TOTAL SA
Form 20-F
March 26, 2012
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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

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2011

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

(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.

2, place Jean Millier

La Défense 6

92400 Courbevoie

France

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

Fax: +33 (0)1 47 44 49 44

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

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.

2,363,767,313 Shares, par value 2.50 each, as of December 31, 2011

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ 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 þ

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 þ 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 þ	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:

U.S. GAAP ¨	International Financial Reporting Standards as issued by the International Accounting Standards Board þ	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 þ

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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, 2011.

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, 2011. 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 Web site at http://www.sec.gov and from certain commercial document retrieval services. See also Item 10. Additional Information Documents on Display .

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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, natural gas liquids (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 natural gas liquids (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 and natural gas liquids (NGL).
LNG	Liquefied natural gas.

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
NGL	Natural gas liquids consist of condensates and LPG.
oil and gas	Generic term which includes all hydrocarbons (*e.g.*, crude oil, natural gas liquids (NGL), bitumen and natural gas).
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, 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	k	thousand
cf	cubic feet	M	million
boe	barrel of oil equivalent	B	billion
t	metric ton	W	watt
m^3	cubic meter	GWh	gigawatt-hour
/d	per day	TWh	terawatt-hour
/y	per year	Wp	watt peak
		Btu	British thermal unit

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CONVERSION TABLE

1 acre	= 0.405 hectares	
1 b	= 42 U.S. gallons	
1 boe	= 1 b of crude oil	= 5,447 cf of gas in 2011[(a)]
		= 5,478 cf of gas in 2010
		= 5,490 cf of gas in 2009
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.

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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 .

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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, 2011, 2010, 2009, 2008 and 2007. 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.

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SELECTED CONSOLIDATED FINANCIAL DATA

(M , except share and per share data)	2011	2010	2009	2008	2007
INCOME STATEMENT DATA					
Revenues from sales	166,550	140,476	112,153	160,331	136,824
Net income, Group share	12,276	10,571	8,447	10,590	13,181
Earnings per share	5.46	4.73	3.79	4.74	5.84
Fully diluted earnings per share	5.44	4.71	3.78	4.71	5.80
CASH FLOW STATEMENT DATA					
Cash flow from operating activities	19,536	18,493	12,360	18,669	17,686
Total expenditures	24,541	16,273	13,349	13,640	11,722
BALANCE SHEET DATA					
Total assets	164,049	143,718	127,753	118,310	113,541
Non-current financial debt	22,557	20,783	19,437	16,191	14,876
Non-controlling interests	1,352	857	987	958	842
Shareholders equity Group share	68,037	60,414	52,552	48,992	44,858
Common shares	5,909	5,874	5,871	5,930	5,989
DIVIDENDS					
Dividend per share (euros)	2.28(a)	2.28	2.28	2.28	2.07
Dividend per share (dollars)	$3.10(a)(b)	$3.15	$3.08	$3.01	$3.14
COMMON SHARES(c)					
Average number outstanding of common shares 2.50 par value (shares undiluted)	2,247,479,529	2,234,829,043	2,230,599,211	2,234,856,551	2,255,294,231
Average number outstanding of common shares 2.50 par value (shares diluted)	2,256,951,403	2,244,494,576	2,237,292,199	2,246,658,542	2,274,384,984

(a) Subject to approval by the shareholders meeting on May 11, 2012.

(b) Estimated dividend in dollars includes the first quarterly interim dividend of $0.763 paid in September 2011 and the second quarterly interim dividend of $0.742 paid in December 2011, as well as the third quarterly interim dividend of 0.57 payable in March 2012 (ADR-related payment in April 2012) and the proposed final dividend of 0.57 payable in June 2012 (ADR-related payment in July 2012), both converted at a rate of $1.40/ .

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

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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.[1] 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
2007	1.3705
2008	1.4708
2009	1.3948
2010	1.3257
2011	1.3920

The table below shows the high and low dollar/euro exchange rates for the three months ended December 31, 2011, and for the first three months of 2012, 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
October 2011	1.4160	1.3181
November 2011	1.3809	1.3229
December 2011	1.3511	1.2889
January 2012	1.3176	1.2669
February 2012	1.3454	1.2982
March 2012[a]	1.3312	1.3057

(a) Through March 22, 2012.

The ECB reference exchange rate on March 22, 2012, for the dollar against the euro was $1.3167/ .

(1) For the period 2007 2011, 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: 2007 1.38; 2008 1.47; 2009 1.40; 2010 1.32; and 2011 1.40.

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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 .

A substantial or extended decline in oil or natural gas prices would have a material adverse effect on our results of operations.

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 alternative fuels which affect our realized prices under our long-term gas sales contracts;
- governmental regulations and actions;
- global economic and financial market conditions;
- war or other conflicts;
- cost and availability of new technology;
- 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 2012, 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 0.11 billion (calculated with a base case exchange rate of $1.40 per 1.00). 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 reviews for impairment of the Group s oil and natural gas properties and could impact reserves. Such reviews would reflect management s view of long-term oil and natural gas prices and could result in a charge for impairment that could have a significant effect on our results of operations 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, causing us to cancel or postpone capital expansion projects, and may reduce liquidity, thereby potentially decreasing our ability to finance capital expenditures. If we are unable to follow through with capital expansion 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 sharp 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 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 which we extract from underground reserves developed as part of our Upstream business. In order for this business 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 acquire and develop new reserves successfully is uncertain and can be negatively affected by a number of factors, including:

- unexpected drilling conditions, including pressure or irregularities in geological formations;
- the risk of dry holes or failure to find commercial quantities of hydrocarbons;
- equipment failures, fires, blow-outs or accidents;
- our inability to develop new technologies that permit access to previously inaccessible fields;

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- adverse weather conditions;
- compliance with both anticipated and unanticipated governmental requirements;
- 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 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. 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 reserve 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 which are beyond our control and which 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 that we are entitled to 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.

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 occurs in unstable regions around the world, most significantly Africa, but also the Middle East, Asia-Pacific and South America. Approximately 28%, 24%, 10% and 8%, respectively, of our 2011 combined liquids and gas production came from these four regions. In recent years, a number of the countries in these regions have experienced varying degrees of one or more of the following: economic instability, political volatility, civil war, violent conflict and social unrest. In Africa, certain of the countries in which we have production have recently suffered from some of these conditions, including Nigeria, where we had in 2011 our second highest hydrocarbon production, and Libya.

The Middle East in general has recently suffered increased political volatility in connection with violent conflict and social unrest. A number of countries in South America where we have production and other facilities, including Argentina, Bolivia and Venezuela, have suffered from political or economic instability and social unrest and related

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problems. In Asia-Pacific, Indonesia has suffered some of these conditions. Any of these conditions alone or in combination could disrupt our operations in any of these regions, causing substantial declines in production. 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.

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

TOTAL engages 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 chemical and specialty products, and involve a wide range of operational risks. Among these risks are those of explosions, fires, accidents, equipment failures or leakage of toxic products or emissions or discharges into the air, water or soil, including related environmental 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 pipelines, maritime, river-maritime, rail, road), the volumes involved, and the sensitivity of the regions through which the transport passes (quality of infrastructure, population density, environmental considerations). 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.

Certain branches or activities face specific additional risks. In Exploration & Production, we face risks related to the physical characteristics of our oil or gas fields. These include the risks of eruptions of oil or of gas, discovery of hydrocarbon pockets with abnormal pressure, crumbling of well openings, leaks that can harm the environment and risks of fire or explosion. These events may cause injury or death, damage or destroy oil or gas wells as well as equipment and other property, lead to a disruption of activity or cause environmental damage. In addition, since exploration and production activities may take place on sites that are ecologically sensitive (for example, in tropical forests or in a 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 TOTAL is not the operator, the Group may have reduced influence and control over third parties, which may limit its ability to manage and control these risks. TOTAL s activities in the Refining & Chemicals and Supply & Marketing segments also entail additional health, safety and environmental risks related to the overall life cycle of the products manufactured, as well as raw materials used in the manufacturing process, such as catalysts, additives and monomer feedstocks. 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.

Contractual terms may provide for indemnification obligations, either by TOTAL in favor of third-parties or by third-parties for TOTAL s benefit, if, notably, an event occurs leading to personal injury, death, property damage or discharge of hazardous materials into the environment. With respect to joint ventures the assets of which are operated by TOTAL, contractual terms generally provide that TOTAL assumes liability for damages caused by its gross negligence or willful misconduct. With respect to joint ventures in which TOTAL has an interest but that 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 any type of joint venture 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 liabilities assumed by the third party depends on the context and may be limited by contract. With respect to the Group s customers, TOTAL seeks to ensure that its products meet applicable specifications and that TOTAL abides 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 our results of operations, financial condition and reputation.

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

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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 jurisdictions around the world 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 injuries, loss of life or environmental damage and could result in regulatory action, legal liability and damage to our reputation.

We incur, and expect to continue to incur, substantial capital and operating expenditures to comply with increasingly complex laws and regulations covering the protection of the natural environment and the promotion of worker health and safety, including:

- costs 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; and
- costs in connection with the decommissioning of drilling platforms and other facilities.

If our established financial reserves prove inadequate, environmental costs could have a material effect on our results of operations and our financial position. Furthermore, in the countries where we operate or expect to operate in the near future, new laws and regulations, the imposition of tougher license requirements, increasingly strict enforcement or new interpretations of existing laws and regulations or the discovery of previously unknown contamination may also cause us to incur material 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 any new laws and regulations or other factors, we may also have 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.

Regulatory measures designed to address climate change and physical effects attributed to climate change may adversely affect our businesses.

Growing public concerns in the EU and globally that rising greenhouse gas emissions and climate change may significantly affect the environment and society could adversely affect our businesses, including by the addition of stricter regulations that increase our operating costs, affect product sales and reduce profitability. Furthermore, 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.

Our operations throughout the developing world are subject to intervention by various governments, which could have an adverse effect on our results of operations.

We have significant exploration and production, 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

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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;
- the imposition of specific drilling obligations;
- price and/or production quota controls;
- 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 establishment of production and export limits;
- 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 to decrease, potentially having a material adverse effect on our results of operations, including profits.

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.

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. Ethical misconduct or non-compliance with applicable laws and regulations, including non-compliance with anti-bribery, anticorruption and other applicable laws, could expose TOTAL and our employees to criminal and civil penalties

and could be damaging to our reputation and shareholder value.

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.

We have activities in certain countries which are subject to U.S. and EU sanctions and our activities in Iran and Syria could lead to sanctions under relevant U.S. and EU legislation.

The United States and the European Union (EU) have adopted legal restrictions with respect to certain activities in Cuba, Iran, Sudan and Syria, and the U.S. Department of State has identified these countries as state sponsors of terrorism. We currently have investments in Iran and, to a lesser extent, Syria and Cuba.

With respect to Iran, the United States adopted legislation in 1996 implementing sanctions against non-U.S. companies doing business in Iran and Libya (the Iran and Libya Sanctions Act, referred to as ILSA), which in 2006 was amended to concern only business in Iran (then renamed the Iran Sanctions Act, referred to as ISA).

Pursuant to this statute, the President of the United States is authorized to initiate an investigation into the activities of non-U.S. companies in Iran and the possible imposition of sanctions (from a list that includes denial of financing by the U.S. Export-Import Bank, limitations on the amount of loans or credits available from U.S. financial institutions and prohibition of U.S. federal procurements from sanctioned persons) 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 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 TOTAL s other activities in Iran, although TOTAL has not been notified of any related sanctions.

In November 1996, the Council of the European Union adopted regulations which prohibit TOTAL from complying with any requirement or prohibition based on or resulting

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directly or indirectly from certain enumerated legislation, including ILSA (now ISA). It also prohibits TOTAL from having its waiver for South Pars extended to other activities.

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. In 2011, TOTAL 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 the scope of ISA and restricted the President s ability to grant waivers. In addition to sanctionable investments in Iran s petroleum sector, parties may now be sanctioned for any transaction exceeding $1 million or series of transactions exceeding $5 million in any 12-month period for knowingly providing to Iran refined petroleum products, and for knowingly providing to Iran goods, services, technology, information or support that could directly and significantly either (i) facilitate the maintenance or expansion of Iran s domestic production of refined petroleum products, or (ii) contribute to the enhancement of Iran s ability to import refined petroleum products. The sanctions to be imposed against violating parties generally prohibit transactions in foreign exchange by the sanctioned party, prohibit any transfers of credit or payments between, by, through or to any financial institution to the extent that such transfers or payments involve any interest of the sanctioned party, and require blocking of any property of the sanctioned party that is subject to the jurisdiction of the United States. 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 prohibited sales under ISA, as amended by CISADA, of refined 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.

On November 21, 2011, President Obama issued Executive Order 13590, which authorized sanctions that are similar to those available under ISA for knowingly, on or after November 21, 2011, selling, leasing, or providing to Iran goods, services, technology, or support that (i) has a fair market value of $1 million or more or that, during a 12-month period, has an aggregate fair market value of $5 million or more, and that could directly and significantly contribute to the maintenance or enhancement of Iran s ability to develop petroleum resources located in Iran, or (ii) has a fair market value of $250,000 or more or that, during a 12-month period, has an aggregate fair market value of $1 million or more, and that could directly and significantly contribute to the maintenance or expansion of Iran s domestic production of petrochemical products. TOTAL does not conduct activities in Iran that could be sanctionable under Executive Order 13590, and there is no provision in Executive Order 13590 that modifies the aforementioned Special Rule . In addition, the U.S. State Department has published guidance that states the completion of existing contracts is not sanctionable under Executive Order 13590.

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 an Iranian individual or entity shall require a prior authorization of the competent authorities of the EU Member States.

On January 23, 2012, the Council of the European Union prohibited the purchase, import and transport of Iranian oil

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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.

TOTAL continues to closely monitor legislative and other developments in France, the EU and the United States in order to determine whether its limited activities in Iran, Syria and other sanctioned or potentially sanctioned jurisdictions could subject it to the application of sanctions. The Group cannot assure that current or future regulations or developments will not have a negative impact on its business or reputation.

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 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. TOTAL 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 broad and comprehensive economic sanctions programs, as well as sanctions that are based on the United Nations Security Council resolutions referred to above and that target individuals engaged in terrorism or weapons proliferation in Iran, using the blocking of assets and trade restrictions. 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, Myanmar (Burma), Sudan and Syria. TOTAL does not believe that these sanctions are applicable to any of its activities in the OFAC-targeted countries and, since the independence of the Republic of South Sudan on July 9, 2011, TOTAL is no longer present in Sudan.

On December 8, 2011, OFAC amended the Sudanese Sanctions Regulations with the publication of two general licenses that authorize all activities and transactions relating to the petroleum and petrochemical industries in the Republic of South Sudan and related financial transactions, and the transshipment of goods, technology and services through Sudan to or from the Republic of South Sudan and related financial transactions.

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 or Sudan, 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. CISADA supports these state legislative initiatives. If TOTAL s operations in Iran were determined to fall within the prohibited scope of these laws, and TOTAL 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.

For more information on TOTAL s presence in Cuba, Iran, Sudan and Syria, see Item 4. Other Matters Business Activities in Cuba, Iran, Sudan and Syria .

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

(1) Based on market capitalization (in dollars) as of December 31, 2011.

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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).

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.

BUSINESS OVERVIEW

TOTAL s worldwide operations in 2011 were conducted through three business segments: Upstream, Downstream, and Chemicals. 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
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**
2009						
Non-Group sales[(a)]	32,437	60,140	9,515	9,808	19,427	**131,327**
Property, plant and equipment, intangible assets, net	6,973	15,218	8,112	17,312	11,489	**59,104**
Capital expenditures	1,189	2,502	1,739	4,651	3,268	**13,349**

(a) Non-Group sales from continuing operations.

UPSTREAM

TOTAL s Upstream segment includes the Exploration & Production and Gas & Power divisions. The Group has exploration and production activities in more than forty countries and produces oil or gas in approximately thirty countries. The Group s Gas & Power division 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.

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 76% of the 2,037 Mboe added to the Upstream segment s proved reserves during the three-year period ended December 31,

2011 (before deducting production and sales of reserves in place and adding any acquisitions of reserves in place during this period). The remaining 24% comes from revisions of previous estimates. The level of revisions during this three year period was significantly impacted by the effect of successive increases of the reference oil price (from $36.55/b at the end of 2008 to $110.96/b in 2011 for Brent crude) which induced a substantial negative revision.

In 2011, the exploration investments of consolidated subsidiaries amounted to 1,629 million (including exploration bonuses included in the unproved property acquisition costs). Exploration investments were made primarily 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). The main exploration investments were made in Angola, Norway, Brazil, the United Kingdom, the United States, Indonesia, Nigeria and Brunei. In 2009, exploration investments of consolidated subsidiaries amounted to 1,486 million (including exploration bonuses included in the unproved property acquisition costs) notably in the United States, Angola, the United Kingdom, Norway, Libya, Nigeria and the Republic of the Congo.

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, primarily in Angola, Nigeria, Kazakhstan, Norway, Indonesia, the Republic of the Congo, the United Kingdom, the United States, Canada, Thailand, Gabon and Australia. In 2009, development investments amounted to nearly 8 billion, predominantly in Angola, Nigeria, Norway, Kazakhstan, Indonesia, the Republic of the Congo, the United Kingdom, the United States, Gabon, Canada, Thailand, Russia and Qatar.

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, 2011, 2010 and 2009, 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 2011, 2010 and 2009 were, respectively, $110.96/b, $79.02/b and $59.91/b for Brent crude.

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, 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, 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

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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 Indonesia and Kazakhstan).

As of December 31, 2009, TOTAL s combined proved reserves of oil and gas were 10,483 Mboe (56% of which were proved developed reserves). Liquids (crude oil, natural gas liquids and bitumen) represented approximately 54% of these reserves and natural gas the remaining 46%. 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 Oman, 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 26% of TOTAL s reserves as of December 31, 2011). 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.

Production

For the full year 2011, average daily oil and gas production was 2,346 kboe/d compared to 2,378 kboe/d in 2010.

Liquids accounted for approximately 52% and natural gas accounted for approximately 48% of TOTAL s combined liquids and natural gas production in 2011.

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 region on the following pages for a description of TOTAL s producing assets.

As in 2010 and 2009, substantially all of the liquids production from TOTAL s Upstream segment in 2011 was marketed by the Trading & Shipping division of TOTAL s Downstream segment. See the table Business Overview Trading & Shipping Trading division s supply and sales of crude oil .

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 2012-2014 to be 4,051 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) .

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PRODUCTION BY REGION

	2011			2010			2009		
	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	**517**	**715**	**659**	**616**	**712**	**756**	**632**	**599**	**749**
Algeria	16	94	33	25	87	41	47	143	74
Angola	128	39	135	157	34	163	186	33	191
Cameroon	2	1	3	9	2	9	12	2	12
Gabon	55	17	58	63	20	67	67	20	71
Libya	20		20	55		55	60		60
Nigeria	179	534	287	192	542	301	159	374	235
The Congo, Republic of	117	30	123	115	27	120	101	27	106
North America	**27**	**227**	**67**	**30**	**199**	**65**	**20**	**22**	**24**
Canada[(a)]	11		11	10		10	8		8
United States	16	227	56	20	199	55	12	22	16
South America	**71**	**648**	**188**	**76**	**569**	**179**	**80**	**564**	**182**
Argentina	14	397	86	14	381	83	15	364	80
Bolivia	3	118	25	3	94	20	3	91	20
Colombia	5	27	11	11	34	18	13	45	23
Trinidad & Tobago	4	47	12	3	2	3	5	2	5
Venezuela	45	59	54	45	58	55	44	62	54
Asia-Pacific	**27**	**1,160**	**231**	**28**	**1,237**	**248**	**33**	**1,228**	**251**
Australia		25	4		6	1			
Brunei	2	56	13	2	59	14	2	49	12
Indonesia	18	757	158	19	855	178	25	898	190
Myanmar		119	15		114	14		103	13
Thailand	7	203	41	7	203	41	6	178	36
CIS	**22**	**525**	**119**	**13**	**56**	**23**	**14**	**52**	**24**
Azerbaijan	4	57	14	3	54	13	3	50	12
Russia	18	468	105	10	2	10	11	2	12
Europe	**245**	**1,453**	**512**	**269**	**1,690**	**580**	**295**	**1,734**	**613**
France	5	69	18	5	85	21	5	100	24
The Netherlands	1	214	38	1	234	42	1	254	45
Norway	172	619	287	183	683	310	199	691	327
United Kingdom	67	551	169	80	688	207	90	689	217
Middle East	**317**	**1,370**	**570**	**308**	**1,185**	**527**	**307**	**724**	**438**
United Arab Emirates	226	72	240	207	76	222	201	72	214
Iran				2		2	8		8
Oman	24	62	36	23					