates for the Group. Appointed by the President of Exploration & Production, the RVP supervises the Reserve Entity, chairs the annual review of reserves, and is a member of the Technical Reserves Committee and the SEC Reserves Committee. The RVP has over thirty years of experience in the oil & gas industry. He previously held several management positions in the Group in reservoir engineering and geosciences, and has more than fifteen years of experience in the field of reserves evaluation and control process. He holds an engineering degree from Institut National des Sciences Appliquées, Lyon, France, and a petroleum engineering degree from École Nationale

Table of Contents

Supérieure du Pétrole et des Moteurs (IFP School), France. He is a past member and past chairman of the Society of Petroleum Engineering Oil and Gas Reserves Committee and a member of the UNECE (United Nations Economic Commission for Europe) Expert Group on Resource Classification.

Proved developed reserves

At the end of 2012, proved developed reserves of oil and gas were 5,789 Mboe and represented 51% of the proved reserves. At the end of 2011, proved developed reserves of oil and gas were 6,046 Mboe and represented 53% of the proved reserves. At the end of 2010, proved developed reserves of oil and gas were 5,708 Mboe and represented 53% of the proved reserves. Over the past three years, the level of proved developed reserves has remained above 5.7 Bboe, illustrating TOTAL's ability to consistently transfer proved undeveloped reserves into developed status.

Proved undeveloped reserves

As of December 31, 2012, TOTAL's combined proved undeveloped reserves of oil and gas were 5,579 Mboe as compared to 5,377 Mboe at the end of 2011. The net increase of 202 Mboe of proved undeveloped reserves is due to the addition of 579 Mboe of undeveloped reserves related to extensions and discoveries, the revision of 129 Mboe of previous estimates, a net decrease of 25 Mboe due to acquisitions/divestitures, and the transfer of 481 Mboe from proved undeveloped reserves to proved developed reserves. In 2012, the costs incurred to develop proved undeveloped reserves (PUDs) was €11.0 billion, which represents 80% of 2012 development costs incurred, and was related to projects located for the most part in Angola, Australia, Canada, Gabon, Indonesia, Kazakhstan, Nigeria, and Norway.

Approximately 53% of the Group's proved undeveloped reserves are associated with producing projects and are located for the most part in Angola, Canada, Nigeria, Norway, Russia, and Venezuela. These reserves are expected to be developed over time as part of initial field development plans or additional development phases. The

timing to bring these proved reserves into production will depend upon several factors including reservoir performance, surface facilities or plant capacity constraints and contractual limitations on production level. The remaining proved undeveloped reserves correspond to undeveloped fields or assets for which a development has been sanctioned or is in progress.

The Group's portfolio of projects includes a few large scale and complex developments for which it anticipates that it may take more than five years from the time of recording proved reserves to the start of production. These specific projects represent approximately 25% of the Group's proved undeveloped reserves and include the development of a giant field in Kazakhstan, deep offshore developments in Angola, Nigeria and the United Kingdom and development of oil sands in Canada. These projects are highly complex to develop due to a combination of factors that include, among others, the nature of the reservoir rock and fluid properties, challenging operating environments and the size of the projects. In addition, some of these projects are generally designed and optimized for a given production capacity that controls the pace at which the field is developed and the wells are drilled. At production start-up, only a portion of the proved reserves are developed in order to deliver sufficient production potential to meet capacity constraints and contractual obligations. The remaining PUDs associated with the complete development plan will therefore remain undeveloped for more than five years following project approval and booking. Under these specific circumstances, the Group believes that it is justified to report as proved reserves the level of reserves used in connection with the approved project, despite the fact that some of these PUDs may remain undeveloped for more than five years. In addition, TOTAL has demonstrated in recent years the Group's ability to successfully develop and bring into production similar large scale and complex projects, including the development of deep-offshore fields in Angola, Nigeria, the Republic of Congo, HP/HT fields in the United Kingdom, heavy oil projects in Venezuela and LNG projects in Qatar, Yemen, Nigeria and Indonesia.

The tables provided below are presented by the following geographic areas: Europe, Africa, the Americas, Middle East and Asia (including CIS).

Table of Contents

ESTIMATED PROVED RESERVES OF OIL, BITUMEN AND GAS RESERVES

The following tables present, for oil, bitumen and gas reserves, an estimate of the Group's oil, bitumen and gas quantities by geographic areas as of December 31, 2012, 2011 and 2010. Quantities shown concern proved developed and undeveloped reserves together with changes in quantities for 2012, 2011 and 2010.

The definitions used for proved, proved developed and proved undeveloped oil and gas reserves are in accordance with the revised Rule 4-10 of SEC Regulation S-X.

All references in the following tables to reserves or production are to the Group's entire share of such reserves or production. TOTAL's worldwide proved reserves include the proved reserves of its consolidated subsidiaries as well as its proportionate share of the proved reserves of equity affiliates.

Table of Contents**Changes in oil, bitumen and gas reserves****Proved developed and undeveloped reserves**

(in million barrels of oil equivalent)	Consolidated subsidiaries					Total
	Europe	Africa	Americas	Middle East	Asia	
Balance as of December 31, 2009	1,665	3,466	1,090	544	1,166	7,931
Revisions of previous estimates	92	200	82	(10)	1	365
Extensions, discoveries and other	182		18	96	30	326
Acquisitions of reserves in place	23		425		9	457
Sales of reserves in place	(45)	(26)	(5)		(8)	(84)
Production for the year	(211)	(269)	(70)	(56)	(99)	(705)
Balance as of December 31, 2010	1,706	3,371	1,540	574	1,099	8,290
Revisions of previous estimates	117	(61)	(36)	(68)	(19)	(67)
Extensions, discoveries and other	57	6			588	651
Acquisitions of reserves in place	44		309		2	355
Sales of reserves in place		(65)				(65)
Production for the year	(187)	(237)	(75)	(56)	(93)	(648)
Balance as of December 31, 2011	1,737	3,014	1,738	450	1,577	8,516
Revisions of previous estimates	64	65	7	(23)	15	128
Extensions, discoveries and other	67	173	110	29	43	422
Acquisitions of reserves in place	32					32
Sales of reserves in place	(38)	(71)	(8)			(117)
Production for the year	(156)	(261)	(77)	(34)	(90)	(618)
Balance as of December 31, 2012	1,706	2,920	1,770	422	1,545	8,363
Minority interest in proved developed and undeveloped reserves as of						
December 31, 2010	26	100				126
December 31, 2011		98				98
December 31, 2012		99				99

Proved developed and undeveloped reserves

(in million barrels of oil equivalent)	Equity affiliates					Total
	Europe	Africa	Americas	Middle East	Asia	
Balance as of December 31, 2009		100	502	1,950		2,552
Revisions of previous estimates		14	4	(2)		16
Extensions, discoveries and other						
Acquisitions of reserves in place						
Sales of reserves in place						
Production for the year		(7)	(20)	(136)		(163)
Balance as of December 31, 2010		107	486	1,812		2,405
Revisions of previous estimates		(1)	(8)	(20)		(29)
Extensions, discoveries and other						
Acquisitions of reserves in place					779	779
Sales of reserves in place		(24)	(4)	(11)		(39)
Production for the year		(4)	(18)	(152)	(35)	(209)
Balance as of December 31, 2011		78	456	1,629	744	2,907
Revisions of previous estimates		2	(39)	5	78	46
Extensions, discoveries and other					158	158
Acquisitions of reserves in place					118	118
Sales of reserves in place						
Production for the year			(15)	(146)	(63)	(224)
Balance as of December 31, 2012		80	402	1,488	1,035	3,005

Table of Contents

(in million barrels of oil equivalent)	Consolidated subsidiaries and equity affiliates					
	Europe	Africa	Americas	Middle East	Asia	Total
As of December 31, 2010						
Proved developed and undeveloped reserves	1,706	3,478	2,026	2,386	1,099	10,695
Consolidated subsidiaries	1,706	3,371	1,540	574	1,099	8,290
Equity affiliates		107	486	1,812		2,405
Proved developed reserves	962	1,692	638	2,055	361	5,708
Consolidated subsidiaries	962	1,666	505	427	361	3,921
Equity affiliates		26	133	1,628		1,787
Proved undeveloped reserves	744	1,786	1,388	331	738	4,987
Consolidated subsidiaries	744	1,705	1,035	147	738	4,369
Equity affiliates		81	353	184		618
As of December 31, 2011						
Proved developed and undeveloped reserves	1,737	3,092	2,194	2,079	2,321	11,423
Consolidated subsidiaries	1,737	3,014	1,738	450	1,577	8,516
Equity affiliates		78	456	1,629	744	2,907
Proved developed reserves	894	1,660	647	1,869	976	6,046
Consolidated subsidiaries	894	1,639	524	371	321	3,749
Equity affiliates		21	123	1,498	655	2,297
Proved undeveloped reserves	843	1,432	1,547	210	1,345	5,377
Consolidated subsidiaries	843	1,375	1,214	79	1,256	4,767
Equity affiliates		57	333	131	89	610
As of December 31, 2012						
Proved developed and undeveloped reserves	1,706	3,000	2,172	1,910	2,580	11,368
Consolidated subsidiaries	1,706	2,920	1,770	422	1,545	8,363
Equity affiliates		80	402	1,488	1,035	3,005
Proved developed reserves	827	1,584	616	1,718	1,044	5,789
Consolidated subsidiaries	827	1,563	475	349	313	3,527
Equity affiliates		21	141	1,369	731	2,262
Proved undeveloped reserves	879	1,416	1,556	192	1,536	5,579
Consolidated subsidiaries	879	1,357	1,295	73	1,232	4,836
Equity affiliates		59	261	119	304	743

Table of Contents**Changes in oil reserves**

The oil reserves include crude oil, condensates and natural gas liquids reserves.

Proved developed and undeveloped reserves

(in million barrels)	Consolidated subsidiaries					Total
	Europe	Africa	Americas	Middle East	Asia	
Balance as of December 31, 2009	733	2,460	88	188	572	4,041
Revisions of previous estimates	46	131	7	(2)		182
Extensions, discoveries and other	146		2	82	4	234
Acquisitions of reserves in place	2					2
Sales of reserves in place	(37)	(23)	(2)		(7)	(69)
Production for the year	(98)	(218)	(16)	(29)	(15)	(376)
Balance as of December 31, 2010	792	2,350	79	239	554	4,014
Revisions of previous estimates	49	(19)	9	(33)	(24)	(18)
Extensions, discoveries and other	17	6			58	81
Acquisitions of reserves in place	42					42
Sales of reserves in place		(57)				(57)
Production for the year	(88)	(185)	(15)	(25)	(15)	(328)
Balance as of December 31, 2011	812	2,095	73	181	573	3,734
Revisions of previous estimates	20	61	10	2	10	103
Extensions, discoveries and other	27	148	8	28	6	217
Acquisitions of reserves in place	7					7
Sales of reserves in place	(32)	(45)	(2)			(79)
Production for the year	(72)	(210)	(12)	(21)	(14)	(329)
Balance as of December 31, 2012	762	2,049	77	190	575	3,653

Minority interest in proved developed and undeveloped reserves as of

December 31, 2010	11	89				100
December 31, 2011		88				88
December 31, 2012		87				87

Proved developed and undeveloped reserves

(in million barrels)	Equity affiliates					Total
	Europe	Africa	Americas	Middle East	Asia	
Balance as of December 31, 2009		37	485	761		1,283
Revisions of previous estimates		4	4	3		11
Extensions, discoveries and other						
Acquisitions of reserves in place						
Sales of reserves in place						
Production for the year		(7)	(19)	(84)		(110)
Balance as of December 31, 2010		34	470	680		1,184
Revisions of previous estimates		2	(6)	(12)		(16)
Extensions, discoveries and other						
Acquisitions of reserves in place					51	51
Sales of reserves in place		(22)	(4)	(12)		(38)
Production for the year		(4)	(17)	(91)	(3)	(115)
Balance as of December 31, 2011		10	443	565	48	1,066
Revisions of previous estimates		5	(40)	5	9	(21)
Extensions, discoveries and other					51	51
Acquisitions of reserves in place					11	11
Sales of reserves in place						
Production for the year			(15)	(93)	(5)	(113)
Balance as of December 31, 2012		15	388	477	114	994

Table of Contents

(in million barrels)	Consolidated subsidiaries and equity affiliates					
	Europe	Africa	Americas	Middle East	Asia	Total
As of December 31, 2010						
Proved developed and undeveloped reserves	792	2,384	549	919	554	5,198
Consolidated subsidiaries	792	2,350	79	239	554	4,014
Equity affiliates		34	470	680		1,184
Proved developed reserves	394	1,250	180	662	58	2,544
Consolidated subsidiaries	394	1,226	53	151	58	1,882
Equity affiliates		24	127	511		662
Proved undeveloped reserves	398	1,134	369	257	496	2,654
Consolidated subsidiaries	398	1,124	26	88	496	2,132
Equity affiliates		10	343	169		522
As of December 31, 2011						
Proved developed and undeveloped reserves	812	2,105	516	746	621	4,800
Consolidated subsidiaries	812	2,095	73	181	573	3,734
Equity affiliates		10	443	565	48	1,066
Proved developed reserves	351	1,206	165	565	91	2,378
Consolidated subsidiaries	351	1,202	48	116	50	1,767
Equity affiliates		4	117	449	41	611
Proved undeveloped reserves	461	899	351	181	530	2,422
Consolidated subsidiaries	461	893	25	65	523	1,967
Equity affiliates		6	326	116	7	455
As of December 31, 2012						
Proved developed and undeveloped reserves	761	2,065	465	667	689	4,647
Consolidated subsidiaries	761	2,050	77	190	575	3,653
Equity affiliates		15	388	477	114	994
Proved developed reserves	289	1,145	179	506	110	2,229
Consolidated subsidiaries	289	1,139	44	133	55	1,660
Equity affiliates		6	135	373	55	569
Proved undeveloped reserves	472	920	286	161	579	2,418
Consolidated subsidiaries	472	911	33	57	520	1,993
Equity affiliates		9	253	104	59	425

Table of Contents**Changes in bitumen reserves****Proved developed and undeveloped reserves**

(in million barrels)	Consolidated subsidiaries					Total
	Europe	Africa	Americas	Middle East	Asia	
Balance as of December 31, 2009			365			365
Revisions of previous estimates			3			3
Extensions, discoveries and other						
Acquisitions of reserves in place			425			425
Sales of reserves in place						
Production for the year			(4)			(4)
Balance as of December 31, 2010			789			789
Revisions of previous estimates			(109)			(109)
Extensions, discoveries and other						
Acquisitions of reserves in place			308			308
Sales of reserves in place						
Production for the year			(4)			(4)
Balance as of December 31, 2011			984			984
Revisions of previous estimates			43			43
Extensions, discoveries and other			15			15
Acquisitions of reserves in place						
Sales of reserves in place						
Production for the year			(4)			(4)
Balance as of December 31, 2012			1,038			1,038
Proved developed reserves as of						
December 31, 2010			18			18
December 31, 2011			21			21
December 31, 2012			18			18
Proved undeveloped reserves as of						
December 31, 2010			771			771
December 31, 2011			963			963
December 31, 2012			1,020			1,020

There are no bitumen reserves for equity affiliates.

There are no minority interests for bitumen reserves.

Table of Contents**Changes in gas reserves****Proved developed and undeveloped reserves**

(in billion cubic feet)	Consolidated subsidiaries					Total
	Europe	Africa	Americas	Middle East	Asia	
Balance as of December 31, 2009	5,047	5,246	3,597	2,028	3,466	19,384
Revisions of previous estimates	271	346	415	(80)	15	967
Extensions, discoveries and other	193		88	70	138	489
Acquisitions of reserves in place	111				51	162
Sales of reserves in place	(43)	(20)	(16)		(4)	(83)
Production for the year	(617)	(258)	(278)	(151)	(472)	(1,776)
Balance as of December 31, 2010	4,962	5,314	3,806	1,867	3,194	19,143
Revisions of previous estimates	358	(216)	367	(180)	1	330
Extensions, discoveries and other	211				2,824	3,035
Acquisitions of reserves in place	11		7		13	31
Sales of reserves in place		(46)				(46)
Production for the year	(528)	(259)	(317)	(169)	(445)	(1,718)
Balance as of December 31, 2011	5,014	4,793	3,863	1,518	5,587	20,775
Revisions of previous estimates	268	31	(278)	(132)	15	(96)
Extensions, discoveries and other	216	127	478	6	195	1,022
Acquisitions of reserves in place	138					138
Sales of reserves in place	(30)	(173)	(35)			(238)
Production for the year	(462)	(257)	(337)	(75)	(433)	(1,564)
Balance as of December 31, 2012	5,144	4,521	3,691	1,317	5,364	20,037
Minority interest in proved developed and undeveloped reserves as of						
December 31, 2010	83	67				150
December 31, 2011		62				62
December 31, 2012		57				57

Proved developed and undeveloped reserves

(in billion cubic feet)	Equity affiliates					Total
	Europe	Africa	Americas	Middle East	Asia	
Balance as of December 31, 2009		341	95	6,498		6,934
Revisions of previous estimates		50	(2)	(52)		(4)
Extensions, discoveries and other						
Acquisitions of reserves in place						
Sales of reserves in place						
Production for the year		(1)	(2)	(282)		(285)
Balance as of December 31, 2010		390	91	6,164		6,645
Revisions of previous estimates		(16)	(10)	(31)		(57)
Extensions, discoveries and other						
Acquisitions of reserves in place					3,865	3,865
Sales of reserves in place		(10)				(10)
Production for the year		(1)	(2)	(331)	(167)	(501)
Balance as of December 31, 2011		363	79	5,802	3,698	9,942
Revisions of previous estimates		(21)	5	(4)	366	346
Extensions, discoveries and other					578	578
Acquisitions of reserves in place					568	568
Sales of reserves in place						
Production for the year		(1)	(2)	(287)	(304)	(594)
Balance as of December 31, 2012		341	82	5,511	4,906	10,840

Table of Contents

(in billion cubic feet)	Consolidated subsidiaries and equity affiliates					
	Europe	Africa	Americas	Middle East	Asia	Total
As of December 31, 2010						
Proved developed and undeveloped reserves	4,962	5,704	3,897	8,031	3,194	25,788
Consolidated subsidiaries	4,962	5,314	3,806	1,867	3,194	19,143
Equity affiliates		390	91	6,164		6,645
Proved developed reserves	3,089	2,240	2,474	7,649	1,790	17,242
Consolidated subsidiaries	3,089	2,229	2,439	1,578	1,790	11,125
Equity affiliates		11	35	6,071		6,117
Proved undeveloped reserves	1,873	3,464	1,423	382	1,404	8,546
Consolidated subsidiaries	1,873	3,085	1,367	289	1,404	8,018
Equity affiliates		379	56	93		528
As of December 31, 2011						
Proved developed and undeveloped reserves	5,014	5,156	3,942	7,320	9,285	30,717
Consolidated subsidiaries	5,014	4,793	3,863	1,518	5,587	20,775
Equity affiliates		363	79	5,802	3,698	9,942
Proved developed reserves	2,943	2,308	2,600	7,170	4,854	19,875
Consolidated subsidiaries	2,943	2,216	2,567	1,450	1,594	10,770
Equity affiliates		92	33	5,720	3,260	9,105
Proved undeveloped reserves	2,071	2,848	1,342	150	4,431	10,842
Consolidated subsidiaries	2,071	2,577	1,296	68	3,993	10,005
Equity affiliates		271	46	82	438	837
As of December 31, 2012						
Proved developed and undeveloped reserves	5,144	4,862	3,773	6,828	10,270	30,877
Consolidated subsidiaries	5,144	4,521	3,691	1,317	5,364	20,037
Equity affiliates		341	82	5,511	4,906	10,840
Proved developed reserves	2,927	2,192	2,356	6,656	5,115	19,246
Consolidated subsidiaries	2,927	2,110	2,316	1,240	1,526	10,119
Equity affiliates		82	40	5,416	3,589	9,127
Proved undeveloped reserves	2,217	2,670	1,417	172	5,155	11,631
Consolidated subsidiaries	2,217	2,411	1,375	77	3,838	9,918
Equity affiliates		259	42	95	1,317	1,713

Table of Contents**RESULTS OF OPERATIONS FOR OIL AND GAS PRODUCING ACTIVITIES**

The following tables do not include revenues and expenses related to oil and gas transportation activities and LNG liquefaction and transportation activities.

(in million euros)	Consolidated subsidiaries					Total
	Europe	Africa	Americas	Middle East	Asia	
2010						
Non-Group sales	2,839	2,639	628	1,038	2,540	9,684
Group sales	5,599	9,894	540	644	683	17,360
Total Revenues	8,438	12,533	1,168	1,682	3,223	27,044
Production costs	(1,281)	(1,187)	(222)	(259)	(279)	(3,228)
Exploration expenses	(266)	(275)	(216)	(8)	(99)	(864)
Depreciation, depletion and amortization and valuation allowances	(1,404)	(1,848)	(368)	(264)	(830)	(4,714)
Other expenses ^(a)	(299)	(1,014)	(218)	(241)	(72)	(1,844)
Pre-tax income from producing activities	5,188	8,209	144	910	1,943	16,394
Income tax	(3,237)	(5,068)	(83)	(402)	(950)	(9,740)
Results of oil and gas producing activities	1,951	3,141	61	508	993	6,654
2011						
Non-Group sales	3,116	3,188	776	1,159	3,201	11,440
Group sales	7,057	11,365	764	737	712	20,635
Total Revenues	10,173	14,553	1,540	1,896	3,913	32,075
Production costs	(1,235)	(1,179)	(250)	(286)	(304)	(3,254)
Exploration expenses	(343)	(323)	(48)	(11)	(294)	(1,019)
Depreciation, depletion and amortization and valuation allowances	(1,336)	(1,845)	(352)	(278)	(791)	(4,602)
Other expenses ^(a)	(307)	(1,181)	(274)	(276)	(95)	(2,133)
Pre-tax income from producing activities	6,952	10,025	616	1,045	2,429	21,067
Income tax	(5,059)	(6,484)	(293)	(465)	(1,302)	(13,603)
Results of oil and gas producing activities	1,893	3,541	323	580	1,127	7,464
2012						
Non-Group sales	1,986	4,388	968	723	3,509	11,574
Group sales	6,857	13,440	639	1,010	790	22,736
Total Revenues	8,843	17,828	1,607	1,733	4,299	34,310
Production costs	(1,318)	(1,442)	(297)	(340)	(395)	(3,792)
Exploration expenses	(483)	(365)	(339)	(18)	(241)	(1,446)
Depreciation, depletion and amortization and valuation allowances	(1,986)	(2,574)	(1,558)	(458)	(938)	(7,514)
Other expenses ^(a)	(326)	(1,356)	(386)	(159)	(128)	(2,355)
Pre-tax income from producing activities	4,730	12,091	(973)	758	2,597	19,203
Income tax	(3,478)	(7,383)	226	(386)	(1,264)	(12,285)
Results of oil and gas producing activities	1,252	4,708	(747)	372	1,333	6,918

^(a) Included production taxes and accretion expense as provided for by IAS 37 (€326 million in 2010 and €338 million in 2011, €391 million in 2012).

Table of Contents

(in million euros)	Equity affiliates					Total
	Europe	Africa	Americas	Middle East	Asia	
2010						
Non-Group sales		148	120	596		864
Group sales		3	565	4,646		5,214
Total Revenues		151	685	5,242		6,078
Production costs		(44)	(53)	(195)	(1)	(293)
Exploration expenses		(7)	(23)			(30)
Depreciation, depletion and amortization and valuation allowances		(44)	(89)	(259)		(392)
Other expenses			(268)	(4,034)		(4,302)
Pre-tax income from producing activities		56	252	754	(1)	1,061
Income tax			(44)	(142)		(186)
Results of oil and gas producing activities		56	208	612	(1)	875
2011						
Non-Group sales		26	15	1,080	256	1,377
Group sales			831	6,804		7,635
Total Revenues		26	846	7,884	256	9,012
Production costs		(7)	(48)	(250)	(28)	(333)
Exploration expenses					(4)	(4)
Depreciation, depletion and amortization and valuation allowances		(7)	(44)	(225)	(109)	(385)
Other expenses			(550)	(6,101)	(36)	(6,687)
Pre-tax income from producing activities		12	204	1,308	79	1,603
Income tax			(95)	(285)	(34)	(414)
Results of oil and gas producing activities		12	109	1,023	45	1,189
2012						
Non-Group sales				1,085	780	1,865
Group sales			1,234	7,850	(323)	8,761
Total Revenues			1,234	8,935	457	10,626
Production costs			(125)	(289)	(88)	(502)
Exploration expenses					(3)	(3)
Depreciation, depletion and amortization and valuation allowances			(60)	(299)	(227)	(586)
Other expenses			(754)	(6,924)	(54)	(7,732)
Pre-tax income from producing activities			295	1,423	85	1,803
Income tax			(63)	(303)	(51)	(417)
Results of oil and gas producing activities			232	1,120	34	1,386

Table of Contents**COST INCURRED**

The following tables set forth the costs incurred in the Group's oil and gas property acquisition, exploration and development activities, including both capitalized and expensed amounts. They do not include costs incurred related to oil and gas transportation and LNG liquefaction and transportation activities.

(in million euros)	Consolidated subsidiaries					Total
	Europe	Africa	Americas	Middle East	Asia	
2010						
Proved property acquisition	162	137	26	139	21	485
Unproved property acquisition	5	124	1,186	8	619	1,942
Exploration costs	361	407	276	17	250	1,311
Development costs ^(a)	1,565	3,105	718	247	2,007	7,642
Total cost incurred	2,093	3,773	2,206	411	2,897	11,380
2011						
Proved property acquisition	298	10	413	2	251	974
Unproved property acquisition	1	397	1,692	3	14	2,107
Exploration costs	505	384	239	17	417	1,562
Development costs ^(a)	2,352	3,895	1,329	329	2,823	10,728
Total cost incurred	3,156	4,686	3,673	351	3,505	15,371
2012						
Proved property acquisition	202	27			12	241
Unproved property acquisition	40	1,362	384	176	26	1,988
Exploration costs	598	578	542	35	340	2,093
Development costs ^(a)	3,183	4,330	1,859	307	3,331	13,010
Total cost incurred	4,023	6,297	2,785	518	3,709	17,332
(in million euros)	Equity affiliates					Total
	Europe	Africa	Americas	Middle East	Asia	
2010						
Proved property acquisition						
Unproved property acquisition						
Exploration costs		4	30	4		38
Development costs ^(a)		20	99	476	73	668
Total cost incurred		24	129	480	73	706
2011						
Proved property acquisition					2,691	2,691
Unproved property acquisition					1,116	1,116
Exploration costs			2			2
Development costs ^(a)		2	106	314	939	1,361
Total cost incurred		2	108	314	4,746	5,170
2012						
Proved property acquisition					238	238
Unproved property acquisition					(22)	(22)
Exploration costs						
Development costs ^(a)			167	380	202	749
Total cost incurred			167	380	418	965

^(a) Including asset retirement costs capitalized during the year and any gains or losses recognized upon settlement of asset retirement obligation during the year.

Table of Contents**CAPITALIZED COSTS RELATED TO OIL AND GAS PRODUCING ACTIVITIES**

The following tables do not include capitalized costs related to oil and gas transportation and LNG liquefaction and transportation activities.

(in million euros)	Consolidated subsidiaries					Total
	Europe	Africa	Americas	Middle East	Asia	
As of December 31, 2010						
Proved properties	31,735	32,494	7,588	5,715	12,750	90,282
Unproved properties	402	1,458	2,142	49	1,433	5,484
Total capitalized costs	32,137	33,952	9,730	5,764	14,183	95,766
Accumulated depreciation, depletion and amortization	(23,006)	(16,716)	(2,302)	(3,849)	(4,092)	(49,965)
Net capitalized costs	9,131	17,236	7,428	1,915	10,091	45,801
As of December 31, 2011						
Proved properties	34,308	37,032	8,812	6,229	17,079	103,460
Unproved properties	460	1,962	4,179	62	911	7,574
Total capitalized costs	34,768	38,994	12,991	6,291	17,990	111,034
Accumulated depreciation, depletion and amortization	(24,047)	(18,642)	(2,294)	(4,274)	(5,066)	(54,323)
Net capitalized costs	10,721	20,352	10,697	2,017	12,924	56,711
As of December 31, 2012						
Proved properties	35,456	40,562	10,108	6,408	20,463	112,997
Unproved properties	543	3,184	4,324	248	612	8,911
Total capitalized costs	35,999	43,746	14,432	6,656	21,075	121,908
Accumulated depreciation, depletion and amortization	(23,660)	(20,364)	(3,219)	(4,648)	(5,872)	(57,763)
Net capitalized costs	12,339	23,382	11,213	2,008	15,203	64,145

(in million euros)	Equity affiliates					Total
	Europe	Africa	Americas	Middle East	Asia	
As of December 31, 2010						
Proved properties		639	887	3,110		4,636
Unproved properties		25	168		138	331
Total capitalized costs		664	1,055	3,110	138	4,967
Accumulated depreciation, depletion and amortization		(462)	(307)	(2,029)		(2,798)
Net capitalized costs		202	748	1,081	138	2,169
As of December 31, 2011						
Proved properties			731	3,496	3,973	8,200
Unproved properties					1,146	1,146
Total capitalized costs			731	3,496	5,119	9,346
Accumulated depreciation, depletion and amortization			(96)	(2,337)	(213)	(2,646)
Net capitalized costs			635	1,159	4,906	6,700
As of December 31, 2012						
Proved properties			1,049	3,637	4,074	8,760
Unproved properties					1,118	1,118
Total capitalized costs			1,049	3,637	5,192	9,878
Accumulated depreciation, depletion and amortization			(177)	(2,540)	(457)	(3,174)
Net capitalized costs			872	1,097	4,735	6,704

Table of Contents

**STANDARDIZED MEASURE OF
DISCOUNTED FUTURE NET CASH FLOWS
(EXCLUDING TRANSPORTATION)**

The standardized measure of discounted future net cash flows relating to proved oil and gas reserve quantities was developed as follows:

estimates of proved reserves and the corresponding production profiles are based on existing technical and economic conditions;

the estimated future cash flows are determined based on prices used in estimating the Group's proved oil and gas reserves;

the future cash flows incorporate estimated production costs (including production taxes), future development costs and asset retirement costs. All cost estimates are based on year-end technical and economic conditions;
future income taxes are computed by applying the year-end statutory tax rate to future net cash flows after consideration of permanent differences and future income tax credits; and

future net cash flows are discounted at a standard discount rate of 10 percent.

These principles applied are those required by ASC 932 and do not reflect the expectations of real revenues from these reserves, nor their present value; hence, they do not constitute criteria for investment decisions. An estimate of the fair value of reserves should also take into account, among other things, the recovery of reserves not presently classified as proved, anticipated future changes in prices and costs and a discount factor more representative of the time value of money and the risks inherent in reserves estimates.

Table of Contents

**CHANGES IN THE STANDARDIZED MEASURE OF DISCOUNTED
FUTURE NET CASH FLOWS**

(in million euros)	Consolidated subsidiaries		
	2010	2011	2012
Beginning of year	25,802	36,033	47,413
Sales and transfers, net of production costs	(22,297)	(27,026)	(28,552)
Net change in sales and transfer prices and in production costs and other expenses	30,390	44,315	7,382
Extensions, discoveries and improved recovery	716	1,680	1,357
Changes in estimated future development costs	(7,245)	(4,798)	(6,503)
Previously estimated development costs incurred during the year	7,896	9,519	11,809
Revisions of previous quantity estimates	5,523	1,288	2,719
Accretion of discount	2,580	3,603	4,741
Net change in income taxes	(6,773)	(16,925)	13,992
Purchases of reserves in place	442	885	299
Sales of reserves in place	(1,001)	(1,161)	(2,553)
End of year	36,033	47,413	52,104

(in million euros)	Equity affiliates		
	2010	2011	2012
Beginning of year	7,295	9,234	11,231
Sales and transfers, net of production costs	(1,583)	(1,991)	(1,885)
Net change in sales and transfer prices and in production costs and other expenses	2,366	3,715	(743)
Extensions, discoveries and improved recovery			(25)
Changes in estimated future development costs	195	(383)	(495)
Previously estimated development costs incurred during the year	651	635	809
Revisions of previous quantity estimates	308	(749)	984
Accretion of discount	730	923	1,123
Net change in income taxes	(728)	(1,341)	1,314
Purchases of reserves in place		1,812	17
Sales of reserves in place		(624)	
End of year	9,234	11,231	12,330

Table of Contents**OTHER INFORMATION****Net gas production, production prices and production costs**

	Consolidated subsidiaries					Total
	Europe	Africa	Americas	Middle East	Asia	
2010						
Natural gas production available for sale (Mcf/d) ^(a)	1,603	608	732	375	1,234	4,552
Production prices ^(b)						
Oil (€/b)	55.70	56.18	45.28	55.83	52.33	55.39
Bitumen (€/b)			33.19			33.19
Natural gas (€/kcf)	5.17	1.55	1.83	0.63	5.67	3.94
Production costs per unit of production (€/boe [§])						
Total liquids and natural gas	6.23	4.53	3.29	4.82	2.93	4.72
Bitumen			17.49			17.49
	Equity affiliates					Total
	Europe	Africa	Americas	Middle East	Asia	
2010						
Natural gas production available for sale (Mcf/d) ^(a)				650		650
Production prices ^(b)						
Oil (€/b)		53.96	43.81	57.03		54.95
Bitumen (€/b)						
Natural gas (€/kcf)				2.30		2.30
Production costs per unit of production (€/boe [§])						
Total liquids and natural gas		6.31	2.76	1.54		1.91
Bitumen						
	Consolidated subsidiaries					Total
	Europe	Africa	Americas	Middle East	Asia	
2011						
Natural gas production available for sale (Mcf/d) ^(a)	1,350	607	839	424	1,162	4,382
Production prices ^(b)						
Oil (€/b)	74.24	74.72	55.13	73.73	68.76	73.34
Bitumen (€/b)			31.36			31.36
Natural gas (€/kcf)	6.58	1.81	2.06	0.54	7.45	4.72
Production costs per unit of production (€/boe [§])						
Total liquids and natural gas	6.86	5.14	3.41	5.36	3.40	5.20
Bitumen			20.70			20.70
	Equity affiliates					Total
	Europe	Africa	Americas	Middle East	Asia	
2011						
Natural gas production available for sale (Mcf/d) ^(a)				891	457	1,348
Production prices ^(b)						
Oil (€/b)		66.21	61.15	77.07	30.75	73.61
Bitumen (€/b)						
Natural gas (€/kcf)				1.29	0.95	1.23
Production costs per unit of production (€/boe [§])						
Total liquids and natural gas		1.99	2.75	1.66	0.79	1.61
Bitumen						

Table of Contents

	Consolidated subsidiaries					Total
	Europe	Africa	Americas	Middle East	Asia	
2012						
Natural gas production available for sale (Mcf/d) ^(a)	1,167	593	901	171	1,123	3,955
Production prices ^(b)						
Oil (€/b)	79.82	82.65	61.85	81.05	75.49	80.84
Bitumen (€/b)			35.27			35.27
Natural gas (€/kcf)	7.10	2.19	2.23	0.90	8.35	5.31
Production costs per unit of production (€/boe ^(c))						
Total liquids and natural gas	8.78	5.69	3.92	10.76	4.61	6.36
Bitumen			24.00			24.00
	Equity affiliates					Total
	Europe	Africa	Americas	Middle East	Asia	
2012						
Natural gas production available for sale (Mcf/d) ^(a)				769	814	1,583
Production prices ^(b)						
Oil (€/b)			105.12	83.26	28.27	83.27
Bitumen (€/b)						
Natural gas (€/kcf)				1.35	0.95	1.23
Production costs per unit of production (€/boe ^(c))						
Total liquids and natural gas			8.84	1.98	1.44	2.27
Bitumen						

^(a) The reported volumes are different from those shown in the reserves table due to gas consumed in operations.

^(b) The volumes used for calculation of the average sales prices are the ones sold from the Group's own production.

^(c) The volumes of liquids used for this computation are shown in the proved reserves tables of this report. The reported volumes for natural gas are different from those shown in the reserves table due to gas consumed in operations.