



## Registration Document 2010





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# Registration Document 2010

*This translation is a non binding translation into English of the Chairman and Chief Executive Officer's certification issued in French and is provided solely for the convenience of English-speaking readers.*

"I certify, after having taken all reasonable measures to this purpose and to the best of my knowledge, that the information contained in this *Document de référence* (Registration Document) is in accordance with the facts and makes no omission likely to affect its import.

I certify, to the best of my knowledge, that the statutory and consolidated financial statements of TOTAL S.A. (the Company) have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities, financial position and results of the Company and of all the entities taken as a whole included in the consolidation, and that the *Rapport de gestion* (Management Report) of the Board of Directors included on pages 51 through 61 of this *Document de référence* (Registration Document) presents a fair view of the development and performance of the business and financial position of the Company and of all the entities taken as a whole included in the consolidation, as well as a description of the main risks and uncertainties they are exposed to.

I have received a completion letter from the statutory auditors in which they state that they have audited the information related to the financial situation and the financial statements included in this *Document de référence* (Registration Document), as well as read this *Document de référence* (Registration Document) in its entirety.

The statutory auditors have reviewed the historical financial information contained in this *Document de référence* (Registration Document). The statutory auditors' report on the consolidated financial statements for the year ended December 31, 2010, included on page 172 of this *Document de référence* (Registration Document), and the statutory auditors' report on the consolidated financial statements for the year ended December 31, 2009, included on page 182 of the 2009 *Document de référence* (Registration Document), filed with the French Financial Markets Authority (*Autorité des marchés financiers*) on April 1, 2009, contain remarks included in the pages mentioned above."

## **Christophe de Margerie**

Chairman and Chief Executive Officer



AUTORITÉ  
DES MARCHÉS FINANCIERS

The French language version of this *Document de référence* (Registration Document) was filed with the French Financial Markets Authority (*Autorité des marchés financiers*) on March 28, 2011 pursuant to Article 212-13 of the general regulations of the French Financial Markets Authority. It may be used in connection with a financial operation if supplemented by a prospectus for the operation and a summary, each of which will have received the visa of the French Financial Markets Authority.

In accordance with paragraphs VI and VIII of aforesaid Article 212-13, the French language version of this *Document de référence* (Registration Document) incorporates the Annual Financial Report referred to in paragraph I of Article L. 451-1-2 of the French Monetary and Financial Code.

This document has been drawn up by the issuer and is binding for its signatories.

## Abbreviations

b:	barrel
cf:	cubic feet
/d:	per day
/y:	per year
€:	euro
\$ and/or dollar:	U.S. dollar
t:	metric ton
boe:	barrel of oil equivalent
kboe/d:	thousand boe/d
kb/d:	thousand barrel/d
Btu:	British thermal unit
M:	million
B:	billion
MW:	megawatt
MWp:	megawatt peak
TWh:	terawatt hour
AMF:	French Financial Markets Authority
API:	American Petroleum Institute
ERMI:	<i>European Refining Margin Indicator</i> . ERMI is an indicator intended to represent the margin after variable costs for a hypothetical complex refinery located around Rotterdam in Northern Europe. The indicator margin may not be representative of the actual margins achieved by TOTAL in any period because of TOTAL's particular refinery configurations, product mix effects or other company-specific operating conditions.
FEED:	Front-End Engineering and Design
FPSO:	Floating Production Storage and Offloading
IFRS:	International Financial Reporting Standards
LNG:	liquefied natural gas
LPG:	liquefied petroleum gas
ROE:	Return on Equity
ROACE:	Return on Average Capital Employed
SEC:	United States Securities and Exchange Commission
SAGD:	Steam Assisted Gravity Drainage

## Conversion table

1 boe = 1 barrel of crude oil = approx. 5,478 cf of gas* in 2010.
1 b/d = approx. 50 t/y
1 t = approx. 7.5 b (for a gravity of 37° API)
1 Bm <sup>3</sup> /y = approx. 0.1 Bcf/d
1 m <sup>3</sup> = approx. 35.3 cf
1 t of LNG = approx. 48 kcf of gas
1 Mt/y of LNG = approx. 131 Mcf/d

\* This ratio is calculated based on the actual average equivalent energy content of TOTAL's natural gas reserves and is subject to change.

## Definitions

The terms "TOTAL" and "Group" as used in this Registration Document refer to TOTAL S.A. collectively with all of its direct and indirect consolidated subsidiaries located in, or outside of France.

© TOTAL S.A. March 2011

# Key figures

## 1. Operating and market data

	2010	2009	2008
Brent price (\$/b)	79.5	61.7	97.3
Exchange rate (€-\$)	1.33	1.39	1.47
European refining margins ERMI (\$/t)	27.4	17.8	51.1
Hydrocarbon production (kboe/d)	2,378	2,281	2,341
Liquids (kb/d)	1,340	1,381	1,456
Gas (Mcf/d)	5,648	4,923	4,837
Refinery throughput (kb/d)	2,009	2,151	2,362
Refined product sales (kb/d) <sup>(a)</sup>	3,776	3,616	3,658

(a) Including Trading activities.

## 2. Selected financial information

Consolidated data in million euros, except for earnings per share, dividends, number of shares and percentages.

	2010	2009	2008
Sales	159,269	131,327	179,976
Adjusted operating income from business segments <sup>(a)</sup>	19,797	14,154	28,114
Adjusted net operating income from business segments <sup>(a)</sup>	10,622	7,607	13,961
Net income (Group share)	10,571	8,447	10,590
Adjusted net income (Group share) <sup>(a)</sup>	10,288	7,784	13,920
Fully-diluted weighted-average shares (millions)	2,244.5	2,237.3	2,246.7
Adjusted fully-diluted earnings per share (M€) <sup>(a)(b)</sup>	4.58	3.48	6.20
Dividend per share (€) <sup>(c)</sup>	2.28	2.28	2.28
Net-debt-to-equity (as of December 31)	22%	27%	23%
Return on average capital employed (ROACE) <sup>(d)</sup>	16%	13%	26%
Return on equity	19%	16%	32%
Cash flow from operating activities	18,493	12,360	18,669
Investments	16,273	13,349	13,640
Divestments	4,316	3,081	2,585

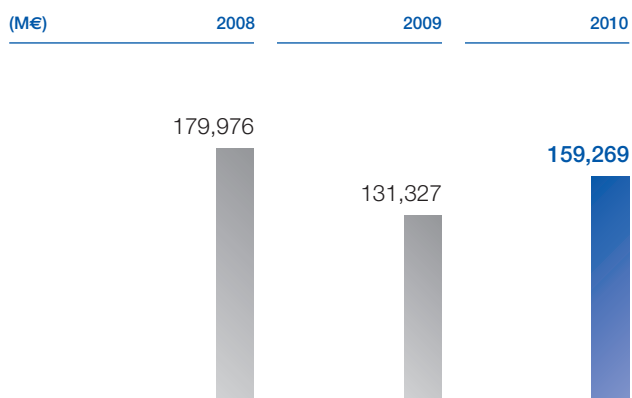
(a) Adjusted income (adjusted operating income, adjusted net operating income and adjusted net income) is defined as income using replacement cost, adjusted for special items, and through June 30, 2010, excluding TOTAL's equity share of adjustments related to Sanofi-Aventis.

(b) Based on the fully-diluted weighted-average number of common shares outstanding during the period.

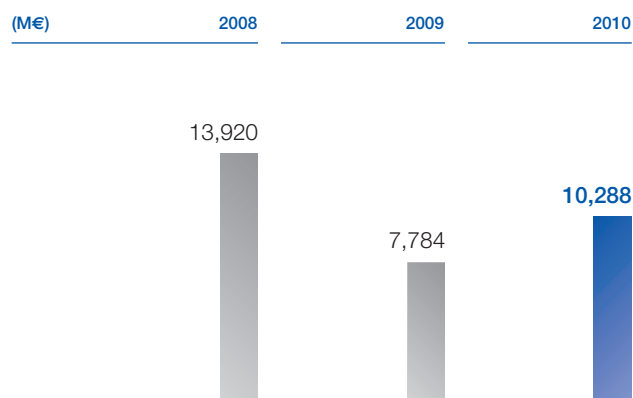
(c) 2010 dividend is subject to the approval by the Shareholders' Meeting on May 13, 2011.

(d) Based on adjusted net operating income and average capital employed at replacement cost.

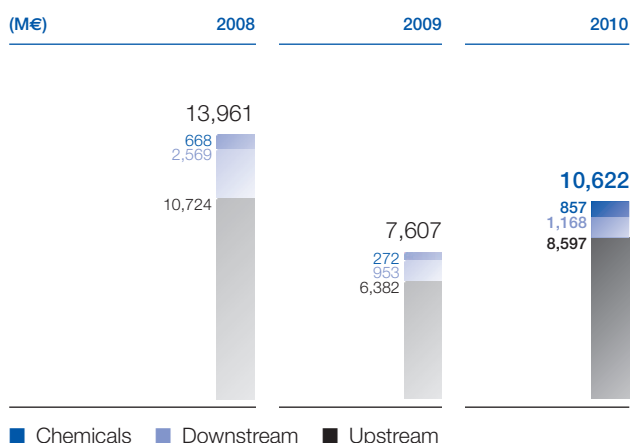
## Sales



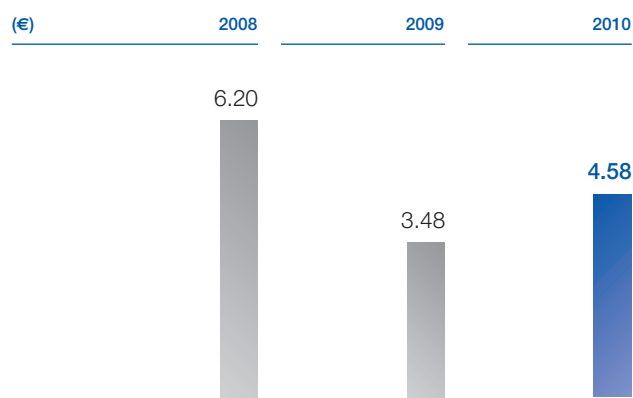
## Adjusted net income (Group share)



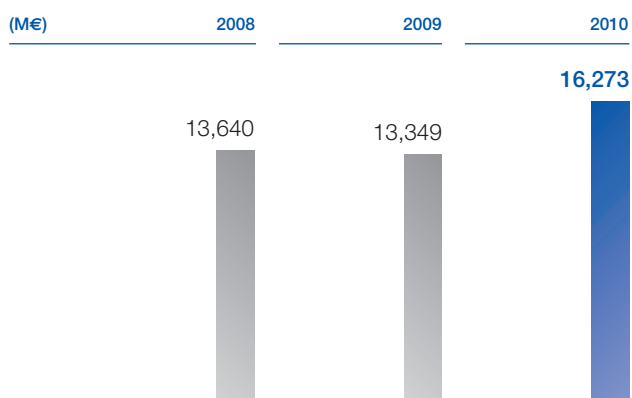
## Adjusted net operating income from business segments



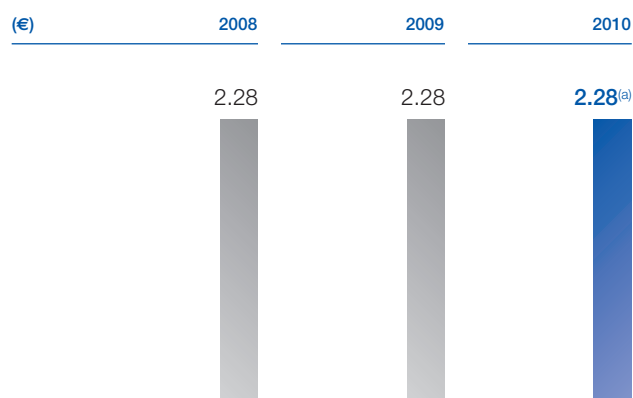
## Adjusted fully-diluted earnings per share



## Investments



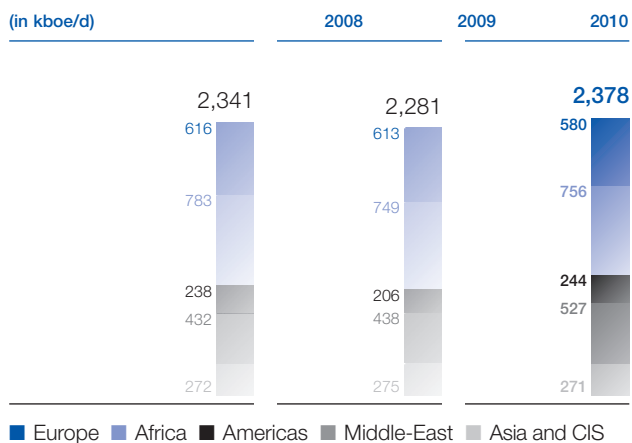
## Dividend per share



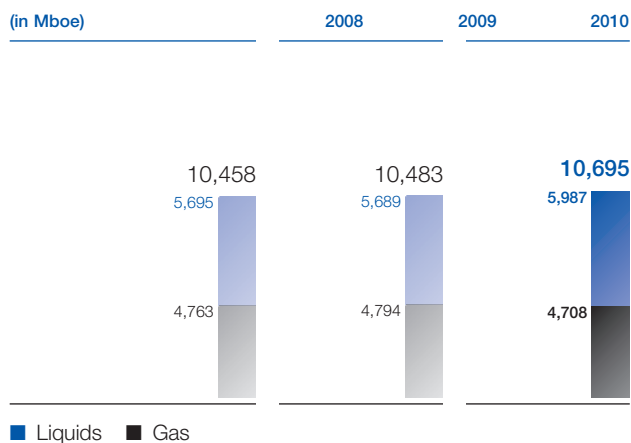
(a) Subject to approval by the Shareholders' Meeting on May 13, 2011.

## Upstream

### Hydrocarbon production



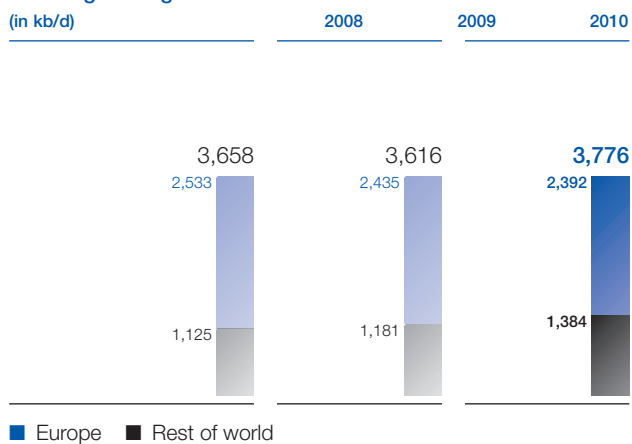
### Liquids and gas reserves



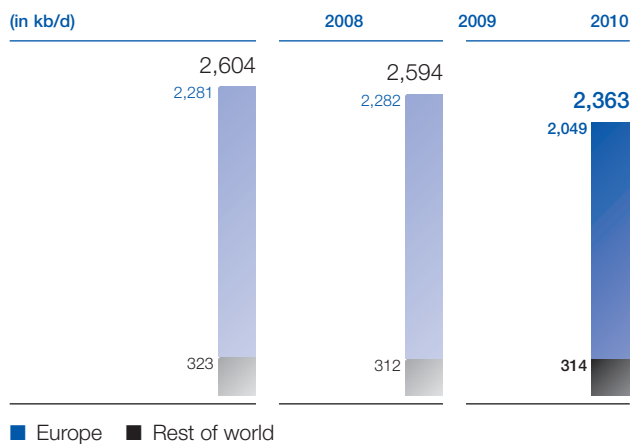
## Downstream

### Refined product sales

including Trading

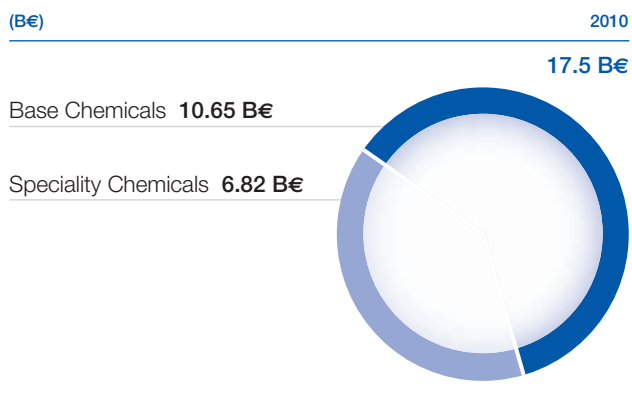


### Refining capacity at year-end

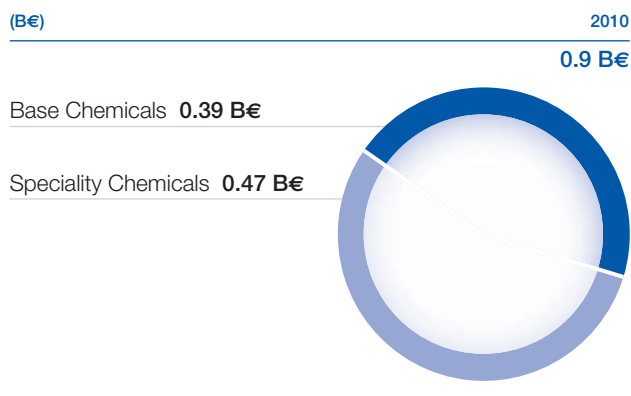


## Chemicals

### 2010 non-Group sales



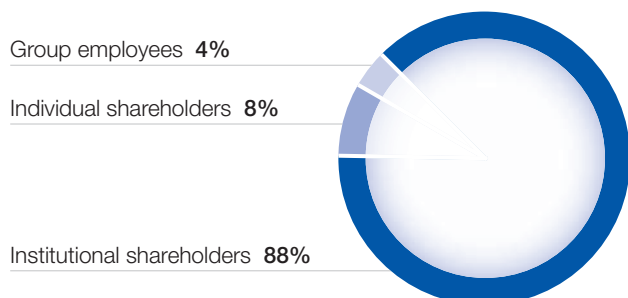
### 2010 adjusted net operating income





## Shareholder base<sup>(a)</sup>

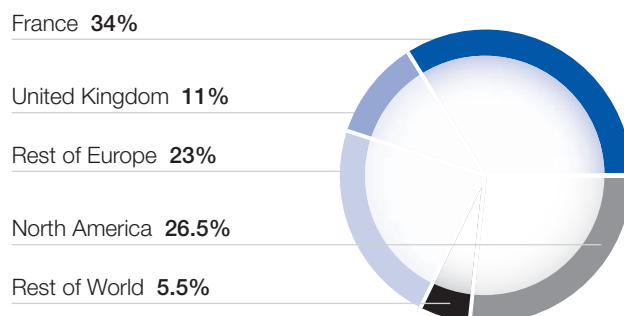
(%) 2010



(a) Estimates as of December 31, 2010, excluding treasury shares.

## Shareholder base by region<sup>(a)</sup>

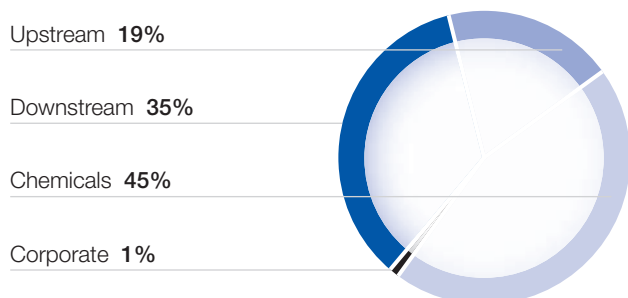
(%) 2010



(a) Estimates as of December 31, 2010, excluding treasury shares.

## Employees by business segment<sup>(a)</sup>

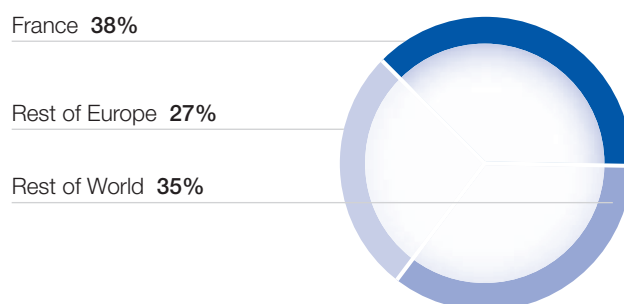
(%) 2010



(a) Consolidated subsidiaries: 92,855 employees as of December 31, 2010.

## Employees by region<sup>(a)</sup>

(%) 2010



(a) Consolidated subsidiaries: 92,855 employees as of December 31, 2010.



# Business overview

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# 1. History and strategy of TOTAL

## 1.1. 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<sup>(1)</sup>.

With operations in more than 130 countries, TOTAL has activities in every sector of the oil industry, including in the Upstream (oil and gas exploration, development and production, LNG) and Downstream (refining, marketing and the trading and shipping of crude oil and petroleum products) segments.

TOTAL also has operations in Base Chemicals (petrochemicals and fertilizers) and Specialty Chemicals, mainly for the industrial market. In addition, TOTAL has interests in the coal mining and power generation 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. 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.

The Company’s registered office is 2 place Jean Millier, La Défense 6, 92400 Courbevoie, France.

The telephone number is +33 1 47 44 45 46 and the website address is [www.total.com](http://www.total.com).

TOTAL S.A. is registered in France at the Nanterre Trade Register under the registration number 542 051 180.

## 1.2. Strategy

TOTAL’s strategy, the implementation of which is based on a model for sustainable growth combining the acceptability of operations with a sustained, profitable investment program, aims at:

- expanding hydrocarbon exploration and production activities and strengthening its worldwide position as one of the global leaders in the natural gas and LNG markets;
- progressively expanding TOTAL’s energy solutions and developing new energies to complement oil and gas;
- adapting its refining base to market changes and, in the Marketing business, consolidating positions in Europe while targeting developments in Africa and the Asia-Pacific region;
- developing its Chemicals business, in particular in Asia and the Middle East, while improving the competitiveness of its operations in mature areas; and
- pursuing research and development to develop “clean” sources of energy, contributing to the moderation of the demand for energy, and participating in the effort against climate change.

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(1) Based on market capitalization (in dollars) as of December 31, 2010.

## 2. 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 thirty countries.

- **2.38 Mboe/d** of hydrocarbons produced in 2010
- **10.7 Bboe** of proved reserves as of December 31, 2010<sup>(1)</sup>
- Capital expenditure for 2010: **€13.2 billion**
- **17,192** employees

### Upstream segment financial data

(M€)	2010	2009	2008
Non-Group sales	18,527	16,072	24,256
Adjusted operating income	17,653	12,879	23,639
Adjusted net operating income	8,597	6,382	10,724

For the full year 2010, adjusted net operating income from the Upstream segment was €8,597 million compared to €6,382 million in 2009, an increase of 35%. Expressed in dollars, adjusted net operating income for the Upstream segment increased by 28% to \$11.4 billion, reflecting essentially the impact of production growth and higher hydrocarbon prices.

Technical costs for consolidated subsidiaries, in accordance with ASC 932<sup>(2)</sup>, were 16.6 \$/boe in 2010, compared to 15.4 \$/boe in 2009.

The return on average capital employed (ROACE<sup>(3)</sup>) for the Upstream segment was 21% in 2010, compared to 18% in 2009.

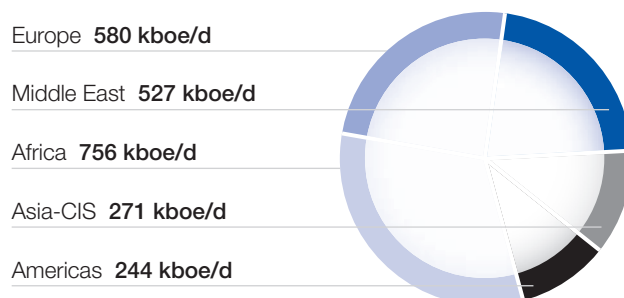
Price realizations <sup>(a)</sup>	2010	2009	2008
Average liquids price (\$/b)	76.3	58.1	91.1
Average gas price (\$/Mbtu)	5.15	5.17	7.38

(a) Consolidated subsidiaries, excluding fixed margin and buyback contracts.

TOTAL's average liquids price increased by 31% in 2010 compared to 2009. TOTAL's average gas price remained stable compared to 2009.

### Production

Hydrocarbon production	2010	2009	2008
Combined production (kboe/d)	2,378	2,281	2,341
Liquids (kb/d)	1,340	1,381	1,456
Gas (Mcf/d)	5,648	4,923	4,837

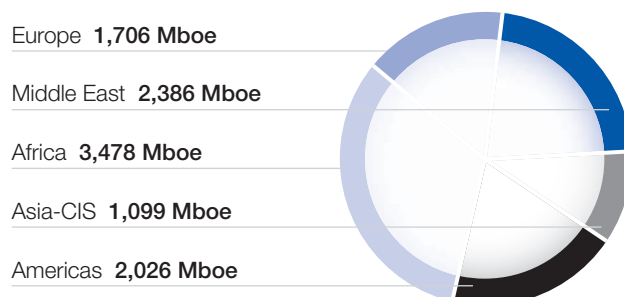


In 2010, hydrocarbon production was 2,378 kboe/d, an increase of 4.3% compared to 2009, essentially as a result of:

- +3% for production ramp-ups on new projects, net of the normal decline, and a lower level of turnarounds;
- +1,5% for lower OPEC reductions and an increase in gas demand;
- +1% for improved security conditions in Nigeria;
- +2% for changes in the portfolio;
- -3% for the price effect<sup>(4)</sup>.

### Reserves

As of December 31,	2010	2009	2008
Hydrocarbon reserves (Mboe)	10,695	10,483	10,458
Liquides (Mb)	5,987	5,689	5,695
Gaz (Gpc)	25,788	26,318	26,218



Proved reserves based on SEC rules (based on Brent at 79.02 \$/b) were 10,695 Mboe at December 31, 2010. Based on the 2010 average rate of production, the reserve life is more than 12 years.

The 2010 reserve replacement rate<sup>(5)</sup>, based on SEC rules, was 124%. As of year-end 2010, TOTAL has a solid and diversified portfolio of proved and probable reserves<sup>(6)</sup> representing more than 20 years of reserve life based on the 2010 average production rate, and resources<sup>(7)</sup> representing more than 40 years of reserve life.

(1) Based on a Brent crude price of \$79.02/b.

(2) FASB Accounting Standards Codification Topic 932, Extractive industries – Oil and Gas

(3) Calculated based on adjusted net operating income and average capital employed, using replacement cost.

(4) Impact of changing hydrocarbon prices on entitlement volumes.

(5) Change in reserves excluding production i.e. (revisions + discoveries, extensions + acquisitions – divestments) / production for the period. The reserve replacement rate would be 95% in an environment with a constant 59.91 \$/b oil price, excluding acquisitions and divestments.

(6) Limited to proved and probable reserves covered by E&P contracts on fields that have been drilled and for which technical studies have demonstrated economic development in a 80 \$/b Brent environment, including projects developed by mining.

(7) Proved and probable reserves plus contingent resources (potential average recoverable reserves from known accumulations - Society of Petroleum Engineers - 03/07).



## 2.1. Exploration & Production

### 2.1.1. 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 46% of the 2,445 Mboe added to the Upstream segment's proved reserves during the three-year period ended December 31, 2010 (before deducting production and sales of reserves in place and adding any acquisitions of reserves in place during this period). The remaining 54% comes from revisions of previous estimates.

In 2010, the exploration investments of consolidated subsidiaries amounted to €1,472 million (comprising 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, the exploration investments of consolidated subsidiaries amounted to €1,486 million (comprising exploration bonuses included in the unproved property acquisition costs). The main exploration investments were made in the United States, Angola, the United Kingdom, Norway, Libya, Nigeria and the Republic of the Congo. In 2008, exploration investments of consolidated subsidiaries amounted to €1,243 million (comprising exploration bonuses included in the unproved property acquisition costs) notably in Angola, Nigeria, Norway, the United Kingdom, Australia, the United States, Libya, Brunei, Gabon, Cameroon, Indonesia, China, the Republic of the Congo and Canada.

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. The Group's consolidated Exploration & Production subsidiaries' development investments amounted to nearly €8 billion in 2009, primarily in Angola, Nigeria, Norway, Kazakhstan, Indonesia, the Republic of the Congo, the United Kingdom, the United States, Gabon, Canada, Thailand, Russia and Qatar. In 2008, development investments amounted to €7 billion, predominantly in Angola, Nigeria, Norway, Kazakhstan, Indonesia, the Republic of the Congo, the United Kingdom, Gabon, Canada, the United States, and Qatar.

### 2.1.2. 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 reassessment, 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 and of two companies accounted for under the cost method. For further information concerning changes in TOTAL's proved reserves for the years ended December 31, 2010, 2009 and 2008, 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)".

### 2.1.3. 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 2010 and 2009 were respectively \$79.02/b and \$59.91/b for Brent crude. The proved reserves for the year ended December 31, 2008 were calculated using December 31 price (\$36.55/b).

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 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).

As of December 31, 2008, TOTAL's combined proved reserves of oil and gas were 10,458 Mboe (50% of which were proved developed reserves). Liquids 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 Algeria, Angola, Gabon, Libya, Nigeria and the Republic of the Congo), in the Americas (mainly in Canada, Bolivia, 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).

#### 2.1.4. 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 30% of TOTAL's reserves as of December 31, 2010). 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.

#### 2.1.5. Production

For the full year 2010, average daily oil and gas production was 2,378 kboe/d compared to 2,281 kboe/d in 2009.

Liquids accounted for approximately 56% and natural gas accounted for approximately 44% of TOTAL's combined liquids and natural gas production in 2010.

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 2009 and 2008, substantially all of the liquids production from TOTAL's Upstream segment in 2010 was marketed by the Trading & Shipping division of TOTAL's Downstream segment (see table "Trading division's supply and sales of crude oil" on page 40 of this Registration Document).

The majority of TOTAL's natural gas production is sold under long-term contracts. However, its North American production, and to some extent 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 and Qatar, 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 2011-2013 to be 3,665 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 Chapter 10, "Supplemental Oil and Gas Information (Unaudited)" of this Registration Document).

## 2.2. Production by region

	2010			2009			2008		
	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
<b>Africa</b>	<b>616</b>	<b>712</b>	<b>756</b>	<b>632</b>	<b>599</b>	<b>749</b>	<b>654</b>	<b>659</b>	<b>783</b>
Algeria	25	87	41	47	143	74	51	145	79
Angola	157	34	163	186	33	191	200	33	205
Cameroon	9	2	9	12	2	12	13	2	14
Gabon	63	20	67	67	20	71	73	20	76
Libya	55	-	55	60	-	60	74	-	74
Nigeria	192	542	301	159	374	235	158	436	246
The Congo, Republic of	115	27	120	101	27	106	85	23	89
<b>North America</b>	<b>30</b>	<b>199</b>	<b>65</b>	<b>20</b>	<b>22</b>	<b>24</b>	<b>11</b>	<b>15</b>	<b>14</b>
Canada <sup>(a)</sup>	10	-	10	8	-	8	8	-	8
United States	20	199	55	12	22	16	3	15	6
<b>South America</b>	<b>76</b>	<b>569</b>	<b>179</b>	<b>80</b>	<b>564</b>	<b>182</b>	<b>119</b>	<b>579</b>	<b>224</b>
Argentina	14	381	83	15	364	80	14	365	81
Bolivia	3	94	20	3	91	20	3	105	22
Colombia	11	34	18	13	45	23	14	45	23
Trinidad & Tobago	3	2	3	5	2	5	6	2	6
Venezuela	45	58	55	44	62	54	82	62	92
<b>Asia-Pacific</b>	<b>28</b>	<b>1,237</b>	<b>248</b>	<b>33</b>	<b>1,228</b>	<b>251</b>	<b>29</b>	<b>1,236</b>	<b>246</b>
Australia	-	6	1	-	-	-	-	-	-
Brunei	2	59	14	2	49	12	2	60	14
Indonesia	19	855	178	25	898	190	21	857	177
Myanmar	-	114	14	-	103	13	-	117	14
Thailand	7	203	41	6	178	36	6	202	41
<b>CIS</b>	<b>13</b>	<b>56</b>	<b>23</b>	<b>14</b>	<b>52</b>	<b>24</b>	<b>12</b>	<b>75</b>	<b>26</b>
Azerbaijan	3	54	13	3	50	12	4	73	18
Russia	10	2	10	11	2	12	8	2	8
<b>Europe</b>	<b>269</b>	<b>1,690</b>	<b>580</b>	<b>295</b>	<b>1,734</b>	<b>613</b>	<b>302</b>	<b>1,704</b>	<b>616</b>
France	5	85	21	5	100	24	6	103	25
The Netherlands	1	234	42	1	254	45	1	244	44
Norway	183	683	310	199	691	327	204	706	334
United Kingdom	80	688	207	90	689	217	91	651	213
<b>Middle East</b>	<b>308</b>	<b>1,185</b>	<b>527</b>	<b>307</b>	<b>724</b>	<b>438</b>	<b>329</b>	<b>569</b>	<b>432</b>
United Arab Emirates	207	76	222	201	72	214	228	74	243
Iran	2	-	2	8	-	8	9	-	9
Oman	23	55	34	22	56	34	23	59	34
Qatar	49	639	164	50	515	141	44	434	121
Syria	14	130	39	14	34	20	15	2	15
Yemen	13	285	66	12	47	21	10	-	10
<b>Total production</b>	<b>1,340</b>	<b>5,648</b>	<b>2,378</b>	<b>1,381</b>	<b>4,923</b>	<b>2,281</b>	<b>1,456</b>	<b>4,837</b>	<b>2,341</b>
<b>Including share of equity and non-consolidated affiliates</b>	<b>300</b>	<b>781</b>	<b>444</b>	<b>286</b>	<b>395</b>	<b>359</b>	<b>347</b>	<b>298</b>	<b>403</b>
Algeria	19	4	20	20	3	21	19	4	20
Colombia	7	-	7	6	-	6	5	-	5
Venezuela	45	6	46	44	6	45	82	6	83
United Arab Emirates	199	66	212	191	62	202	218	64	231
Oman	22	55	32	22	56	34	23	59	34
Qatar	8	367	75	3	221	42	-	165	30
Yemen	-	283	52	-	47	9	-	-	-

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

## 2.3. Presentation of production activities by region

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

### TOTAL's producing assets as of December 31, 2010<sup>(a)</sup>

	Year of entry into the country	Operated (Group share in %)	Non-operated (Group share in %)
<b>Africa</b>			
<b>Algeria</b>	<b>1952</b>		Ourhoud (19.41%) <sup>(b)</sup> RKF (48.83%) <sup>(b)</sup> Tin Fouye Tabankort (35.00%)
<b>Angola</b>	<b>1953</b>	Blocks 3-85, 3-91 (50.00%) Girassol, Jasmim, Rosa, Dalia (Block 17) (40.00%)	Cabinda (Block 0) (10.00%) Kuito, BBLT, Tombua-Landana (Block 14) (20.00%)
<b>Cameroon</b>	<b>1951</b>	Bakingili (25.50%) Bavo-Asoma (25.50%) Boa Bakassi (25.50%) Ekundu Marine (25.50%) Kita Edem (25.50%) Kole Marine (25.50%)	Mokoko-Abana (10.00%) Mondoni (25.00%)
<b>The Congo, Republic of</b>	<b>1928</b>	Kombi-Likalala (65.00%) Nkossa (53.50%) Nsoko (53.50%) Moho Bilondo (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%)
<b>Gabon</b>	<b>1928</b>	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%) Mandaros (100.00%) M'Boumba (100.00%) Mérou Sardine Sud (50.00%) Pageau (100.00%) Port Gentil Océan (100.00%)	

	Year of entry into the country	Operated (Group share in %)	Non-operated (Group share in %)
<b>Gabon (continue)</b>		Port Gentil Sud Marine (100.00%) Tchengue (100.00%) Torpille (100.00%) Torpille Nord Est (100.00%)	Rabi Kounga (47.50%)
<b>Libya</b>	<b>1959</b>		C 17 (Mabruk) (15.00%) C 137 (Al Jurf) (20.25%) NC 115 (El Sharara) (3.90%) NC 186 (2.88%)
<b>Nigeria</b>	<b>1962</b>	OML 58 (40.00%) OML 99 Amenam-Kpono (30.40%) OML 100 (40.00%) OML 102 (40.00%) OML 130 (24.00%)	OML 102-Ekanga (40.00%)  Shell Petroleum Development Company (SPDC) (10.00%) OML 118 - Bonga (12.50%)
<b>North America</b>			
<b>Canada</b>	<b>1999</b>		Surmont (50.00%)
<b>United States</b>	<b>1957</b>		Several assets in the Barnett Shale area (25.00%) Tahiti (17.00%)
<b>South America</b>			
<b>Argentina</b>	<b>1978</b>	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%)
<b>Bolivia</b>	<b>1995</b>		San Alberto (15.00%) San Antonio (15.00%)
<b>Colombia</b>	<b>1973</b>		Caracara (34.18%) <sup>0</sup> Cusiana (11.60%) Espinal (7.32%) <sup>0</sup> San Jacinto/Rio Paez (8.14%) <sup>0</sup>
<b>Trinidad &amp; Tobago</b>	<b>1996</b>		Angostura (30.00%)
<b>Venezuela</b>	<b>1980</b>		PetroCedeño (30.323%) Yucal Placer (69.50%)
<b>Asia-Pacific</b>			
<b>Australia</b>	<b>2005</b>		GLNG (20.00%)
<b>Brunei</b>	<b>1986</b>	Maharaja Lela Jamalulalam (37.50%)	
<b>Indonesia</b>	<b>1968</b>	Bekapai (50.00%) Handil (50.00%) Peciko (50.00%) Sisi-Nubi (47.90%) Tambora (50.00%) Tunu (50.00%)	Badak (1.05%) Nilam-gas and condensates (9.29%) Nilam-oil (10.58%)
<b>Myanmar</b>	<b>1992</b>	Yadana (31.24%)	
<b>Thailand</b>	<b>1990</b>		Bongkot (33.33%)



	Year of entry into the country	Operated (Group share in %)	Non-operated (Group share in %)
<b>CIS</b>			
Azerbaijan	1996		Shah Deniz (10.00%)
Russia	1989	Kharyaga (40.00%)	
<b>Europe</b>			
France	1939	Lacq (100.00%) Meillon (100.00%) Pecorade (100.00%) Vic-Bilh (73.00%) Lagrave (100.00%) Lanot (100.00%) Itteville (78.73%) La Croix-Blanche (100.00%) Rousse (100.00%) Vert-le-Grand (90.05%) Vert-le-Petit (100.00%)	Dommartin-Lettrée (56.99%)
Norway	1965	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%) Kristin (6.00%) Kvitebjørn (5.00%) Mikkell (7.65%) Morvin (6.00%) Oseberg (10.00%) Oseberg East (10.00%) Oseberg South (10.00%) Sleipner East (10.00%) Sleipner West (9.41%) Snøhvit (18.40%) Snorre (6.18%) Statfjord East (2.80%) Sygna (2.52%) Tor (48.20%) Tordis (5.60%) Troll I (3.69%) Troll II (3.69%) Tune (10.00%) Tyrihans (23.18%) Vale (24.24%) Vigdís (5.60%) Vilje (24.24%) Visund (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%)	

	Year of entry into the country	Operated (Group share in %)	Non-operated (Group share in %)
<b>The Netherlands (continue)</b>		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%)	
			E16a (16.92%)
		E17a/E17b (14.10%)	
		J3b/J6 (25.00%)	
		Q16a (6.49%)	
<b>United Kingdom</b>	<b>1962</b>	Alwyn North, Dunbar, Ellon, Grant Nuggets (100.00%)	
		Elgin-Franklin (EFOG 46.17%) <sup>(c)</sup>	
		Forvie Nord (100.00%)	
		Glenelg (49.47%)	
		Jura (100.00%)	
		Otter (81.00%)	
		West Franklin (EFOG 46.17%) <sup>(c)</sup>	
			Alba (12.65%)
			Armada (12.53%)
			Bruce (43.25%)
	Markham unitized fields (7.35%)		
	ETAP (Mungo, Monan) (12.43%)		
	Everest (0.87%)		
	Keith (25.00%)		
	Maria (28.96%)		
	Seymour (25.00%)		
<b>Middle East</b>			
<b>U.A.E.</b>	<b>1939</b>	Abu Dhabi-Abu Al Bu Khoosh (75.00%)	Abu Dhabi <i>offshore</i> (13.33%) <sup>(d)</sup>
			Abu Dhabi <i>onshore</i> (9.50%) <sup>(e)</sup>
			GASCO (15.00%)
			ADGAS (5.00%)
<b>Oman</b>	<b>1937</b>		Various fields onshore (Block 6) (4.00%) <sup>(f)</sup>
			Mukhaizna field (Block 53) (2.00%) <sup>(g)</sup>
<b>Qatar</b>	<b>1936</b>	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%)
<b>Syria</b>	<b>1988</b>	Deir Ez Zor (Al Mazraa, Atalla North, Jafra, Marad, Qahar, Tabiyeh) (100.00%) <sup>(h)</sup>	
<b>Yemen</b>	<b>1987</b>	Khariir/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 (58.3%), Total E&P Cameroon (75.80%) and certain entities in the United Kingdom, Algeria, Abu Dhabi and Oman (see notes b through i below).

(b) TOTAL has an indirect 19.41% interest in the Ourhoud field and a 48.83% indirect interest in the RKF field through its interest in CEPSA (equity affiliate).

(c) TOTAL has a 35.8% indirect interest in Elgin Franklin through its interest in EFOG.

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

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

(f) 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 OJNG in Qalhat LNG (train 3).

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

(h) Operated by DEZPC which is 50.00% owned by TOTAL and 50.00% owned by SPC.

(i) TOTAL has an indirect 34.18% interest in the Caracara Block, 8.14% in the San Jacinto/Rio Paez Block and 7.32% in the Espinal Block through its interest in CEPSA (equity affiliate).

### 2.3.1. Africa

In 2010, TOTAL's production in Africa was 756 kboe/d, representing 32% of the Group's overall production, compared to 749 kboe/d in 2009 and 783 kboe/d in 2008.

In **Algeria**, TOTAL's production amounted to 41 kboe/d in 2010, compared to 74 kboe/d in 2009 and 79 kboe/d in 2008. This decline is mainly due to the termination of the Hamra contract in October 2009. The Group's production came from its direct interest in the TFT field (Tin Fouyé Tabenkort, 35%) and from its 48.83% interest in CEPESA<sup>(1)</sup>, a partner of Sonatrach (the Algerian national oil and gas company) on the Ourhoud and Rhourde El Krouf fields. TOTAL also holds a direct 37.75% interest in the Timimoun gas project alongside Sonatrach (51%) and CEPESA (11.25%) as well as a 47% interest in the Ahnet gas project alongside Sonatrach (51%) and Partex (2%).

- On the TFT field, the compression project commissioned in 2010 is expected to extend plateau production to 185 kboe/d.
- Basic engineering studies for the Timimoun project were launched in 2010 following approval by the ALNAFT national agency. Start-up of the project is scheduled in 2014 with commercial production of natural gas estimated at approximately 160 Mcf/d (1.6 Bm<sup>3</sup>/y) at plateau.
- As part of the Ahnet project, a development plan is expected to be submitted to the authorities before mid-2011, with start-up of production scheduled for 2015 and an expected plateau production of at least 400 Mcf/d (4 Bm<sup>3</sup>/y).

In **Angola**, the Group's production was 163 kboe/d in 2010, compared to 191 kboe/d in 2009 and 205 kboe/d in 2008. Production comes mainly from Blocks 17, 0 and 14. Highlights of the period 2008 to 2010 included several discoveries on Blocks 15/06 and 17/06, and progress on the major Pazflor and CLOV projects.

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

On the Girassol pole, production from the Girassol, Jasmim and Rosa fields was more than 190 kb/d in 2010.

On the Dalia pole, production was more than 240 kb/d in 2010.

On the third pole, Pazflor, comprised of the Perpetua, Zinia, Hortensia and Acacia fields, production is scheduled to begin in late 2011. This project provides for the installation of an FPSO with a production capacity of 220 kb/d.

The development of CLOV, the fourth pole, was launched in 2010 with the award of the main contracts. This development will result in the installation of a fourth FPSO 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 August 2009 and adds to production from the Benguela-Belize-Lobito-Tomboco and Kuito fields.
- On ultra-deep offshore Block 32 (30%, operator), appraisal is continuing and pre-development studies for a first production zone in the central/southeastern portion of the block are underway (Kaombo project).

- On Block 15/06 (15%), four major discoveries were announced in 2010. Studies are underway to demonstrate the feasibility of a first development area that would include the discoveries located on the northwest portion of the block.

TOTAL also has operations on exploration Blocks 33 (55%, operator) and 17/06 (30%, operator).

At year-end 2010, TOTAL sold its 5% interest in Block 31.

TOTAL is also developing in LNG through the Angola LNG project (13.6%) with the construction of 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 ongoing and start-up is expected in 2012.

In **Cameroon**, the Group's production was 9 kboe/d in 2010, compared to 12 kboe/d in 2009 and 14 kboe/d in 2008.

In November 2010, TOTAL finalized an agreement in principle with Perenco to sell the Group's 75.8% interest in its Exploration & Production subsidiary in Cameroon. The agreement is subject to the approval by the Cameroonian authorities.

In **Côte d'Ivoire**, TOTAL signed in October 2010 an agreement to acquire a 60% interest (operator) in the CI-100 exploration license. The transaction has been approved by the relevant authorities. The 2,000 km<sup>2</sup> license is located approximately 100 km southeast of Abidjan in water depths ranging from 1,500 to 3,100 meters. Exploration work will include a new 1,000 km<sup>2</sup> 3D seismic survey, which will complete coverage of the block, and a first well is expected to be drilled in 2012.

In **Egypt**, TOTAL signed a concession agreement in February 2010 and became operator of Block 4 (El Burullus offshore Est) with an interest of 90%. The license, located in the Nile 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. The seismic campaign started in November 2010 and ended in February 2011.

In **Gabon**, the Group's share of production was 67 kboe/d in 2010, compared to 71 kboe/d in 2009 and 76 kboe/d in 2008, due to the natural decline of fields. Total Gabon<sup>(2)</sup> is one of the Group's oldest subsidiaries in sub-Saharan Africa.

- On the Anguille field, five development wells were drilled in 2010 from existing platforms and the construction of a new well platform has been launched.
- On the deep-offshore Diaba license (Total Gabon 63.75%, operator), following the 2D seismic survey that was shot in 2008 and 2009, a 6,000 km<sup>2</sup> 3D seismic was shot in 2010.
- Licenses for the Avocette and Coucal fields have been renewed in the form of an operating and production sharing agreement effective as of January 1, 2011, each for a 10-year period renewable for two subsequent 5-year periods.
- Total Gabon farmed into the onshore Mutamba-Iroru (50%), DE7 (30%), and Nziembou (20%) exploration licenses in 2010.

In **Libya**, the Group's production was 55 kb/d in 2010, compared to 60 kb/d in 2009 and 74 kb/d in 2008. Declining production was primarily due to the implementation of OPEC quotas and new contractual provisions for Blocks C 17 (75%)<sup>(3)</sup>, C 137 (75%)<sup>(3)</sup>,

(1) In February 2011, TOTAL signed an agreement to dispose of its 48.83% interest in CEPESA. The transaction is conditioned on obtaining all requisite approvals.

(2) Total Gabon is a Gabonese company whose shares are listed on Euronext Paris. TOTAL holds 58%, the Republic of Gabon holds 25% and the public float is 17%.

(3) Interest held in the foreign consortium.

NC 115 (30%)<sup>(1)</sup> and NC 186 (24%)<sup>(1)</sup>, on which TOTAL is a partner. The EPSA IV agreements (exploration and production sharing agreements) on Blocks C 137 and C 17 were ratified by the Libyan government in January 2010 and now extend to 2032.

Having regard to the security context in Libya in the first quarter of 2011, the Group's production in Libya has been significantly reduced since early March. Furthermore, the Group is reviewing the impacts on its operations and the measures to be taken for the projects mentioned below.

- On Block C 17, the Dahra and Garian fields are in the development phase.
- On Block C 137, drilling of two offshore exploration wells is planned for 2011.
- On Blocks NC 115 and NC 186, the nearly 5,000 km<sup>2</sup> seismic campaign is expected to be completed in 2011.
- On the Murzuk Basin, following a successful appraisal well drilled on the discovery made on a portion of Block NC 191 (100%<sup>(1)</sup>, operator), a development plan was submitted to the authorities in 2009.
- In December 2010, the Group relinquished Block 42 2/4 (60%<sup>(1)</sup>, operator) located in the Cyrenaic Basin at the contract expiration date following an exploration well's disappointing results.

In **Madagascar**, TOTAL acquired in 2008 a 60% interest in the Bemolanga permit (operator), which contains oil sand accumulations. A first appraisal phase was launched to confirm the bitumen resources needed for a mining development. Drilling operations were carried out in two phases during the dry season between July and November 2009 and between April and July 2010.

In **Mauritania**, TOTAL has exploration operations on the Ta7 and Ta8 licenses (60%, operator), located in the Taoudeni Basin alongside Sonatrach (20%) and Qatar Petroleum International (20%).

- On the Ta8 license, drilling of the exploration well ended in 2010. Results from the well are disappointing.
- On Block Ta7, shooting of a 1,000 km 2D seismic started in 2011.

In **Nigeria**, the Group's production amounted to 301 kboe/d in 2010, compared to 235 kboe/d in 2009 and 246 kboe/d in 2008. This increase is due in particular to improved security conditions in the Niger Delta. TOTAL has been present in Nigeria since 1962. It operates seven production licenses (OML) out of the forty-four in which it holds an interest, and two exploration licenses (OPL) out of the eight in which it holds an interest. The Group is also active in LNG through Nigeria LNG and the Brass LNG project. In 2010, TOTAL acquired a 45.9% interest in Block 1 in the Joint Development Zone governed by Nigeria and São Tomé and Príncipe and was awarded operatorship in this block.

- TOTAL holds a 15% interest in the Nigeria LNG gas liquefaction plant, located on Bonny Island, with an overall capacity of 22 Mt/y of LNG. In 2010, an improvement in the security situation for onshore facilities resulted in increased LNG production. NLNG's utilization rate was approximately 72% in 2010, compared to approximately 50% in 2009.

Preliminary work prior to launching the Brass LNG project (17%), which calls for the construction of two trains, each with a capacity of 5 Mt/y, continued in 2010.

- TOTAL strengthened its ability to supply gas to the LNG projects in which it has interests and to meet the growing domestic demand in gas:

- On the OML 136 license (40%), the positive results for the Agge 3 appraisal well confirmed the development potential of the license. Development studies are underway.
- As part of its joint venture with the Nigerian National Petroleum Corporation (NNPC), TOTAL launched a project to increase the production capacity of the OML 58 license (40%, operator) from 370 Mcf/d to 550 Mcf/d of gas in 2011. A second phase of this project, which is currently being assessed, is expected to allow the development of other reserves through these facilities.
- On the OML 112/117 licenses (40%), TOTAL continued development studies in 2010 for the Ima gas field.
- On the OML 102 license (40%, operator), TOTAL is expected to make the final investment decision for the Ofon phase 2 project in 2011 with a start-up scheduled in 2014. The Group also launched in 2010 an appraisal campaign for the Etisong field, located 15 km from the Ofon field, which is currently producing.
- On the OML 130 license (24%, operator), the Akpo field, which started up in March 2009, reached in 2010 plateau production of 225 kboe/d (in 100%). The Group is actively developing the Egina field, for which a development plan was approved by the Nigerian authorities. Basic engineering studies carried out in Nigeria are now completed and call for tenders for the projects have been launched.
- On the OML 138 license (20%, operator), development of the Usan project (180 kb/d, production capacity) continued in 2010, in particular with the drilling of production wells, the construction of the FPSO and the start of the installation of sub-sea equipment. Production is expected to start-up in 2012.
- TOTAL also consolidated deep offshore positions with the ongoing development of the Bonga Northwest project on the OML 118 license (12.5%).

Improved security conditions in the Niger Delta region resulted in a substantial increase in the production operated by the Shell Petroleum Development Company (SPDC) joint venture, in which TOTAL owns 10%. The Soku processing plant resumed operations in 2009 and the Gbaran-Ubie development project was completed in 2010 with the commissioning of the 1 Bcf/d production facility.

In 2010, TOTAL disposed of the interests it held (10%) through the operated SPDC joint venture in the OML 4, 38 and 41 licenses.

In the **Republic of the Congo**, the Group's share of production was 120 kboe/d in 2010, compared to 106 kboe/d in 2009 and 89 kboe/d in 2008.

- On the Moho Bilondo field (53.5%, operator), which started up in April 2008, drilling of development wells continued in 2010. The field reached plateau production of 90 kboe/d (in 100%) in June 2010. Growth potential of the northern part of the field was confirmed by the Moho North Marine 3 appraisal well drilled at year-end 2008 following the Moho North Marine 1 and 2 discoveries, and later in 2009 by the Moho North Marine 4 exploration well that discovered new resources. Finally, two

(1) Interest held in the foreign consortium.

positive appraisal wells (Bilondo Marine 2 & 3) drilled at year-end 2010 in the southern portion of the field confirmed an additional growth potential as an extension of existing facilities.

- Production on Libondo (65%, operator), which is part of the Kombi-Likalala-Libondo operating license, started up in March 2011. Anticipated plateau production is 8 kb/d (in 100%). 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 **Sudan**, the Group holds interests in an exploration license in the southern part of the country, although no activity is currently underway in this country. For additional information on TOTAL's operations in Sudan, see Chapter 4 (Risk Factors).

### 2.3.2. North America

**In 2010, TOTAL's production in North America was 65 kboe/d, representing 3% of the Group's overall production, compared to 24 kboe/d in 2009 and 14 kboe/d in 2008.**

In **Canada**, TOTAL signed in December 2010 a strategic partnership with Suncor related to the Fort Hills and Joslyn mining projects and the *Voyageur* upgrader. This partnership allows TOTAL to reorganize around two major poles the different oil sands assets that it has acquired over the last few years: a mining and upgrading pole, which includes the TOTAL-operated Joslyn (38.25%) and Suncor-operated Fort Hills (39.2%) mining projects as well as the Suncor-operated *Voyageur* upgrader (49%), and a SAGD<sup>(1)</sup> pole focused on Surmont's (50%) ongoing development. The Group also holds a 50% interest in the Northern Lights (operator) mining project and 100% of a number of leases (Oil Sand Leases) acquired through several auction sales. The Group's 2010 production amounted to 10 kb/d, compared to 8 kb/d in 2009 and 2008.

- On the Surmont lease, commercial production in SAGD mode from the first development phase (Surmont Phase 1A) started in late 2007.

Construction work for phases 1B and 1C was completed, which should allow these phases to reach production level estimated at 24 kb/d (in 100%). The wells of phase 1B gradually started production in 2009 and 2010 and those of phase 1C are expected to be connected and to start production in 2011.

In early 2010, the partners of the project decided to launch the construction of the second phase of development. Start-up of production from Surmont Phase 2 is scheduled in 2015 and overall production capacity from Surmont (phases 1 and 2) is expected to increase to 110 kb/d (in 100%).

- The Joslyn lease, located approximately 140 km north of Surmont, is expected to be developed through mining in two phases of 100 kb/d of bitumen each.

The comprehensive review of the first phase (Joslyn North Mine), notably to meet the requirements of the February 2009 new regulation related to tailings management, was completed in February 2010 concurrent with the filing of an updated administrative file. Continuation of the preparation work for Joslyn North Mine was approved in early March 2010 and basic engineering studies were launched that are expected to end in mid-2011. Public hearings that are necessary for the project to

be approved by the Canadian authorities were held in September and October 2010. The project was recommended as being in the public's interest on January 27, 2011, subject to TOTAL satisfying twenty conditions mainly related to the protection of the environment<sup>(2)</sup>. Preliminary site preparation work is expected to be carried out from the winter 2011-2012 and production is scheduled to start in 2017/2018. However, the final schedule is subject to the Energy Resources Conservation Board's (ERCB) administrative approval process. As part of the partnership agreement signed at year-end 2010 with Suncor, the Group decreased its interest in Joslyn to 38.25% from 75%.

- TOTAL closed in September 2010 the acquisition of UTS and its sole asset: a 20% interest in the Fort Hills lease. In December 2010, as part of their partnership, TOTAL acquired from Suncor an additional 19.2% interest in the Fort Hills lease and increased its interest to 39.2%. Start-up of the Fort Hills project, which was approved by the relevant authorities for a first development phase of 160 kb/d, is expected in 2016.
- TOTAL also acquired in late December 2010 a 49% interest in Suncor's *Voyageur* upgrader project. TOTAL and Suncor agreed to develop the Fort Hills and *Voyageur* projects in parallel. This *Voyageur* upgrader project that Suncor mothballed at year-end 2008 will resume in 2011 and will start up concurrently with the Fort Hills project. As a consequence, the Group has abandoned its upgrader project in Edmonton.
- In 2008, the Group closed the acquisition of Synenco, the two principal assets of which are a 60% interest in the Northern Lights project and 100% of the adjacent McClelland lease. In early 2009, the Group sold to Sinopec, the other partner in the project, a 10% share in the Northern Lights project and a 50% share in the McClelland lease, reducing its interest in each of the assets to 50%. The Northern Lights project, located approximately 50 km north of Joslyn, is expected to be developed through mining techniques.

In the **United States**, the Group's 2010 production amounted to 55 kboe/d, compared to 16 kboe/d in 2009 and 6 kboe/d in 2008. This increase is due in particular to the acquisition of an interest in the Barnett Shale Basin at year-end 2009.

In the Gulf of Mexico:

- The deep-offshore Tahiti oil field (17%) started producing in May 2009 and rapidly reached plateau production of 135 kboe/d. Phase 2 was launched in September 2010 with the drilling of the first water injection well.
- Development of the first phase of the deep-offshore Chinook project (33.33%) is ongoing. The production test is scheduled to start in the first half of 2011.
- The TOTAL (40%) - Cobalt (60%, operator) alliance's exploration drilling campaign was launched in 2009 and the drilling of the first wells produced disappointing results. This campaign was disrupted due to the U.S. government's moratorium on offshore drilling operations from May to October 2010 and may resume by mid-2011. In April 2009, TOTAL and Cobalt had signed an agreement related to the merger of their deep offshore acreage. Cobalt is operating the exploration phase.
- In April 2010, the Group disposed of its interests in the Matterhorn and Virgo operated fields.

(1) Steam Assisted Gravity Drainage.

(2) More detailed information related to these conditions and, more broadly, to the associated environmental and community risks and TOTAL's commitments to meet them is available at [www.total-ep-canada.com](http://www.total-ep-canada.com).



- Following the signature of an agreement in December 2009, a joint venture was set up with Chesapeake to produce shale gas in the Barnett Shale Basin, Texas. As part of this joint venture, TOTAL holds 25% of Chesapeake's portfolio in the Barnett Shale area. In 2010, 400 wells were drilled to increase gas production from 700 Mcf/d at the beginning of the year to 800 Mcf/d at year-end. Engineers from TOTAL are assigned to the teams led by Chesapeake.
- In January 2009, the Group closed the acquisition of a 50% interest in American Shale Oil LLC (AMSO) to develop oil shale technology. The pilot to develop this technology is underway in Colorado.
- In Alaska, TOTAL acquired in 2008 a 30% interest in several onshore exploration blocks known as "White Hills". Most of them were relinquished in mid-2009 following disappointing results.

In **Mexico**, TOTAL is conducting various studies in cooperation with state-owned PEMEX under a technical cooperation agreement signed in 2003 which is in the process of being renewed.

### 2.3.3. South America

**In 2010, TOTAL's production in South America was 179 kboe/d, representing 8% of the Group's overall production, compared to 182 kboe/d in 2009 and 224 kboe/d in 2008.**

In **Argentina**, where TOTAL has been present since 1978, the Group operates a quarter of the country's gas production<sup>(1)</sup>. The Group's production was 83 kboe/d in 2010, compared to 80 kboe/d in 2009 and 81 kboe/d in 2008.

- In the Neuquén Basin, the connection of satellite discoveries and an increase in compression capacity resulted in the extension of the San Roque (24.7%, operator) and Aguada Pichana (27.3%, operator) fields' plateau production.

In 2009, TOTAL and the Argentinean authorities signed an agreement extending the Aguada Pichana and San Roque concessions for ten years (from 2017 to 2027). As part of this agreement, 3D seismic was shot in late 2009 in the Las Carceles canyons area to allow the development of Aguada Pichana to continue westward.

In early 2011, TOTAL acquired interests in four licenses located in the Neuquén basin in order to assess their shale gas potential. The Group acquired 42.5% interests in and the operatorship of the Aguada de Castro and Pampa las Yeguas II licenses, a 40% interest in the Cerro Las Minas license and a 45% interest in the Cerro Partido license.

- In Tierra del Fuego, where the Group notably operates the offshore Carina and Aries fields (37.5%), gas production capacity increased from 424 Mcf/d to 565 Mcf/d in 2007 thanks to the installation of a fourth medium-pressure compressor to debottleneck the facilities. Work to increase the capacity of the pipeline that routes the gas to the region of Buenos Aires was completed in July 2010. This allowed the Group to increase production up to the maximum capacity of the processing plant during the southern winter.

In **Bolivia**, the Group's share of production, primarily gas, amounted to 20 kboe/d in 2010, stable compared to 2009, compared to 22 kboe/d in 2008. TOTAL holds interests 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 (60%, 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 2010, TOTAL decreased its interest to 41% in Block XX Tarija Oeste after divesting 34% and is no longer the operator.
- In 2004, TOTAL discovered the Incahuasi gas field on the Ipati Block. Following the interpretation of the 3D seismic shot in 2008, an appraisal well is ongoing on the adjacent Aquio Block to confirm the extension of the discovery to the north. In 2010, TOTAL signed an agreement to dispose of 20% in the Aquio and Ipati licenses. Under this agreement, which is subject to the approval by the Bolivian authorities, TOTAL's interest in the licenses will be 60%.

In 2008, TOTAL entered into a cooperation agreement with Gazprom and Yacimientos Petrolíferos Fiscales Bolivianos to explore the Azero Block as part of a joint venture company. TOTAL and Gazprom will be partners with equal interests in this joint venture company.

In **Brazil**, TOTAL holds interests 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.

- On Block BC-2, following seismic reprocessing, a pre-salt prospect was found under the Xerelete (formerly Curió) discovery made in 2001 at a water depth of 2,400 m.
- The southern extremity of Xerelete is located on Block BM-C-14, which is adjacent to Block BC-2. A unitization agreement was completed by the partners on both blocks. This agreement is subject to approval by the ANP (Agência Nacional do Petróleo).
- In June 2010, the Group acquired a 20% interest in the BM-S-54 license. Preliminary assessment of data from the exploration drilling, which was completed in November 2010, was positive and a second drilling is expected in 2011.

In **Colombia**, where TOTAL has been present since 1973, the Group's production was 18 kboe/d in 2010, compared to 23 kboe/d in 2009 and 2008. Following the termination of the Santiago de Los Andes license, TOTAL relinquished the Cupiagua field, and its interest in the joint venture that owns the two remaining licenses (that cover the Cusiana field) decreased to 11.6% from 19%. TOTAL also has a 50% interest in the Niscota exploration license. TOTAL is also active in the country through its interest in CEPESA<sup>(2)</sup>, which has operated the Caracara Block since 2008.

- On Cusiana, construction of the facilities intended to increase gas production capacity from 180 Mcf/d to 250 Mcf/d was completed in December 2010. In addition, start up of a project to extract 6 kb/d of LPG is expected in 2011.
- On Niscota, drilling of the Huron-1 well led to the discovery in 2009 of a gas and condensate field. A 3D seismic survey completed in 2010 aimed at determining the size of the discovery and the location of new appraisal wells. Drilling of an appraisal well is expected in 2011.

In **French Guiana**, TOTAL acquired a 25% interest in the Guyane Maritime license in December 2009. The acquisition is subject to approval by the French authorities. The license, located about 150 km off the coast, covers an area of approximately 32,000 km<sup>2</sup> in water depths ranging from 2,000 to 3,000 meters. 3D seismic acquisition and interpretation work were carried out in 2009 and 2010. Drilling of an exploration well is expected in 2011.

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

(2) In February 2011, TOTAL signed an agreement to dispose of its 48.83% interest in CEPESA. The transaction is conditioned on obtaining all requisite approvals.

In **Trinidad & Tobago**, where TOTAL has been present since 1996, the Group's production was 3 kb/d in 2010, compared to 5 kb/d in 2009 and 6 kb/d in 2008. TOTAL holds a 30% interest in the offshore Angostura field located on Block 2C. A second phase, for the development of gas reserves, is underway, with production expected to begin in the second quarter of 2011.

In **Venezuela**, where TOTAL has been present since 1980, the Group's production was 55 kboe/d in 2010, compared to 54 kboe/d in 2009 and 92 kboe/d in 2008. TOTAL holds interests in PetroCedeño (30.323%), Yucal Placer (69.5%) and in the offshore exploration Block 4, located in the Plataforma Deltana (49%).

- Pursuant to the decision by the Venezuelan authorities to terminate all operating contracts signed in the 1990s, the Sincor association in which TOTAL held an interest was transformed into a mixed public/private company: PetroCedeño. Under this agreement that led to the transfer of operatorship to PetroCedeño, TOTAL's interest in the project decreased from 47% to 30.323% and PDVSA's interest increased to 60%. The transformation process was completed in February 2008.

PDVSA agreed to compensate TOTAL for the reduction of its interest in Sincor by assuming \$326 million of debt and by paying, mostly in crude oil, \$834 million. The compensation process was completed in 2009.

- On Block 4, the exploration campaign, which involved three wells, was completed in 2007. In 2008, the authorities agreed to let the partners retain the Cocuina discovery zone (lots B and F) and relinquish the rest of the block.
- In early 2008, TOTAL signed two agreements for joint studies with PDVSA on the Junin 10 Block, in the Orinoco Belt.

### 2.3.4. Asia-Pacific

**In 2010, TOTAL's production in the Asia-Pacific region was 248 kboe/d, representing 10% of the Group's overall production, compared to 251 kboe/d in 2009 and 246 kboe/d in 2008.**

In **Australia**, where TOTAL has held leasehold rights since 2005, the Group owns 24% of the Ichthys project, 27.5% of the GLNG project and ten offshore exploration licenses, including four that it operates, off the northwest coast in the Browse, Vulcan and Bonaparte Basins. In 2010, the Group produced 1 kboe/d due to its interest in GLNG.

- FEED studies for the development of the gas and condensates Ichthys field located in the Browse Basin are ongoing. The studies launched in 2009 include a floating platform designed for gas production, treatment and export, an FPSO to stabilize and export condensates, an 885 km gas pipeline and a liquefaction plant located in Darwin.

Production capacity is expected to be 8.4 Mt/y of LNG and 1.6 Mt/y of LPG as well as production capacity of 100 kb/d of condensates. The operator plans a start-up of the field at year-end 2016.

- In late 2010, TOTAL acquired a 20% interest in the GLNG project, followed by an additional 7.5% interest for which the acquisition was closed 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 January 2011 and start-up is expected in 2015. LNG production

is expected to eventually reach 7.2 Mt/y.

- Major seismic acquisition activity occurred in 2008 on the four exploration licenses operated by TOTAL, followed by the interpretation of data in 2009. A drilling campaign involving two wells started in early 2011 on the WA403 license (60%, operator).
- In 2010, following unsuccessful results, TOTAL relinquished the exploration licenses located in the Carnarvon Basin.

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 14 kboe/d in 2010, compared to 12 kboe/d in 2009 and 14 kboe/d in 2008. The gas is delivered to the Brunei LNG liquefaction plant.

On Block B, a new drilling campaign started in July 2009 that includes a development well, which started production in April 2010, and two exploration wells drilled in 2010 in the southern portion of the field that discovered oil and gas. Development studies for these new reserves are underway.

On deep-offshore exploration Block CA1 (54%, operator), formerly Block J, exploration operations that had been suspended since May 2003 due to a border dispute between Brunei and Malaysia resumed in September 2010. Both countries reached a border agreement in 2009 that led to adapting the production sharing agreement signed in 2003, resulting in two new partners selected by the government of Malaysia farming into the exploration block. TOTAL's share decreased to 54% from 60% and TOTAL remains the operator. A drilling campaign involving several wells is expected to start in the second half of 2011.

In **China**, the Group is present on the South Sulige Block, located in the Ordos Basin, in the Inner Mongolia province. Appraisal work was conducted on this block between 2006 and 2008, in particular seismic acquisition, the drilling of four new wells and tests on existing wells. The development plan proposed by TOTAL in January 2010, in partnership with China National Petroleum Corporation (CNPC), was then adjusted to take advantage of the synergies achieved with the development of CNPC-operated Great Sulige. It was adopted in November 2010 by both partners and the approval process with the authorities is ongoing.

Both partners agreed that TOTAL's share in cofinancing the development would be 49% and CNPC's share would be 51% (operator). The development will be operated by CNPC where a number of specialists from TOTAL will be assigned.

In **Indonesia**, TOTAL has been present since 1968 with production of 178 kboe/d in 2010, compared to 190 kboe/d in 2009 and 177 kboe/d in 2008.

TOTAL's operations in Indonesia are primarily concentrated on the Mahakam permit (50%, operator), which covers several gas fields, including Peciko and Tunu. TOTAL also holds an interest 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 2010, gas production operated by TOTAL amounted to 2,488 Mcf/d. The gas operated and delivered by TOTAL accounted for nearly 80% of Bontang LNG's supply. In addition to gas production, operated condensates and oil production from the Handil and Bekapai fields amounted to 49 kb/d and 23 kb/d, respectively.

- On the Mahakam permit:
  - Drilling of additional wells on the Tunu field continued in 2010 as part of the twelfth and thirteenth development phases. The 3D seismic campaign on the central/southeastern portion of the field was completed in 2010 and drilling of development wells to discover shallow gas reservoir started in 2010.
  - On Peciko, following the start-up of a new platform (phase 5) in late 2008, a new phase of drilling operations (phase 7) started in 2009 and continued in 2010. New low-pressure compression capacities (phase 6) were commissioned in May 2010.
  - On Bekapai, debottlenecking operations to increase gas production were completed in July 2010.
  - Development of the South Mahakam permit continued with the award of the Engineering, Procurement and Construction contract (EPC) in August 2010 to develop the Stupa, West Stupa and East Mandu discoveries. Start-up of production is expected in early 2013.
- On the Sisi-Nubi field, which began production in 2007, drilling operations continue. The gas from Sisi-Nubi is produced through Tunu's processing facilities.
- In 2008, a seismic campaign was conducted on the Southeast Mahakam exploration block (50%, operator), located in the Mahakam Delta. Drilling of the first exploration well (Trekulu 1) was completed in late 2010.
- In May 2010, the Group acquired a 24.5% interest in two exploration blocks - Arafura and Amborip VI - located in the Arafura sea. Drilling of a first well started in mid-November 2010 on the Amborip VI license, which was followed by a second drilling that started in early 2011 on the Arafura license.
- In October 2010, the Group closed the acquisition of a 15% interest in the Sebuku license where the Ruby gas discovery is located, the development of which was launched in mid-February 2011 with targeted production of 100 Mcf/d of natural gas and expected start-up in 2013.

In October 2010, the Group signed an agreement with the consortium Nusantara Regas (Pertamina-PGN) for the delivery of 11.75 Mt of LNG over the period 2012-2022 to a re-gasification terminal located near Jakarta.

The Heads of Agreement that TOTAL, Inpex and state-owned Pertamina signed in 2009 with a consortium of LNG buyers in Japan (Western Buyers) came into effect in March 2010. As part of this agreement, the Bontang LNG plant is expected to deliver 25 Mt of LNG to Japan for the period 2011-2020. The gas supplied will come from the Mahakam permit.

In **Malaysia**, TOTAL signed a production sharing contract in 2008 with state-owned Petronas for the offshore exploration Blocks PM303, that TOTAL relinquished in early 2011, PM324 (70%, operator).

A drilling campaign in high pressure/high temperature conditions is expected to be launched in the second half of 2011 on Block PM324.

TOTAL also signed in November 2010 a new production and sharing agreement with Petronas for the deep offshore exploration Block SK 317 B (85%, operator) located off the state of Sarawak.

In **Myanmar**, TOTAL operates the Yadana field (31.2%). Located on offshore Blocks M5 and M6, this field produces gas that is delivered mainly to PTT (the Thai state-owned company) to be used in Thai power plants. The Yadana field also supplies the domestic market via a land pipeline and, since June 2010, via a sub-sea pipeline built and operated by Myanmar's state-owned company MOGE.

The Group's production was 14 kboe/d in 2010, compared to 13 kboe/d in 2009 and 14 kboe/d in 2008.

In **Thailand**, the Group's production was 41 kboe/d in 2010, compared to 36 kboe/d in 2009 and 41 kboe/d in 2008. The rise in production in 2010 is the result of sustained gas demand, driven by economic growth in the country. The Group's main asset is the offshore Bongkot gas and condensates field (33.3%). PTT purchases all of the natural gas and condensates production.

- On the northern portion of the Bongkot field, the 3F (three wellhead platforms) and 3G (two platforms) development phases came onstream in 2008 and 2009, respectively. New investments allow gas demand to be met and plateau production to be maintained:
  - the three platforms from the 3H development phase were installed in 2010 and production started up in early 2011;
  - phase 3J (two platforms) was launched in late 2010; and
  - additional low-pressure compressors have been installed to increase gas production.
- The southern portion of the field (Great 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. Construction of the facilities, which began in 2009, accelerated in 2010 and production is expected to start up in early 2012.

In 2009, three successful exploration wells were drilled on Bongkot that are expected to be developed subsequently to maintain plateau production. In 2010, an exploration well was drilled on Bongkot North and a second well was drilled on Block G12-48 (33.3%), which neighbors the Bongkot field. The positive results from both wells are under interpretation.

In **Vietnam**, TOTAL holds a 35% interest in the production sharing contract for the offshore 15-1/05 exploration block following an agreement signed in 2007 with PetroVietnam. A 1,600 km<sup>2</sup> 3D seismic survey was shot in the summer of 2008 on this block. Two oil discoveries were made on the southern portion of the block, one in November 2009 and the other in October 2010. A new drilling campaign that involves five wells started in November 2010.

In 2009, TOTAL and PetroVietnam signed a production sharing agreement for Blocks DBSCL-02 and DBSCL-03. The onshore blocks, located in the Mekong Delta region, are held by TOTAL (75%, operator) and PetroVietnam (25%). A first 2D seismic survey was shot between November 2009 and April 2010.

### 2.3.5. Commonwealth of Independent States (CIS)

**In 2010, TOTAL's production in the CIS was 23 kboe/d, representing 1% of the Group's overall production, compared to 24 kboe/d in 2009 and 26 kboe/d in 2008.**

In **Azerbaijan**, TOTAL has been present since 1996 with production of 13 kboe/d in 2010, compared to 12 kboe/d in 2009 and 18 kboe/d in 2008. The Group's production is focused on the Shah Deniz field (10%). TOTAL holds a 10% interest in South Caucasus Pipeline Company, owner of the SCP (South Caucasus Pipeline) gas pipeline that transports the gas produced in Shah Deniz to the Turkish and Georgian markets. TOTAL also holds a 5% interest in BTC Co., owner of the BTC (Baku-Tbilisi-Ceyhan) oil pipeline, which connects Baku and the Mediterranean Sea.

- Gas deliveries to Turkey and Georgia from the Shah Deniz field continued throughout 2010, at a lower pace for Turkey due to weaker demand. In 2010, SOCAR, the Azerbaijan state-owned company, took gas quantities superior to those provided for by the agreement.

An agreement was made with Botas, a Turkish state-owned company, to revise the price of gas sold to Turkey as part of Shah Deniz Phase 1, applicable with retroactive effect from April 15, 2008.

Development studies and business negotiations for the sale of additional gas needed to launch a second development phase in Shah Deniz continued in 2010. SOCAR and Botas signed in June 2010 a Memorandum of Understanding for the sale of additional gas volumes and the transfer conditions for volumes intended for the European market. This agreement is expected to allow FEED studies to start in 2011 for the second phase.

- On the BTC oil pipeline, notably used to transport the condensates produced at Shah Deniz, equipment was installed in 2009 to inject additives to reduce drag. This resulted in the oil pipeline capacity increasing from 1 Mb/d to 1.2 Mb/d.

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 phase. Drilling of an exploratory well started in early 2011.

In **Kazakhstan**, TOTAL has held since 1992 an interest in the North Caspian license that covers notably the Kashagan field where the substantial reserves may eventually allow production to reach more than 1 Mb/d (in 100%).

The Kashagan project is expected to be developed in several phases. The development plan for the first phase (300 kb/d) was approved in February 2004 by the Kazakh authorities, allowing work to begin on the field. Drilling of development wells, which began in 2004, continued in 2010. The consortium continues to target first commercial production by year-end 2012.

In October 2008, the members of the North Caspian Sea Production Sharing Agreement (NCSPSA) consortium and the Kazakh authorities signed agreements to end the disagreement that began in August 2007. Their implementation led to a reduction of TOTAL's share in NCSPSA from 18.52% to 16.81%. The operating structure was reconfigured and the North Caspian Operating Company (NCOC), a joint operating company, was entrusted with the operatorship in January 2009. NCOC supervises and coordinates NCSPSA's operations.

In **Russia**, where TOTAL has been present since 1989, the Group's production was 10 kboe/d in 2010, compared to 12 kboe/d in 2009 and 8 kboe/d in 2008. Production comes mainly from the Kharyaga field (40%, operator).

- In 2007, TOTAL and Gazprom signed an agreement for the first phase of development on the giant Shtokman gas and condensates field, located in the Barents Sea. Under this agreement, Shtokman Development AG (TOTAL, 25%) was created in 2008 to design, build, finance and operate this first development phase whose overall production capacity is expected to be 23.7 Bm<sup>3</sup>/y (0.4 Mboe/d). Engineering studies are underway for the portion of the project that will allow the transport of gas by pipeline through the Gazprom network

(offshore development, gas pipeline and onshore gas and condensates processing facilities - Teriberka site), with a final investment decision expected in 2011, and for the LNG part of the project that will allow the export of 7.5 Mt/y of LNG from a new harbor located in Teriberka, representing approximately half of the gas produced by the first development phase.

- In December 2009, TOTAL closed the acquisition from Novatek of a 49% interest in Terneftegas, which holds a development and production license on the onshore Termokarstovoye field. An appraisal well was drilled in 2010, the results of which are expected to lead to a final investment decision by year-end 2011.
- On the Kharyaga field, work related to the development plan of phase 3 is ongoing. This development plan is intended to maintain plateau production at the 30 kboe/d (in 100%) level reached in late 2009. In December 2009, TOTAL signed an agreement, effective January 1, 2010, to sell 10% of the field to state-owned Zarubezhneft, and decreased its interest to 40%.
- In October 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. Gas production is expected to be transported to Russia. Pursuant to this agreement, TOTAL is planning to acquire a 17% interest in KMG's share.
- On March 2, 2011, TOTAL and Novatek signed two agreements in principle providing for:
  - TOTAL becoming the main international partner on the Yamal LNG project with a 20% interest, and Novatek holding a 51% interest in the project. As part of the agreement, the transaction is expected to be closed by July 2011.
  - TOTAL taking a 12.08% interest in Novatek with both parties intending that TOTAL increases its interest to 15% within 12 months and to 19.40% within 36 months.

## 2.3.6. Europe

**In 2010, TOTAL's production in Europe was 580 kboe/d, representing 24% of the Group's overall production, compared to 613 kboe/d in 2009 and 616 kboe/d in 2008.**

In **Denmark**, TOTAL was awarded in June 2010 an 80% interest in and the operatorship for licenses 1/10 (Nordjylland) and 2/10 (Frederoskilde), following the approval by the Danish Energy Agency. These onshore licenses cover areas of 3,000 km<sup>2</sup> and 2,300 km<sup>2</sup>, respectively, and are expected to be appraised for shale gas.

In **France**, the Group's production was 21 kboe/d in 2010, compared to 24 kboe/d in 2009 and 25 kboe/d in 2008. 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 the Group's sustainable development policy, this project will allow the Group to assess one of the technological possibilities for reducing carbon dioxide emissions.

In 2010, TOTAL was awarded the Montélimar (100%) license to



assess the shale gas potential of the area once authorizations to operate are given.

In **Italy**, the Tempa Rossa field (50%, operator), discovered in 1989 and located on the unitized Gorgoglione concession (Basilicate region), is one of TOTAL's principal assets in the country.

Site preparation work started in early August 2008, but the proceedings initiated by the Prosecutor of the Potenza Court against Total Italia led to a freeze in the preparation work. New calls for tenders have been launched related to certain contracts that had been cancelled. Drilling of the Gorgoglione 2 appraisal well that started in May 2010 is ongoing. The partners on Tempa Rossa are expected to make the final investment decision in 2011 for this project that has an expected capacity of 55 kboe/d. The extension plan for the Tarente refinery export system, needed for the development of the Tempa Rossa field, was submitted to the Italian authorities in May 2010 for an approval expected in 2011. Start-up of production is currently expected in 2015.

In **Norway**, where the Group has been present since the mid-1960s, TOTAL holds interests in seventy-eight production licenses on the Norwegian continental shelf, fifteen of which it operates. Norway is the largest single-country contributor to the Group's production, with volumes of 310 kboe/d in 2010, compared to 327 kboe/d in 2009 and 334 kboe/d in 2008.

- In the Norwegian North Sea, production was 226 kboe/d in 2010. The most substantial contribution to production, for the most part non-operated, comes from the Greater Ekofisk Area (Ekofisk, Eldfisk, Embla, etc.), located in the south. The Greater Hild Area (Hild East, Central, West, etc.) is located in the north.
  - Several projects are ongoing or are under study in the Greater Ekofisk Area, where the Group has a 39.9% participation in the Ekofisk and Eldfisk fields. The Ekofisk South and Eldfisk 2 projects are expected to be launched in 2011 after receiving the approval from the Norwegian authorities.
  - In 2010, the Group sold its interests in the Valhall/Hod fields.
  - On the Greater Hild Area, the Group holds a 49% interest (operator). The development scheme was selected at year-end 2010. The project is expected to be approved in 2011 and production is scheduled to start up in 2016.
  - On Frigg, decommissioning is completed.
- In the Norwegian Sea, the Haltenbanken area includes the Tyrihans (23.2%), 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. In 2010, the Group's production in the Haltenbanken area was 61 kboe/d.
- In the Barents Sea, LNG production on Snøhvit (18.4%) started in 2007. This project includes development of the natural gas fields, Snøhvit, Albatross and Askeladd, as well as the construction of the associated liquefaction facilities. Due to design problems, the plant experienced reduced capacity during the start-up phase. A number of maintenance turnarounds were scheduled to fix the issue and the plant is now operating at its design capacity (4.2 Mt/y).

Between 2008 and 2010, exploration and appraisal work was carried out on various licenses. In the Norwegian North Sea, the oil discovery on Dagny (PL 048, 21.8%) and the Pan/Pandora (PL 120, 11%) discovery, made in 2008, substantially increased the potential of the Sleipner and Visund areas, respectively. Pan/Pandora is to be developed as a fast track satellite. The

development project is expected to be launched in 2011 after receipt of approval from the Norwegian authorities. The Dagny project is scheduled for approval in 2012.

A number of discoveries were made in 2009, in particular on Beta Vest (PL 046, 10%) near Sleipner, Katla (PL 104, 10%), located south of Oseberg, and Vigdis North East (PL 089, 5.6%), located south of Snorre. Katla and Vigdis North East are expected to be developed as fast track satellites, with the approval of the projects by the partners on both licenses planned for the first half of 2011. In the Central North Sea, TOTAL (40% operator) made a gas and condensate discovery in 2010 on the David structure (PL 102C -Heimdal area). The structure could be developed through a tie-back to Heimdal via Skirne-Byggve. In the Barents Sea, TOTAL was awarded in 2009 a new exploration license - PL 535 (40%) - during the twentieth licensing round. On this license, a 3D seismic acquisition was completed in 2009 and drilling is expected to begin in 2011. In 2011, TOTAL was awarded four new exploration licenses, including one for which TOTAL is operator, during the 2010 APA (Awards in Predefined Areas).

In the **Netherlands**, TOTAL has been active in natural gas exploration and production since 1964 and currently holds twenty-four offshore production permits, including twenty that it operates, and an offshore exploration permit, E17c (16.92%) awarded in 2008. In 2010, the Group's share of production amounted to 42 kboe/d, compared to 45 kboe/d in 2009 and 44 kboe/d in 2008. In 2008, TOTAL acquired Goal Petroleum (Netherlands) B.V.

- On the K5F field (40.39%, operator), production began in 2008. This project is comprised of two sub-sea wells connected to the existing production and transport facilities. K5F is the first project in the world to use only electrically driven sub-sea well heads and systems.
- Development of the K5CU project (49%, operator) was launched in 2009 and production started up in early 2011. This development includes four wells supported by a platform that has been installed in September 2010 and is connected to the K5A platform by a 15 km gas pipeline.

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

In the **United Kingdom**, TOTAL has been present since 1962 with production in 2010 of 207 kboe/d, compared to 217 kboe/d in 2009 and 213 kboe/d in 2008. 86% of this 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.

- On the Alwyn zone, start-up of satellite fields or new reservoir compartments allowed production to be maintained. The processing and compressing capacities of the Alwyn platform increased from 530 Mcf/d to 575 Mcf/d during the summer of 2008 planned shutdown for maintenance.

The N52 well drilled on Alwyn (100%) in a new compartment of the Statfjord reservoir came onstream in February 2010 with initial flow of 15 kboe/d (gas and condensates).



The Jura field (100%), discovered in late 2006, started production in May 2008 through two sub-sea wells connected to the oil pipeline linking Forvie North and Alwyn. The production capacity of this field is 50 kboe/d (gas and condensates).

Development studies were completed on Islay (100%), a second gas and condensates discovery made in 2008 and located in a faulted panel immediately east of Jura, and the development was approved in July 2010. Start-up of production is expected in the second half of 2011 with a production capacity of 15 kboe/d.

In late 2008, TOTAL increased its interest in the Otter field from 54.3% to 81%. An agreement to dispose of this interest was reached in 2010 and is expected to be completed under two phases between 2011 and 2012.

The development of the Elgin (35.8%) and Franklin fields (35.8%), in production since 2001, contributed substantially to the Group's operations in the United Kingdom. On the Elgin field, the infill well drilled between November 2008 and September 2009 came onstream in October 2009 with production of 18 kboe/d. Drilling of a second infill well was completed in 2010 with production of 12 kboe/d starting up in May. Drilling of such a well in a high pressure/high temperature highly depleted field is a significant technical milestone.

Additional development of West Franklin through a second phase (drilling of three additional wells and installation of a new platform connected to Elgin) was approved in November 2010. This phase is expected to result in the development of approximately 85 Mboe in 100%. Start-up of production is expected at year-end 2013.

As part of an agreement signed in 2005, TOTAL acquired a 25% interest in two blocks located near Elgin and Franklin by drilling an appraisal well on the Kessog structure. This interest was increased to 50% in 2009.

- In the West of Shetland area, TOTAL increased its interest to 80% in the Laggan and Tormore fields in early 2010.

The final investment decision for the Laggan/Tormore project was made in March 2010 and commercial production is scheduled to start in 2014 with an expected capacity of 90 kboe/d. The joint development scheme selected by TOTAL and its partner includes sub-sea production facilities and off-gas treatment (gas and condensates) at a plant located near the Sullom Voe terminal in the Shetland Islands. The gas would then be exported to the Saint-Fergus terminal via a new pipeline connected to the Frigg pipeline (FUKA).

In 2010, the Group's interest 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.

In early 2011, a gas and condensate discovery was made on the Edradour license (75%, operator).

TOTAL holds interests in ten assets operated by third parties, the most important in terms of reserves being the Bruce (43.25%) and Alba (12.65%) fields. The Group disposed of its interest in the Nelson field (11.5%) in 2010.

## 2.3.7. Middle East

**In 2010, TOTAL's production in the Middle East was 527 kboe/d, representing 22% of the Group's overall production, compared to 438 kboe/d in 2009 and 432 kboe/d in 2008.**

In the **United Arab Emirates**, where TOTAL has been present since 1939, the Group's production in 2010 was 222 kboe/d, compared to 214 kboe/d in 2009 and 243 kboe/d in 2008. The changes that have been recorded since 2008 are mainly due to the implementation of OPEC quotas.

In Abu Dhabi, TOTAL holds a 75% interest in the Abu Al Bu Khoosh field (operator), a 9.5% interest in the Abu Dhabi Company for Onshore Oil Operations (ADCO), which operates the five major onshore fields in Abu Dhabi, and a 13.3% interest in Abu Dhabi Marine (ADMA), which operates two offshore fields. TOTAL also has a 15% stake in Abu Dhabi Gas Industries (GASCO), which produces LPG and condensates from the associated gas produced by ADCO, and a 5% stake in Abu Dhabi Gas Liquefaction Company (ADGAS), which produces LNG, LPG and condensates.

In early 2009, TOTAL signed agreements for a 20-year extension of its interest in the GASCO joint venture starting on October 1, 2008.

In early 2011, TOTAL and IPIC, a government-owned entity in Abu Dhabi, signed a Memorandum of Understanding with a view to developing projects of common interest in the upstream oil and gas sectors.

The Group holds a 25% interest in Dolphin Energy Ltd. alongside Mubadala, a company owned by the government of the Abu Dhabi Emirate, to market gas produced in Qatar in particular to the United Arab Emirates.

The Group also holds a 33.3% interest in 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 expected to allow FERTIL to more than double production so as to reach nearly 2 Mt/y in January 2013.

In **Iraq**, TOTAL bid in 2009 and 2010 on the three calls for tenders launched by the Iraqi Ministry of Oil. The PetroChina-led consortium that includes TOTAL (18.75%) was awarded the development and production contract for the Halfaya field during the second call for tenders held in December 2009. This field is located in the province of Missan, north of Basra. The agreement became effective in March 2010 and the preliminary development plan was approved by the Iraqi authorities in late September 2010. Development operations have started. It plans for first production of nearly 70 kb/d of oil in 2012.

In **Iran**, the Group's production, under buyback agreements, amounted to 2 kboe/d in 2010, compared to 8 kboe/d in 2009 and 9 kboe/d in 2008. For additional information on TOTAL's operations in Iran, see Chapter 4 (Risk Factors).

In **Oman**, the Group's production in 2010 was 34 kboe/d, stable compared to 2009 and 2008. The Group produces oil on Block 6 mainly and on Block 53 as well as liquefied natural gas through its interests in the Oman LNG (5.54%/Qalhat LNG (2.04%))<sup>(1)</sup> liquefaction plant, which has a capacity of 10.5 Mt/y.

(1) Indirect interest through the 36.8% share in Qalhat LNG owned by Oman LNG.

In **Qatar**, TOTAL has been present since 1936 and holds interests in the Al Khalij field (100%), the NFB Block (20%) in the North field, the Qatargas 1 liquefaction plant (10%), Dolphin (24.5%) and train 5 of Qatargas 2 (16.7%). The Group's production was 164 kboe/d in 2010, compared to 141 kboe/d in 2009 and 121 kboe/d in 2008. Production substantially increased with the start-up of Qatargas 2.

- Production from Dolphin started during the summer of 2007 and reached its full capacity in the first quarter of 2008. The contract, 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 from train 5 of Qatargas 2, which started in September 2009, reached its full capacity (7.8 Mt/y) at year-end 2009. TOTAL has owned an interest in this train since 2006. 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 also holds a 10% interest in Laffan Refinery, a 146 kb/d condensate splitter that started up in September 2009.

In **Syria**, TOTAL is present on the Deir Ez Zor license (100%, operated by DEZPC, 50% of which is owned by TOTAL) and through the Tabiyeh contract that became effective in October 2009. The Group's production for both assets was 39 kboe/d in 2010, compared to 20 kboe/d in 2009 and 15 kboe/d in 2008.

Three agreements were ratified:

- in 2008, the 10-year extension, to 2021, of the production sharing agreement of the Deir Ez Zor license;
- in 2009, the Tabiyeh agreement, which primarily provides for an increase in the production from the gas and condensates Tabiyeh field; and
- in 2009, the Cooperation Framework Agreement, which provides for the development of oil projects in partnership with the Syrian company General Petroleum Corporation.

For additional information on TOTAL's operations in Syria, see Chapter 4 (Risk Factors).

In **Yemen**, TOTAL has been present since 1987 with production of 66 kboe/d in 2010, compared to 21 kboe/d in 2009 and 10 kboe/d in 2008.

TOTAL has an interest in the Yemen LNG project (39.62%). As part of this project, the liquefaction plant built in Balhaf 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 two liquefaction trains were commissioned in October 2009 and April 2010. Overall production capacity from both trains is 6.7 Mt/y of LNG.

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

In 2010, TOTAL consolidated positions in onshore exploration through the acquisition of a 36% interest in Block 72 and by increasing its interest to 50.1% from 30.9% in Block 70. TOTAL also acquired 40% interests in Blocks 69 and 71 in 2007. Appraisal of gas discoveries on Block 71 is underway. The first well drilled on Block 70 discovered positive oil shows. The potential of this discovery has yet to be assessed.

## 2.4. Oil and gas acreage

As of December 31, (in thousand of acres at year-end)		2010		2009		2008	
		Undeveloped acreage <sup>(a)</sup>	Developed acreage	Undeveloped acreage <sup>(a)</sup>	Developed acreage	Undeveloped acreage <sup>(a)</sup>	Developed acreage
Europe	Gross	6,802	776	5,964	667	5,880	647
	Net	3,934	184	2,203	182	2,191	181
Africa	Gross	72,639	1,229	85,317	1,137	85,883	1,112
	Net	33,434	349	45,819	308	41,608	292
Americas	Gross	16,816	1,022	9,834	776	8,749	484
	Net	5,755	319	4,149	259	4,133	186
Middle East	Gross	29,911	1,396	33,223	204	33,223	199
	Net	2,324	209	2,415	97	2,415	69
Asia	Gross	36,519	539	29,609	397	25,778	387
	Net	17,743	184	16,846	169	12,529	131
<b>Total</b>	<b>Gross</b>	<b>162,687</b>	<b>4,962</b>	<b>163,947</b>	<b>3,181</b>	<b>159,513</b>	<b>2,829</b>
	<b>Net<sup>(b)</sup></b>	<b>63,190</b>	<b>1,245</b>	<b>71,432</b>	<b>1,015</b>	<b>62,876</b>	<b>859</b>

(a) Undeveloped acreage includes leases and concessions.

(b) Net acreage equals the sum of the Group's fractional interest in gross acreage.

## 2.5. Number of productive wells

As of December 31, (number of wells at year-end)		2010		2009		2008	
		Gross productive wells	Net productive wells <sup>(a)</sup>	Gross productive wells	Net productive wells <sup>(a)</sup>	Gross productive wells	Net productive wells <sup>(a)</sup>
Europe	Liquids	569	151	705	166	700	166
	Gas	368	132	328	125	328	127
Africa	Liquids	2,250	628	2,371	669	2,465	692
	Gas	182	50	190	50	112	34
Americas	Liquids	884	261	821	241	621	176
	Gas	2,532	515	1,905	424	254	79
Middle East	Liquids	7,519	701	3,766	307	3,762	264
	Gas	360	49	136	32	83	15
Asia	Liquids	196	75	157	75	184	68
	Gas	1,258	411	1,156	379	1,049	271
<b>Total</b>	<b>Liquids</b>	<b>11,418</b>	<b>1,816</b>	<b>7,820</b>	<b>1,458</b>	<b>7,732</b>	<b>1,366</b>
	<b>Gas</b>	<b>4,700</b>	<b>1,157</b>	<b>3,715</b>	<b>1,010</b>	<b>1,826</b>	<b>526</b>

(a) Net wells equal the sum of the Group's fractional interest in gross wells.

## 2.6. Number of net oil and gas wells drilled annually

As of December 31,	2010			2009			2008		
	Net productive wells drilled <sup>(a)</sup>	Net dry wells drilled <sup>(a)</sup>	Total net wells drilled <sup>(a)</sup>	Net productive wells drilled <sup>(a)</sup>	Net dry wells drilled <sup>(a)</sup>	Total net wells drilled <sup>(a)</sup>	Net productive wells drilled <sup>(a)</sup>	Net dry wells drilled <sup>(a)</sup>	Total net wells drilled <sup>(a)</sup>
<b>Exploratory<sup>(b)</sup></b>									
Europe	1.7	0.2	1.9	0.4	3.7	4.1	1.3	2.0	3.3
Africa	1.6	4.3	5.9	5.9	3.2	9.1	4.7	3.2	7.9
Americas	1.0	1.6	2.6	0.8	1.6	2.4	-	2.6	2.6
Middle East	0.9	0.3	1.2	0.3	-	0.3	0.4	-	0.4
Asia	3.2	1.2	4.4	1.7	1.2	2.9	4.1	2.2	6.3
<b>Subtotal</b>	<b>8.4</b>	<b>7.6</b>	<b>16.0</b>	<b>9.1</b>	<b>9.7</b>	<b>18.8</b>	<b>10.5</b>	<b>10.0</b>	<b>20.5</b>
<b>Development</b>									
Europe	5.0	-	5.0	5.0	-	5.0	6.2	-	6.2
Africa	18.1	-	18.1	27.5	0.2	27.7	38.3	6.4	44.7
Americas	135.3	112.5	247.8	31.2	104.3	135.5	41.5	270.9	312.4
Middle East	29.6	1.4	31.0	42.6	3.4	49.0	61.2	7.6	68.8
Asia	59.3	-	59.3	63.5	0.3	63.8	58.7	-	58.7
<b>Subtotal</b>	<b>247.3</b>	<b>113.9</b>	<b>361.2</b>	<b>172.8</b>	<b>108.2</b>	<b>281.0</b>	<b>205.9</b>	<b>284.9</b>	<b>490.8</b>
<b>Total</b>	<b>255.7</b>	<b>121.5</b>	<b>377.2</b>	<b>181.9</b>	<b>117.9</b>	<b>299.8</b>	<b>216.4</b>	<b>294.9</b>	<b>511.3</b>

(a) Net wells equal the sum of the Group's fractional interest in gross wells.

(b) Previously published data for 2009 have been restated.

## 2.7. Drilling and production activities in progress

As of December 31, (number of wells at year-end)	2010		2009		2008	
	Gross	Net <sup>(a)</sup>	Gross	Net <sup>(a)</sup>	Gross	Net <sup>(a)</sup>
<b>Exploratory</b>						
Europe	3	2.1	1	0.5	2	1.1
Africa	4	1.4	4	1.3	7	2.5
Americas	2	0.9	2	0.6	1	0.5
Middle East	2	1.2	1	0.4	1	0.3
Asia	2	1.1	-	-	1	0.1
<b>Subtotal</b>	<b>13</b>	<b>6.7</b>	<b>8</b>	<b>2.8</b>	<b>12</b>	<b>4.5</b>
<b>Development</b>						
Europe	21	3.8	5	2.2	7	3.7
Africa	29	6.4	31	8.5	19	4.3
Americas	99	29.2	60	17.8	9	3.2
Middle East	20	5.1	40	4.8	5	2.2
Asia	23	9.8	12	5.5	23	7.8
<b>Subtotal</b>	<b>192</b>	<b>54.3</b>	<b>148</b>	<b>38.8</b>	<b>63</b>	<b>21.2</b>
<b>Total</b>	<b>205</b>	<b>61.0</b>	<b>156</b>	<b>41.6</b>	<b>75</b>	<b>25.7</b>

(a) Net wells equal the sum of the Group's fractional interest in gross wells.

## 2.8. Interests in pipelines

The table below sets forth TOTAL's interests in oil and gas pipelines as of December 31, 2010.

Pipeline(s)	Origin	Destination	% interest	Operator	Liquids	Gas
<b>Europe</b>						
<b>France</b>						
TIGF	Network South West		100.00	x		x
<b>Norway</b>						
Frostpipe (inhibited)	Lille-Frigg, Froy	Oseberg	36.25		x	
Gassled <sup>(a)</sup>			7.76			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	8.65		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	
<b>The Netherlands</b>						
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
<b>United Kingdom</b>						
Alwyn Liquid Export Line	Alwyn North	Cormorant	100.00	x	x	
Bruce Liquid Export Line	Bruce	Forties (Unity)	43.25		x	
Central Area Transmission System (CATS)	Cats Riser Platform	Teeside	0.57			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
<b>Africa</b>						
<b>Algeria</b>						
Medgaz	Algeria	Spain	9.77 <sup>(b)</sup>			x
<b>Gabon</b>						
Mandji Pipes	Mandji fields	Cap Lopez Terminal	100.00 <sup>(c)</sup>	x	x	
Rabi Pipes	Rabi fields	Cap Lopez Terminal	100.00 <sup>(c)</sup>	x	x	
<b>Americas</b>						
<b>Argentina</b>						
Gas Andes	Neuquen Basin (Argentina)	Santiago (Chile)	56.50	x		x
TGN	Network (Northern Argentina)		15.40	x		x
TGM	TGN	Uruguayana (Brazil)	32.68	x		x
<b>Bolivia</b>						
Transierra	Yacuiba (Bolivia)	Rio Grande (Bolivia)	11.00			x
<b>Brazil</b>						
TBG	Bolivia-Brazil border	Porto Alegre via São Paulo	9.67			x

Pipeline(s)	Origin	Destination	% interest	Operator	Liquids	Gas
<b>Colombia</b>						
Ocensa	Cusiana	Covenas Terminal	15.20		x	
Oleoducto de Alta Magdalena	Tenay	Vasconia	0.93		x	
Oleoducto de Colombia	Vasconia	Covenas	9.55		x	
<b>Asia</b>						
Yadana	Yadana (Myanmar)	Ban-I Tong (Thai border)	31.24	x		x
<b>Rest of World</b>						
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) Gassled: unitization of Norwegian gas pipelines through a new joint venture in which TOTAL has an interest of 7.761%. In addition to its direct interest in Gassled, TOTAL holds a 14.4% interest in a joint venture with Norse Sea Gas AS, which holds 2.839% in Gassled.

(b) Through the Group's interest in CEPESA (48.83%).

(c) Interest of Total Gabon. The Group has a financial interest of 58.3% in Total Gabon.

## 2.9. Gas & Power

The Gas & Power division is primarily focused on the optimization of the Group's gas resources. The division is active in transport, trading, marketing of natural gas and liquefied natural gas (LNG), LNG re-gasification and natural gas storage, liquefied petroleum gas (LPG) shipping and trading, power generation from gas-fired power plants or renewable energies, and coal production, trading and marketing.

The Gas & Power division is also developing new energies that emit less greenhouse gases to complement hydrocarbons so as to meet the increasing global demand for energy. For this purpose, the Group has three main focuses:

- the upstream/downstream integration of the solar photovoltaic channel;
- thermochemical and biochemical conversion of feedstock into fuels or chemicals; and
- nuclear power generation with the long-term objective of becoming a power plant operator.

In these fields, TOTAL pursues and strengthens R&D in solar energy, gas, coal and biomass conversion processes, energy storage, carbon capture and storage and gas technologies.

### 2.9.1. Liquefied natural gas

A pioneer in the LNG industry, TOTAL today ranks second worldwide among international oil companies<sup>(1)</sup> 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 positions in most major production zones and markets.

From its interests in liquefaction plants located in Indonesia, Qatar, the United Arab Emirates, Oman, Nigeria, Norway and, since 2009,

Yemen, TOTAL markets LNG mainly in Asia and Continental Europe, as well as in the United Kingdom and North America. In 2010, TOTAL sold 12.3 Mt of LNG, an increase by approximately 40% compared to 2009, due in particular to the start-up of the train 5 of Qatargas 2 and Yemen LNG. The start-up of the Angola LNG plant, which is currently under construction, and the Group's liquefaction projects in Australia, Nigeria and Russia are expected to result in ongoing growth for its sales.

The Gas & Power division is responsible for LNG operations downstream from liquefaction plants<sup>(2)</sup>. It is in charge of LNG marketing to third parties on behalf of the Exploration & Production division, building up the Group's LNG portfolio for its trading, marketing and transport operations as well as re-gasification terminals.

In **Angola**, TOTAL is involved in the construction of the Angola LNG liquefaction plant (TOTAL, 13.6%) that includes a 5.2 Mt/y train expected to start-up in 2012. As part of this project, TOTAL signed in 2007 a re-gasified gas purchase agreement for 13.6% of the quantities produced over a 20-year period.

In **Nigeria**, TOTAL holds a 15% interest in the Nigeria LNG plant (NLNG). The Group signed an LNG purchase agreement 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.

TOTAL also holds a 17% interest 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 by Brass LNG.

(1) Based on publicly available information; upstream and downstream portfolios.

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

In **Norway**, as part of the Snøwhit project, in which the Group holds a 18.4% interest, TOTAL signed in 2004 a purchase agreement for 35 Bcf/y (0.78 Mt/y) of LNG over a 15-year period primarily intended for North America and Europe. Deliveries started in 2007.

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

In **Yemen**, TOTAL signed an agreement with Yemen LNG Ltd (TOTAL, 39.62%) in 2005 to purchase 2 Mt/y of LNG over a 20-year period, starting in 2009, which are initially intended for deliveries in the United States and Europe. LNG production from Yemen LNG's first and second trains started in October 2009 and April 2010, respectively.

In 2009 and 2010, part of the volumes that were bought by the Group pursuant to its long term contracts related to the LNG projects mentioned above were diverted to higher-value markets in Asia.

In **China**, TOTAL signed in 2008 an LNG sale agreement with China National Offshore Oil Company (CNOOC). This agreement, starting in 2010 for a 15-year period, provides for the supply by TOTAL of up to 1 Mt/y of LNG to CNOOC. The gas supplied comes from the Group's global LNG resources.

As part of its LNG transport operations, TOTAL is also the direct charterer of the Arctic Lady, a long-term 145,000 m<sup>3</sup> LNG tanker that ships TOTAL's share of production from the Snøwhit liquefaction plant in Norway.

The Group also holds a 30% interest in Gaztransport & Technigaz (GTT), which focuses mainly on the design and engineering of membrane cryogenic tanks for LNG tankers. At year-end 2010, 245 active LNG tankers were equipped with membrane tanks built under GTT licenses out of a world tonnage estimated at 367 LNG tankers<sup>(1)</sup>.

## 2.9.2. Trading

In 2010, TOTAL continued to pursue its strategy of developing its operations downstream from natural gas and liquefied natural gas production in order 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 new 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 and coal marketing. Teams of the Gas & Power division are located mainly in London, Houston and Geneva.

### 2.9.2.1. 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 1,278 Bcf (36.2 Bm<sup>3</sup>) of natural gas in 2010, compared to 1,286 Bcf (36.5 Bm<sup>3</sup>) in 2009 and 1,240 Bcf (35.2 Bm<sup>3</sup>) in 2008, approximately 14% of which came from the Group's production. In addition, TOTAL marketed 27.1 TWh of electricity in 2010, compared to 35 TWh in 2009 and 38.5 TWh in 2008, which came mainly from external sources.

In **North America**, TOTAL marketed 1,798 Bcf (51 Bm<sup>3</sup>) of natural gas in 2010, compared to 1,586 Bcf (45 Bm<sup>3</sup>) in 2009 and approximately 1,652 Bcf (46.9 Bm<sup>3</sup>) in 2008, supplied by its own production or external sources.

### 2.9.2.2. LNG

TOTAL has LNG trading operations through spot sales and fixed-term contracts. Since 2009, new purchase (Qatargas 2, Yemen LNG) and sale (CNOOC) agreements resulted in the substantial development of the Group's LNG marketing operations. This spot and fixed-term LNG portfolio allows TOTAL to supply its main customers worldwide with gas, while retaining a certain degree of flexibility to react to market opportunities.

In 2010, TOTAL purchased ninety-four contractual cargoes and twelve spot cargoes from Qatar, Yemen, Nigeria, Norway, Russia and Egypt, compared to twenty-three and twelve, respectively, in 2009.

### 2.9.2.3. LPG

In 2010, TOTAL traded and sold approximately 4.5 Mt of LPG (butane and propane) worldwide, compared to 4.4 Mt in 2009 and 5.2 Mt in 2008. Approximately 27% of these quantities come from fields or refineries operated by the Group. LPG trading involved the use of five time-charters, representing 100 voyages in 2010, and approximately 150 spot charters.

### 2.9.2.4. Coal

In 2010, the Group marketed 7.3 Mt of coal in the international market, compared to 7.3 Mt in 2009 and 8.4 Mt in 2008. More than half of this coal comes from South Africa, with three quarters exported to Asia, where it is mainly intended for power generation, and the remaining quarter exported to Europe.

## 2.9.3. Marketing

To unlock value from the Group's production, TOTAL has gradually developed gas, electricity and coal marketing operations with end users in the United Kingdom, France and Spain.

In the **United Kingdom**, TOTAL sells gas and power to the industrial and commercial segments through its subsidiary Total Gas & Power Ltd. In 2010, volumes of gas sold amounted to 173 Bcf (4.9 Bm<sup>3</sup>), compared to 130 Bcf (3.7 Bm<sup>3</sup>) in 2009 and 134 Bcf (3.8 Bm<sup>3</sup>) in 2008. Electricity sales amounted to approximately 4.1 TWh in 2010, stable compared to 2009, and 4.6 TWh in 2008.

In **France**, TOTAL markets natural gas through its subsidiary Total Énergie Gaz (TEGAZ), the overall sales of which were 226 Bcf (6.4 Bm<sup>3</sup>) in 2010, compared to 208 Bcf (5.9 Bm<sup>3</sup>) in 2009 and 229 Bcf (6.5 Bm<sup>3</sup>) in 2008. The Group also markets coal to its French customers through its subsidiary CDF Energie, with sales of approximately 1.3 Mt in 2010, compared to 1 Mt in 2009 and 1.9 Mt in 2008.

(1) Gaztransport & Technigaz data.



In **Spain**, TOTAL markets natural gas to the industrial and commercial segments through Cepsa Gas Comercializadora<sup>(1)</sup>. In 2010, volumes of gas sold amounted to 85 Bcf (2.4 Bm<sup>3</sup>), compared to approximately 70 Bcf (2 Bm<sup>3</sup>) in 2009 and 2008.

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

#### 2.9.4. Gas facilities

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

##### 2.9.4.1. Transport of natural gas

In **France**, the Group's transport operations located in the southwest of the country are grouped under TIGF, a wholly-owned subsidiary of the Group. This subsidiary operates a regulated transport network of 5,000 km of gas pipelines. Highlights of 2010 included decisions for the development of Franco-Spanish interconnections:

- following the open season launched in 2009, TIGF intends to develop two new projects, the Artère du Béarn and phase B of the Artère de Guyenne gas pipelines, which are scheduled to be commissioned in 2013; and
- another open season launched in 2010, which involved four French and Spanish transport operators including TIGF, is expected to result in the completion of the Euskadour project by 2015.

In addition, following the enactment of the Third Energy Package by the European Union in July 2009, which provides for splitting network operations from production and supply operations, TOTAL and TIGF are reviewing adaptations to be implemented before the regulation becomes effective in France starting in March 2012.

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 Argentine, Chilean and Brazilian markets from gas-producing basins in Bolivia and Argentina, where the Group has natural gas reserves. In Argentina, in the absence of an increase in the tariff granted to utilities and given the restrictions on gas exports, the Group continued to manage its assets in the most appropriate way in a difficult operating and financial environment.

##### 2.9.4.2. 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 scheme with a usable capacity of 92 Bcf (2.6 Bm<sup>3</sup>). Highlights of 2010 included an increase in Lussagnet's storage capacity by 3.5 Bcf (0.1 Bm<sup>3</sup>).

TOTAL, through its interest in Géosud, also participates in Géométhane, an Economic Interest Grouping that owns natural gas storage in a salt cavern with a capacity of 10.5 Bcf (0.3 Bm<sup>3</sup>), located in Manosque, in southeastern France. In March 2010, the Group's interest in Géométhane increased to 35.5% from 26.2%

following the buyback of a partner's stake. A project is under study to increase the storage capacity by 7 Bcf (0.2 Bm<sup>3</sup>).

In **India**, TOTAL holds a 50% interest 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 2010, it received 779 kt of LPG, compared to 606 kt in 2009 and 535 kt in 2008.

##### 2.9.4.3. 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 the plants, thereby strengthening its LNG supply portfolio.

In **France**, TOTAL's interest in Société du Terminal Méthanier de Fos Cavaou (STMFC) decreased to 28.03% from 28.8% in 2010 without impacting the re-gasification volumes reserved by TOTAL. This terminal has a capacity of 291 Bcf/y (8.25 Bm<sup>3</sup>/y) of natural gas, 79 Bcf/y (2.25 Bm<sup>3</sup>/y) of which has been reserved by TOTAL. Commercial operations started in April 2010 and prefectorial authorities authorized the terminal to operate at full capacity in August 2010.

TOTAL and EDF signed in March 2010 a letter of intent whereby TOTAL will reserve re-gasification capacity in the planned Dunkirk LNG terminal being developed by Dunkerque LNG, a wholly-owned EDF subsidiary, and will also acquire an interest in the company.

In the **United Kingdom**, TOTAL holds an 8.35% interest in the South Hook LNG re-gasification terminal in connection with the interest held in the Qatargas 2 project. The terminal was commissioned in October 2009 for phase 1 (371 Bcf/y or 10.5 Bm<sup>3</sup>/y) and in April 2010 for phase 2, increasing its overall capacity to 742 Bcf/y (21 Bm<sup>3</sup>/y).

In **Croatia**, TOTAL owns an interest in Adria LNG, a company in charge of studying the construction of an LNG re-gasification terminal on Krk island, on the northern Adriatic coast.

In **Mexico**, TOTAL holds a 25% interest in the Altamira re-gasification terminal that was commissioned in 2006. This terminal, located on the east coast of the country, has a re-gasification capacity of 236 Bcf/y (6.7 Bm<sup>3</sup>/y) that has been entirely reserved by Gas del Litoral in which TOTAL has a 25% interest.

In the **United States**, TOTAL has reserved re-gasification capacity of 353 Bcf/y (approximately 10 Bm<sup>3</sup>/y) at the Sabine Pass terminal (Louisiana) for a 20-year period starting in April 2009, concurrent with the delivery of the Group's first LNG cargo. The terminal was inaugurated in April 2008.

In **India**, TOTAL holds a 26% interest in the Hazira terminal that has natural gas re-gasification capacity of 177 Bcf/y (5 Bm<sup>3</sup>/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. TOTAL has agreed to provide up to 26% of the LNG for the Hazira terminal. Due to market conditions in

<sup>(1)</sup> Held by TOTAL (35%), CEPSA (35%) and Sonatrach (30%). In February 2011, TOTAL signed an agreement to dispose of its 48.83% interest in CEPSA. The transaction is conditioned on obtaining all requisite approvals.

2010, Hazira was operated on the basis of short-term contracts, both for the sale of gas on the Indian market and the purchase of LNG from international markets.

## 2.9.5. 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.

The Group is also involved in power generation projects from renewable sources and has a long-term goal of becoming a nuclear operator.

### 2.9.5.1. Electricity from conventional energy sources

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 has a 20% interest.

The Taweelah A1 power plant, in operation since 2003, currently has net power generation capacity of 1,600 MW and a water desalination capacity of 385,000 m<sup>3</sup> per day. The plant's production is sold to ADWEC (Abu Dhabi Water and Electricity Company) as part of a long-term agreement.

In **Nigeria**, TOTAL and its partner, the state-owned NNPC (Nigerian National Petroleum Corporation), 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:

- The Afam VI project, part of the SPDC (Shell Petroleum Development Company) joint venture in which TOTAL holds a 10% interest, concerns the development of a 630 MW combined-cycle power plant. Commercial operations started in December 2010.
- The development of a new 400 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 the first half of 2011 and commissioning is scheduled in the first half of 2013 in open cycle and in early 2014 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 EPEC (Eastern Power and Electric Company Ltd), which operates the combined-cycle gas power plant of Bang Bo, with a capacity of 350 MW, in operation since 2003. The plant's production is sold to EGAT (Electricity Generating Authority of Thailand) as part of a long-term agreement.

### 2.9.5.2. Electricity from nuclear energy sources

In **France**, TOTAL partners with EDF and other players through its 8.33% interest in the second French EPR project in Penly, in the northwest of the country, for which studies are underway.

The Group continues to review other opportunities in the countries where it operates and favors partnerships with experienced, recognized nuclear operators, and is closely monitoring the impact that the serious situation in Japan may have on the development of certain nuclear projects worldwide.

### 2.9.5.3. Electricity from renewable energy sources

In concentrated solar power, TOTAL (20%), in partnership with Spanish Abengoa (20%), won the call for tenders for the construction and operation for twenty years of a 109 MW concentrated solar power plant in Abu Dhabi. As part of this project, TOTAL is partnering with MASDAR through the Abu Dhabi Future Energy Company (ADFEC), which owns a 60% interest in the joint venture created for the project. Construction work started in July 2010 and start-up is expected in the summer of 2012. The production will be sold to Abu Dhabi Water and Electricity Company (ADWEC).

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

With respect to marine energy, TOTAL holds a 16% interest in Scotrenewables Marine Power, located in the Orkney Islands in Scotland. Start-up and tests of a 250 kW prototype are expected in 2011.

## 2.9.6. Solar photovoltaic

As part of its strategy to develop energy resources to complement oil and gas, TOTAL continued in 2010 to strengthen its positions in solar photovoltaic power, where the Group has been present since 1983.

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

Regarding channels other than crystalline silicon, TOTAL is broadening its business portfolio through industrial and R&D partnerships, in particular for organic and thin film technologies. The Group is also committed to research programs for solar energy storage.

### 2.9.6.1. Production of solar-grade polysilicon

In June 2010, TOTAL announced that it acquired a 25.4% interest in the U.S. start-up AE Polysilicon Corporation (AEP), which has developed a new process that operates continuously to produce cost-competitive solar-grade granular polysilicon. The technology developed by AEP is currently being industrialized. This production unit, the commissioning of which started in 2010, is expected to eventually have a nominal capacity equivalent to 1,800 t/y of solar-grade polysilicon.

### 2.9.6.2. Production of photovoltaic solar cells

TOTAL holds a 50% interest in Photovoltech, a Belgian company specialized in manufacturing multicrystalline photovoltaic cells. In 2010, Photovoltech increased the overall production capacity of its Tirlmont (Tienen) plant in Belgium to 155 MWc/y following the installation of a third production line. Photovoltech's sales in 2010 were approximately €104 million in 2010, an increase of about 30% compared to 2009.

In R&D, TOTAL is continuing its partnership with the IMEC (Interuniversity MicroElectronics Center), based at the University of Leuven (Belgium), to sharply reduce the use of silicon while increasing the efficiency of cells in order to substantially lower costs of this technology.

### 2.9.6.3. Production of solar panels and marketing of photovoltaic solar systems

TOTAL holds a 50% interest in Tenesol, a French company that designs, manufactures, markets, installs and operates solar photovoltaic systems. Tenesol owns a solar panel manufacturing plant in South Africa, the annual production capacity of which increased to 85 MWp/y from 60 MWp in 2010, and another in France, the annual production capacity of which also increased to 85 MWp/y from 50 MWp/y. In 2010, Tenesol's consolidated sales were approximately €304 million, an increase of about 22% compared to 2009.

In November 2010, TOTAL announced the construction of a solar panel production and assembly plant in French northeastern region of Moselle, which is expected to eventually have an overall capacity of 50 MWp/y. Start-up of construction work is expected in the first half of 2011 with a commissioning at year-end.

The Group also conducts projects to display solar application solutions as part of decentralized rural electrification projects in a number of countries, notably in South Africa. New projects are under study in Africa and Asia.

### 2.9.6.4. New solar technologies

TOTAL has committed to developing innovative technologies to improve its portfolio of solar projects. The Group has major R&D programs through partnerships with major laboratories and international research institutes in France and abroad (including the United States, Switzerland, Belgium and Germany).

In solar organic technologies, the Group acquired a stake in the U.S. start-up Konarka in 2008 and owns approximately 25%. Since 2009, Konarka has carried out research projects in cooperation with TOTAL to develop solar film on a large scale.

Regarding thin-film technologies and silicon-based nano-materials, the Group partnered with LPICM (*Laboratoire de Physique des Interfaces et des Couches Minces*) in 2009 to set up a joint research team - named Nano PV - in the Saclay area in France. TOTAL also entered into a research partnership with Toulouse-based LAAS (*Laboratoire d'analyse et d'architecture des systèmes*) to develop associated electrical systems.

Regarding solar energy storage, TOTAL entered in 2009 into a research agreement with the MIT (Massachusetts Institute of Technology) in the United States to develop a new stationary battery technology.

### 2.9.7. Conversion of biomass

TOTAL is exploring a number of avenues for developing biomass depending on the resource used (type, location, harvesting, transportation, etc.), the type of molecules and markets targeted (fuels, lubricants, petrochemicals, specialty chemicals, etc.) and the conversion processes.

The Group focuses on biological and thermochemical biomass conversion processes.

#### 2.9.7.1. Biotechnologies

In June 2010, TOTAL entered into a strategic partnership with Amyris Inc., a U.S. start-up specializing in biotechnologies. The Group acquired an interest in Amyris' share capital (approximately 22% at year-end 2010) and signed a framework agreement that includes research, development, production and marketing partnerships as well as the creation of an R&D team.

Amyris owns a cutting-edge industrial synthetic biological platform to create and optimize micro-organisms (yeasts, algae, bacteria) that can convert sugar into fuels and chemicals. Amyris owns research laboratories and a pilot unit in California as well as a pilot plant and a demonstration facility in Brazil. Today, the project is in the industrialization phase and production is expected to start-up in 2012.

In April 2010, the Group announced that it had acquired an interest in Coskata, a company based in Chicago that develops a technology allowing biological conversion of synthetic gas into alcohols for fuels and petrochemical usages. Coskata deployed this technology on a large scale on a demonstration unit that produces bioethanol and continues its efforts towards commercialization.

In addition, the Group continues to develop a network of R&D collaborations in the field of technologies that are complementary with Amyris' platform: deconstruction of ligno-cellulose, new biosynthesis, processes and bio-engineering for microalgae and other phototrophic organisms.

#### 2.9.7.2. DME

In **Japan**, TOTAL is involved with eight Japanese companies in a program intended to heighten consumer awareness of DME (Di-Methyl Ether), a new generation fuel. The 80 kt/y production plant (TOTAL, 10%), located in Niigata, started up in 2009.

In **Sweden**, TOTAL is involved in the "bio-DME" European project, which is intended to test the whole DME chain, from its production using black liquor, a paper pulp residue, to its use by a fleet of trucks in four Swedish cities. Production start-up at the pilot plant located in Pitea is expected in the first half of 2011.

### 2.9.8. Carbon capture and storage

TOTAL is involved in 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, a new 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 demonstration pilot at the Solaize site (France). A large-scale pilot is expected to be commissioned in 2013.

The Group is also involved in the EU-co-funded Carbolab project that intends to validate the carbon storage technology in coal seams.

### 2.9.9. Coal production

TOTAL has exported coal for nearly thirty years from South Africa primarily to Europe and Asia.

With the start-up of production on the Tumelo mine in 2009, the subsidiary Total Coal South Africa (TCSA) owns and operates four mines in South Africa. A fifth mine is under construction in Dorstfontein, with start-up expected at year-end 2011, and development of a sixth mine is underway in Forzando with start-up expected in 2013. The Group is also studying several other mining development projects.

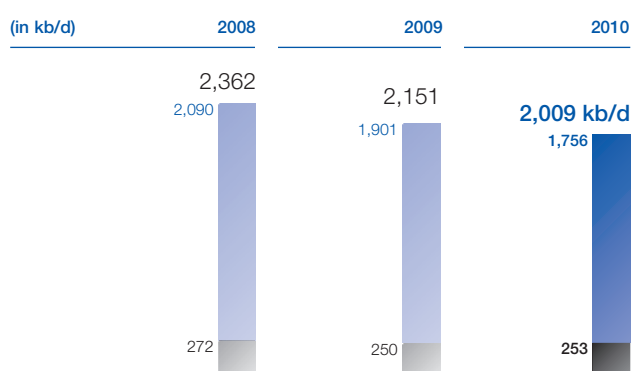
The South African coal produced by TCSA or bought from third-party's mines is exported through the port of Richard's Bay, in which TOTAL has a 5.7% interest.

## 3. Downstream

The Downstream segment comprises TOTAL's Refining & Marketing and Trading & Shipping divisions.

- **No.1** in Western European refining/marketing<sup>(1)</sup>
- **No.1** marketer in Africa<sup>(2)</sup> Refining capacity of approximately **2.4 Mb/d** at year-end 2010
- **17,490** service stations at year-end 2010
- Approximately **3.8 Mb/d** of products sold in 2010
- One of the leading traders of oil and refined products worldwide
- **€2.3 billion** invested in 2010
- **32,631** employees

### Refinery throughput (kb/d)<sup>(a)</sup>



■ Europe ■ Rest of World

(a) Including TOTAL's share in CEPESA and, as from October 1, 2010, in TotalErg.

For the full year 2010, refinery throughput decreased by 7% compared to 2009, reflecting essentially the shutdown of the Dunkirk refinery and a distillation unit at the Normandy refinery as well as impacts from strikes in France.

### Downstream segment financial data

(M€)	2010	2009	2008
Non-Group sales	123,245	100,518	135,524
Adjusted operating income	1,251	1,026	3,602
Adjusted net operating income	1,168	953	2,569

In 2010, the ERMI was 27.4 \$/t, an increase of 54% compared to 2009.

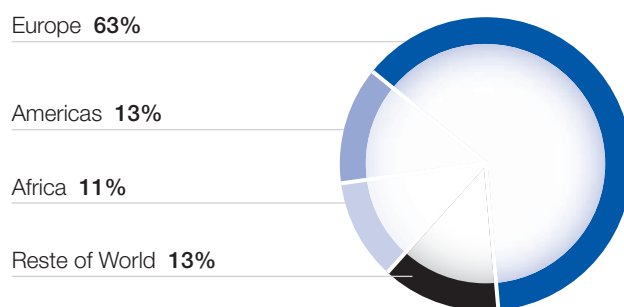
For the full year 2010, adjusted net operating income for the Downstream segment €1,168 million compared to €953 million in 2009.

Expressed in dollars, the adjusted net operating income for the Downstream segment was 1.5 B\$, an increase of 16% compared to 2009. The increase is essentially due to the positive impact of the refining margin improvement, which was partially offset by lower throughput and reliability of the Group's refineries in 2010 and less favorable conditions for supply optimization.

The persistence of an unfavorable economic environment for refining, affecting Europe in particular, led the Group to recognize an impairment in the Downstream, essentially on French and UK refining assets, in the fourth quarter 2010 in the amount of €1,192 million in operating income and €913 million in net operating income. These elements have been treated as adjustment items.

The ROACE<sup>(3)</sup> for the Downstream segment was 8% in 2010, compared to 7% in 2009.

### 2010 refined products sales by geographical area: 3,776 kb/d<sup>(a)</sup>



(a) Including Trading and TOTAL's share in CEPESA and, as from October 1, 2010, in TotalErg.

(1) Based on publicly available information, refining and/or sales capacities.

(2) PFC Energy January 2011, based on quantities sold.

(3) Calculated based on adjusted net operating income and average capital employed, using replacement cost.



### 3.1. Refining & Marketing

TOTAL's worldwide refining capacity was 2,363 kb/d at year end 2010, compared to 2,594 kb/d in 2009 and 2,604 kb/d in 2008. The Group's worldwide refined products sales in 2010 were 3,776 kb/d (including trading operations), compared to 3,616 kb/d in 2009 and 3,658 kb/d in 2008. TOTAL is the largest refiner/marketer in Western Europe<sup>(1)</sup>, and the leading marketer in Africa<sup>(2)</sup>. TOTAL's worldwide marketing network consisted of 17,490 service stations in 2010, compared to 16,299 in 2009 and 16,425 in 2008, more than 50% of which are owned by the Group. In addition, TOTAL's refineries allow the Group to produce a broad range of specialty products, such as lubricants, liquefied petroleum gas (LPG), jet fuel, special fluids, bitumen, marine fuel and petrochemical feedstock.

The Group continues to adapt its business and improve positions in a context of recovering demand worldwide, mainly in non-OECD countries, by focusing on three areas: adapting to mature markets in Europe, supporting growth in Africa, Asia and the Middle East, and developing specialty products worldwide.

As part of the optimization of the Group's Downstream portfolio in Europe, TotalErg (TOTAL 49%) was created in October 2010 in Italy by merger of Total Italia and ERG Petroli. TotalErg has become the third largest operator in the Italian market<sup>(3)</sup>. In addition, in the United Kingdom, TOTAL offered for sale in 2010 its marketing business and the Lindsey refinery.

In February 2011, TOTAL announced that it had signed an agreement to sell to IPIC its 48.83% interest in CEPSA pursuant to a public takeover bid on the entire share capital of CEPSA. The transaction is conditioned on obtaining all requisite approvals. In operating terms in Refining & Marketing, this sale concerns mainly four refineries (Huelva, Algeiras, Tenerife, Tarragone) and some marketing activities in Spain and Portugal.

#### 3.1.1. Refining

TOTAL holds interests in twenty-four refineries (including ten that it operates), located in Europe, the United States, the French West Indies, Africa and China. Highlights of 2010 included a slight recovery of the refining environment that led to improved refining margins in refineries worldwide, even though margins are still recording low levels.

In 2010, TOTAL continued its program of selective investments in Refining focusing on three areas: pursuing major ongoing projects (deep conversion at Port Arthur, Jubail refinery), adapting the European refining system to structural market changes, and strengthening safety and energy efficiency.

In **Western Europe**, TOTAL's refining capacity was 2,049 kb/d in 2010, accounting for more than 85% of the Group's overall refining capacity at year-end 2010. The Group operates nine refineries in Western Europe, and holds interests in the German refinery of Schwedt, in four Spanish refineries through its interest in CEPSA<sup>(4)</sup> and in two refineries in Italy through its interest in TotalErg. Once finalized, the Group's disposal of its interest in CEPSA is expected to lead to a decrease of nearly 260 kb/d in TOTAL's refining capacities in Europe.

- In **France**, the Group continues to adapt its refining capacities and shift the production emphasis to diesel, in a context of structural decline in petroleum products demand in Europe and increase in gasoline surpluses.

In October 2010, TOTAL was authorized by a court ruling to implement its project to repurpose the Flanders site (Dunkirk refinery with a distillation capacity of 7 Mt/y). The shutdown of the refining business will lead to gradually dismantling the units. The Group confirmed its project of repurposing the site through the creation of a technical support center, a refining training school, an oil depot and business offices.

In addition, the industrial plan started in 2009 to adapt the Group's refining base in France is ongoing. This plan is intended to reconfigure the Normandy refinery and rescale certain corporate departments at the Paris headquarters. At the Normandy refinery, the project is intended to upgrade the refinery and shift the production emphasis to diesel. For this purpose, investment scheduled over four years will result in the eventual reduction of the annual distillation capacity to 12 Mt from 16 Mt, upsizing the distillate hydrocracker and improving the energy efficiency by lowering carbon dioxide emissions.

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

- In the **United Kingdom**, commissioning of the hydrodesulphurization (HDS) unit at the Lindsey refinery is expected in the first half of 2011. This will result in processing up to 70% of high-sulphur crudes, compared to 10% currently, and increase low-sulphur diesel production. In parallel, TOTAL announced that it offered for sale the Lindsey refinery in 2010.
- In **Germany**, the HDS unit that started up in September 2009 at the Leuna refinery was operated successfully in 2010. This unit is designed to supply the German market with low-sulphur heating oil.
- In **Italy**, TotalErg (TOTAL, 49%) has operated the Rome refinery (100%) since October 2010 and holds a 25.9% interest in the Trecate refinery.
- In **Spain**, CEPSA completed its investments intended to improve the conversion capacity of the Huelva refinery so as to meet the growing demand for middle distillates in the Spanish market. A hydrocracker unit, two additional distillation units (one atmospheric and one vacuum) and a desulphurization unit were inaugurated in October 2010. Distillation capacity increased to 178 kb/d from 100 kb/d. In February 2011, the Group announced the signature of an agreement with IPIC to dispose of its 48.83% interest in CEPSA. The transaction is conditioned on obtaining all requisite approvals.

In the **United States**, TOTAL operates the Port Arthur refinery in Texas, with a capacity of 174 kb/d. In 2008, TOTAL launched a modernization program that includes the construction of a desulphurization unit commissioned in July 2010, a vacuum distillation unit, a deep-conversion unit (or coker) and other associated units. This project is designed to process more heavy and high-sulphur crudes and to increase production of lighter products, in particular low-sulphur distillates. Construction is completed and commissioning was ongoing in March 2011.

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

(2) PFC Energy January 2011, based on quantities sold.

(3) Based on publicly available information.

(4) Group's share in CEPSA: 48.83% as of December 31, 2010.

In **Saudi Arabia**, TOTAL and Saudi Arabian Oil Company (Saudi Aramco) created a joint venture in September 2008, Saudi Aramco Total Refining and Petrochemical Company (SATORP), to build a 400 kb/d refinery in Jubail held by Saudi Aramco (62.5%) and TOTAL (37.5%). TOTAL and Saudi Aramco each plans to retain a 37.5% interest with the remaining 25% expected to be listed on the Saudi stock exchange, subject to approval by the relevant authorities. The main contracts for the construction of the refinery were signed in July 2009, concurrent with the start-up of work. Commissioning is expected in 2013.

The heavy conversion process of this refinery is designed for processing heavier crudes (Arabian Heavy) and producing fuels and lighter products that meet strict specifications and are mainly intended for export.

In **Africa**, the Group holds minority interests in five refineries in South Africa, Senegal, Côte d'Ivoire, Cameroon and Gabon.

In **China**, TOTAL has a 22.4% interest in the WEPEC refinery, located in Dalian, in partnership with Sinochem and PetroChina.

### 3.1.1.1. Crude oil refining capacity

The table below sets forth TOTAL's daily crude oil refining capacity<sup>(a)</sup>:

As of December 31,

(kb/d)	2010	2009	2008
Refineries operated by the Group			
Normandy (France)	199	338	339
Provence (France)	158	158	158
Flanders (France)	-	137	137
Donges (France)	230	230	230
Feyzin (France)	117	117	117
Grandpuits (France)	101	101	101
Antwerp (Belgium)	350	350	350
Leuna (Germany)	230	230	230
Rome (Italy) <sup>(b)</sup>	-	64	64
Lindsey - Immingham (United Kingdom)	221	221	221
Vlissingen (Netherlands) <sup>(c)</sup>	81	81	81
Port Arthur, Texas (United States)	174	174	174
<b>Subtotal</b>	<b>1,861</b>	<b>2,201</b>	<b>2,202</b>
Other refineries in which the Group has an interest <sup>(d)</sup>	502	393	402
<b>Total</b>	<b>2,363</b>	<b>2,594</b>	<b>2,604</b>

(a) For refineries not 100% owned by TOTAL, the indicated capacity represents TOTAL's share of the site's overall refining capacity.

(b) TOTAL's interest was 71.9% until September 30, 2010.

(c) TOTAL's interest is 55%.

(d) TOTAL has interests ranging from 12% to 50% in fourteen refineries (five in Africa, four in Spain, two in Italy, one in Germany, one in Martinique and one in China). Since October 1, 2010, including the Group's share in the Rome and Trecate refineries through its interest in TotalErg. TOTAL disposed of its 50% interest in the Indeni refinery in Zambia in 2009.

### 3.1.1.2. Refined products

The table below sets forth by product category TOTAL's net share of refined quantities produced at the Group's refineries<sup>(a)</sup>:

(kb/d)	2010	2009	2008
Gasoline	345	407	443
Avgas and jet fuel <sup>(b)</sup>	168	186	208
Diesel and heating oils	775	851	987
Heavy fuels	233	245	257
Other products	359	399	417
<b>Total</b>	<b>1,880</b>	<b>2,088</b>	<b>2,312</b>

(a) Including equity share of refineries in which the Group holds interests.

(b) Avgas, jet fuel and kerosene.



### 3.1.1.3. Utilization rate

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

On crude and other feedstock <sup>(a)(b)</sup>	2010	2009	2008
France	64%	77%	89%
Rest of Europe	85%	88%	93%
Americas	83%	77%	88%
Asia	81%	80%	76%
Africa	76%	77%	79%
Net share of CEPSA and TotalErg <sup>(c)</sup>	94%	93%	106%
<b>Average</b>	<b>77%</b>	<b>83%</b>	<b>91%</b>

(a) Including equity share of refineries in which the Group holds interests.  
(b) Crude + crackers' feedstock/capacity and distillation at the beginning of the year.  
(c) For TotalErg: calculation of the utilization rate based on production and prorated capacity.

On crude <sup>(a)(b)</sup>	2010	2009	2008
Average	73%	78%	88%

(a) Including equity share of refineries in which the Group holds interests.  
(b) Crude/capacity and distillation at the beginning of the year.

### 3.1.2. Marketing

TOTAL is one of the leading marketers in Western Europe<sup>(1)</sup>. The Group is also the largest marketer in Africa, with a market share of nearly 14%<sup>(2)</sup>.

TOTAL markets a wide range of specialty products, which it produces from its refineries and other facilities. TOTAL is among the leading companies in the specialty products market<sup>(3)</sup>, in particular for lubricants, LPG, jet fuel, special fluids, bitumen, and marine fuels, with products marketed in approximately 150 countries<sup>(4)</sup>.

#### 3.1.2.1. Europe

In Europe, TOTAL has a network of 12,062 service stations in France, Belgium, the Netherlands, Luxembourg, Germany and the United Kingdom, as well as Spain and Portugal through its interest in CEPSA (48.83%) and Italy through its interest in TotalErg (49%).

TOTAL also operates a network of more than 579 AS24-branded service stations dedicated to commercial transporters. TOTAL is among the leaders in Europe for fuel-payment cards, with approximately 3.5 million cards issued in twenty-eight European countries.

In France, the TOTAL-branded network benefits from a wide number of service stations and a diverse selection of products (such as the *Bonjour* convenience stores and car washes). Elf-branded service stations offer quality fuels at prices that are particularly competitive. Nearly 2,100 TOTAL-branded service stations and 280 Elf-branded service stations are operated in France. TOTAL also markets fuels at nearly 1,900 Elan-branded retail stations, generally located in rural areas.

In **Western Europe**, TOTAL continued in 2010 its efforts to optimize its Marketing business.

- In **Italy**, TotalErg was created in October 2010 and became the third largest marketer with a network market share of nearly 13%<sup>(5)</sup> and more than 3,200 service stations.

- In **France**, TOTAL started to implement the project to adapt oil logistics operations in January 2010. Closure of the Pontet and Saint Julien oil depots is ongoing. Hauconcourt's operations were transferred to the Raffinerie du Midi company on October 1, 2010. Transfer of the Mans oil depot's operations and divesting of the Oustréham oil depot are scheduled in the first half of 2011.

In January 2010, TOTAL also closed the disposal of half of its share (50%) in Société des Dépôts Pétroliers de Corse.

- In the **United Kingdom**, TOTAL announced in September 2010 its intention to offer for sale its marketing business, except for certain specialties (lubricants, etc.).

In **Northern, Central and Eastern Europe**, the Group is developing its positions primarily in the specialty products market. In 2010, TOTAL continued to expand its direct presence in the growing markets of Eastern Europe, in particular for lubricants. The Group intends to accelerate the growth of its specialty products business in Russia and Ukraine through the development of its direct presence in these markets since 2008.

AS24, which is active in twenty-five European countries, continued to expand its network in 2010 by opening new marketing outlets, in particular in two new countries (Sweden and Serbia). The AS24 network is expected to continue to grow and expand to other countries in Europe, the Caucasus and the Mediterranean Basin.

#### 3.1.2.2. Africa & the Middle East

TOTAL is the leading marketer of petroleum products on the African continent, with a market share of nearly 14%<sup>(2)</sup>. Following the acquisition of marketing and logistics assets in Kenya and Uganda in 2009, the Group runs more than 3,600 service stations in more than forty countries and operates two major networks in South Africa and Nigeria. As part of the optimization of its portfolio, the Group divested its subsidiary in Benin in December 2010.

TOTAL also has a large presence in the Mediterranean Basin, principally in Turkey, Morocco and Tunisia.

(1) Based on publicly available information, quantities sold. Scope: France, Benelux, United Kingdom, Germany, Italy, and, through CEPSA, Spain and Portugal.  
(2) Market share for the markets where the Group operates, based on publicly available information, quantities sold.  
(3) Based on publicly available information, quantities sold.  
(4) Including via national distributors.  
(5) PFC Energy, Unione Petrolifera, based on quantities sold.

In the Middle East, the Group is active mainly in the specialty products market and is pursuing its growth strategy in the region, notably through the production and marketing of lubricants.

### 3.1.2.3. Asia-Pacific

At year-end 2010, 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, Indonesia, and is a significant player in the Pacific Islands.

In **China**, the Group operated nearly 130 service stations in 2010 through two TOTAL/Sinochem joint ventures.

In **Vietnam**, TOTAL continues to strengthen its position in the specialty products market. The Group became one of the leaders in the Vietnamese lubricants market due to the acquisitions of lubricants assets at year-end 2009.

### 3.1.2.4. Americas

In **Latin America** and the **Caribbean**, TOTAL is active in nearly twenty countries, primarily in the specialty products market. In the Caribbean, the Group holds a significant position in the fuel distribution business, which was strengthened by the acquisition in 2008 of marketing and logistics assets in Puerto Rico, Jamaica and the Virgin Islands.

In **North America**, TOTAL markets lubricants and is continuing to grow with the acquisition at year-end 2009 of lubricant assets in the province of Quebec in Canada.

### 3.1.2.5. Sales of refined products

The table below sets forth TOTAL's sales of refined products by region<sup>(a)</sup>:

(kb/d)	2010	2009	2008
France	725	808	822
Europe, excluding France <sup>(a)</sup>	1,204	1,245	1,301
United States	65	118	147
Africa	292	281	279
Rest of the World	209	189	171
<b>Total excluding Trading</b>	<b>2,495</b>	<b>2,641</b>	<b>2,720</b>
Trading	1,281	975	938
<b>Total including trading</b>	<b>3,776</b>	<b>3,616</b>	<b>3,658</b>

(a) Including TOTAL's share in CEPSA and, as from October 1, 2010, in TotalErg.

### 3.1.2.6. Service stations

The table below sets forth the number of service stations<sup>(a)</sup> of the Group:

As of December 31,	2010	2009	2008
France	4,272 <sup>(b)</sup>	4,606 <sup>(b)</sup>	4,782
CEPSA and TotalErg <sup>(c)</sup>	4,958	1,734	1,811
Europe, excl. France, CEPSA and TotalErg	2,832	4,485	4,541
Africa	3,570	3,647	3,500
Rest of the World	1,858	1,827	1,791
<b>Total</b>	<b>17,490</b>	<b>16,299</b>	<b>16,425</b>

(a) Excluding AS24-branded service stations.

(b) Of which nearly 2,100 TOTAL-branded service stations, nearly 280 Elf-branded service stations and more than 1,900 Elan-branded service stations.

(c) 1,737 CEPSA-branded service stations and, as from October 1, 2010, 3,221 TotalErg-branded service stations.

### 3.1.2.7. Biofuels

TOTAL is active in the biodiesel and biogasoline sectors. In 2010, TOTAL produced and blended 549 kt of ethanol<sup>(1)</sup> in gasoline at its European refineries<sup>(2)</sup> (compared to 560 kt in 2009 and 425 kt in 2008) and 2,023 kt of VOME<sup>(3)</sup> in diesel at its European refineries<sup>(4)</sup> and several oil depots (compared to 1,870 kt in 2009 and 1,470 kt in 2008).

TOTAL, in partnership with the leading companies in this area, is developing second generation biofuels derived from biomass. The Group is also participating in French, European and international bioenergy development programs.

In this framework, the Group announced in 2009 that it would participate in the BioTfuel research project intended to develop a technology to transform biomass into biodiesel.

The Group is also involved in Futurol, a R&D project for cellulosic bioethanol, which intends to develop and promote on an industrial scale a production process for bioethanol by fermentation of non-food ligno-cellulosic biomass.

### 3.1.2.8. Hydrogen and electric mobility

For several years, TOTAL has been involved in research and testing programs for fuel cell and hydrogen fuel technologies. The Group is a founding member of the European Industry Grouping for a Fuel Cell and Hydrogen Joint Technology Initiative created in 2007 to promote the development of research in the field.

In 2010, as part of the Clean Energy Partnership Berlin project, TOTAL inaugurated a new prototype hydrogen fueling station. Construction of a second hydrogen fueling station is underway.

The Group is also involved in a demonstration project for marketing electricity in four TOTAL-branded service stations in Berlin, in partnership with the utility company Vattenfall.

In 2010, TOTAL inaugurated the first of twelve prototype electric fueling stations in the area of Brussels in Belgium.

(1) Including ethanol from ETBE (Ethyl-Tertio-Buthyl-Ether) and methanol form MTBE (Methyl-Tertio-Butyl-Ether).

(2) Including the Algeiras and Huelva refineries (CEPSA).

(3) VOME: Vegetable-Oil-Methyl-Ester.

(4) Including CEPSA's Algeiras, Huelva and Tarragona refineries in Spain and TotalErg's Rome and Trecate refineries in Italy.

## 3.2. Trading & Shipping

The Trading & Shipping division:

- sells and markets the Group's crude oil production;
- provides a supply of crude oil for the Group's refineries;
- imports and exports the appropriate petroleum products for the Group's refineries to be able to adjust their production to the needs of local markets;
- charters appropriate ships for these activities; and
- undertakes trading on various derivatives markets.

The Trading & Shipping division's main focus is serving the Group.

In addition, the expertise acquired also allows this division to extend the scope of its activities beyond its primary focus.

Trading & Shipping's worldwide activities are conducted through various wholly-owned subsidiaries, including TOTSA Total Oil Trading S.A., Total International Ltd, Socap International Ltd, 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.

### 3.2.1. 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 the worldwide sales and source of supply of crude oil of the Group's Trading division for each of the last three years.

#### Trading division's supply and sales of crude oil

For the year ended

(kb/d)

	2010	2009	2008
<b>Worldwide liquids production</b>	<b>1,340</b>	<b>1,381</b>	<b>1,456</b>
Purchased by the Trading division from the Group's Exploration & Production division	1,044	1,054	1,102
Purchased by the Trading division from external suppliers	2,084	2,351	2,495
<b>Total of Trading division's supply<sup>(a)</sup></b>	<b>3,128</b>	<b>3,405</b>	<b>3,597</b>
Sales of Trading division to Group Refining & Marketing division	1,575	1,752	1,994
Sales of Trading division to external customers	1,553	1,653	1,603
<b>Total of Trading division's sales<sup>(a)</sup></b>	<b>3,128</b>	<b>3,405</b>	<b>3,597</b>

(a) Including condensates and natural gas liquids.

The Trading division 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, 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.

Throughout 2010, the Trading division maintained a level of activity similar to those recorded in 2009 and 2008, with trading physical volumes of crude oil and refined products amounting to approximately 5 Mb/d.

In 2010, the main market indicators extended the trends recorded since mid-2009. The year-on-year evolution was marked by increased crude and diesel spot prices, a flattened crude oil price structure and increased freight rates.

	2010	2009	2008	min 2010	max 2010
Brent ICE - 1 <sup>st</sup> Line <sup>(a)</sup> (\$/b)	80.34	62.73	98.52	69.55 (May 18)	94.75 (Dec. 24)
Brent ICE - 12 <sup>th</sup> Line <sup>(b)</sup> (\$/b)	84.61	70.43	102.19	75.29 (Jan. 29)	95.15 (Dec. 24)
Contango time structure (12 <sup>th</sup> -1 <sup>st</sup> ) (\$/b)	4.27	7.70	3.59	(0.55) (Nov. 29)	6.98 (May 31)
Gasoil ICE - 1 <sup>st</sup> Line <sup>(c)</sup> (\$/t)	673.88	522.20	920.65	567.25 (Feb. 01)	784.50 (Dec. 16)
VLCC Ras Tanura Chiba - BITR <sup>(c)</sup> (\$/t)	13.41	10.43	24.09	8.24 (Oct. 01)	23.66 (Jan. 12)

(a) 1<sup>st</sup> line: Quotation for first month nearby delivery ICE Futures.

(b) 12<sup>th</sup> Line: Quotation for ICE Futures for delivery during the month M+12.

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

In 2010, the oil market was marked by recovering demand, due mainly to economic growth in emerging countries (China, India, Latin America, the Middle East). Meanwhile, crude oil and other liquids production (LPG, LNG, biofuels) outside of OPEC countries grew rapidly while production from OPEC countries increased only slightly despite a softening of quotas that have been effective since

year-end 2008. The increase in global oil storage, which has prevailed since early 2008, finally stopped in mid-2010 with a first major decrease mainly due to the strong increase in demand in the third quarter of 2010. Following this reversal, oil storage at year-end 2010 was at the year-end 2009 level.

### 3.2.2. Shipping

The Shipping division arranges the transportation of crude oil and refined products necessary to develop the Group's activities. It has a rigorous safety policy that is due mainly to the strict selection of the vessels that the division charters. Like a certain number of other oil companies and shipowners, the Group uses freight rate derivative contracts in its shipping activity to adjust its exposure to freight-rate fluctuations.

In 2010, the Shipping division chartered approximately 2,900 voyages to transport approximately 119 Mt. As of December 31, 2010, the Group employed a fleet of forty-seven vessels chartered under long-term or medium-term agreements (including five LPG carriers and no single-hulled vessels). The fleet has an average age of approximately four years.

In 2010, the tanker freight market suffered strong fluctuations.

Highlights of the first half of 2010 included:

- increased crude oil imports to consumer countries, driven by the economic recovery and increased onshore and offshore crude oil storage in the United States, Europe and China; and
- the resumption of crude oil floating storage that involved up to forty-five vessels in early May 2010 and resulted in limited growth of the active fleet of tankers despite the disposal of fewer vessels than expected.

The combination of these two trends led to the relative resilience of the freight market for crude oil transport as recorded in the first half of 2010.

However, from the second half of 2010, the fundamentals of the freight market deteriorated sharply, leading to a collapse of freight rates at the end of July. This trend was the result of the sustained growth of the active fleet due to the significant decrease in floating storage and the continued growth of the fleet.

Throughout 2010, the number of new vessels delivered by shipyards exceeded the number of vessels disposed of, despite the entry into force of the international regulation providing for the gradual disposal of single-hulled vessels, which led to an oversupply of vessels compared to demand for transport.

## 4. Chemicals

The Chemicals segment includes Base Chemicals, with petrochemicals and fertilizers, and Specialty Chemicals, with the Group's rubber processing, resins, adhesives and electroplating activities. TOTAL is one of the world's largest integrated chemical producers<sup>(1)</sup>.

### Chemicals segment key financial data

(M€)	2010	2009	2008
<b>Non-Group sales</b>	<b>17,490</b>	<b>14,726</b>	<b>20,150</b>
<i>Incl. Base Chemicals</i>	10,653	8,655	13,176
<i>Incl. Specialty Chemicals</i>	6,824	6,071	6,974
<b>Adjusted operating income</b>	<b>893</b>	<b>249</b>	<b>873</b>
<i>Incl. Base Chemicals</i>	171	(160)	341
<i>Incl. Specialty Chemicals</i>	748	445	524
<b>Adjusted net operating income</b>	<b>857</b>	<b>272</b>	<b>668</b>
<i>Incl. Base Chemicals</i>	393	16	323
<i>Incl. Specialty Chemicals</i>	475	279	339

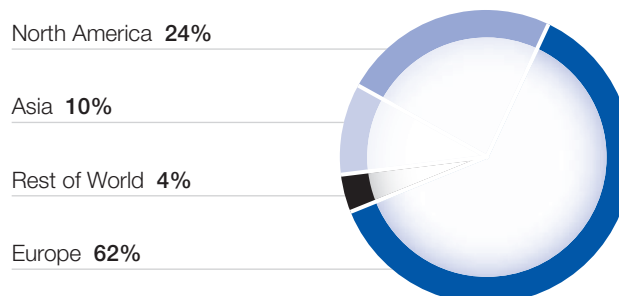
For the full year 2010, Chemicals segment sales, excluding intra-Group sales, were €17,490 million, an increase of 19% compared to 2009.

The adjusted net operating income was €857 million compared to €272 million in 2009. The adjusted net operating income for the Base chemicals increased by €377 million, due to an improved environment and the ramp-up of new production units in Qatar. In 2010, Specialties benefited from strong operational performance and good positioning in growth markets.

The ROACE<sup>(2)</sup> of the Chemicals segment was 12% in 2010 compared to 4% in 2009.

### 2010 sales by geographic area

In 2010, Chemicals sales were €17.49 billion, compared to €14.73 billion in 2009 and €20.15 billion in 2008. Europe and North America accounted for 62% and 24%, respectively, of the Chemicals segment's sales in 2010, with the remaining sales primarily attributable to Asia (10%) and Latin America (4%).



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

(2) Calculated based on adjusted net operating income and average capital employed, using replacement cost.

## 4.1. Base Chemicals

The Base Chemicals division includes TOTAL's petrochemical and fertilizers activities.

In 2010, Base Chemicals sales were €10.7 billion, compared to €8.7 billion in 2009 and €13.2 billion in 2008. The 2010 market environment for Base Chemicals was marked by recovering demand for petrochemical products and improved integrated

margins. The Group strengthened positions in Qatar with the start-up of the steam cracker in Ras Laffan and of the linear low-density polyethylene plant in Messaïed. In 2010, the Fertilizers business was adversely affected by manufacturing incidents, whereas the European market was recovering.

### 4.1.1. Petrochemicals

#### Breakdown of TOTAL's production capacities

(in millions of tons)

		2010			2009	2008
	Europe	North America	Asia and Middle East <sup>(a)</sup>	Worldwide	Worldwide	Worldwide
Olefins <sup>(b)</sup>	4,695	1,195	1,300	7,190	6,895	7,285
Aromatics	2,500	940	755	4,195	4,195	4,360
Polyethylene	1,180	460	500	2,140	2,040	2,035
Polypropylene	1,335	1,150	295	2,780	2,780	2,750
Styrenics <sup>(c)</sup>	1,050	1,260	640	2,950	3,090	3,220

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

(b) Ethylene, propylene and butadiene.

(c) Styrene and polystyrene.

The petrochemical business, grouped under Total Petrochemicals, includes base petrochemicals (olefins and aromatics) and their polymer derivatives (polyethylene, polypropylene and styrenics).

In **Europe**, TOTAL's main petrochemicals sites are located in Belgium (Antwerp, Feluy) and in France (Carling, Feyzin, Gonfreville, Lavéra).

In the **United States**, they are located in Louisiana (Carville) and Texas (Bayport, La Porte, Port Arthur).

In **Asia**, TOTAL owns, in partnership with Samsung, a 50% interest in the Daesan integrated petrochemical site in South Korea. The Group is also active through its Singapore and Foshan (China) plants.

In **Qatar**, the Group holds interests in two steam crackers and several polyethylene lines.

Most of these sites are either adjacent to or connected by pipelines to Group refineries. As a result, most of TOTAL's petrochemical operations are closely integrated within refining operations.

TOTAL continues to strengthen its leadership positions in the industry by focusing on the following three strategic areas:

- In mature markets, TOTAL is improving the competitiveness of its long-established sites notably through cost management, better energy efficiency at its facilities and more flexibility in the choice of feedstock.

In an increasingly competitive environment, the Group launched two reorganization plans mainly for the sites in Carling (eastern France) and Gonfreville (northwestern France):

- The first plan launched in 2006 called for the closure of a steam cracker and the styrene plant at Carling and the construction of a new world-class<sup>(1)</sup> styrene plant at Gonfreville to replace the plant closed in late 2008. The reorganization plan was completed in the first quarter of 2009.

- The second plan launched in 2009 is focused on a consolidation project to improve sites competitiveness. This project includes a plan to upgrade the Group's most efficient units by investing approximately €230 million over three years to increase energy efficiency and competitiveness of the steam cracker and the high-density polyethylene unit in Gonfreville, and to consolidate polystyrene production at the Carling facility. It also includes the shutdown of two structurally loss-making units: two low-density polyethylene lines, one in Carling and one in Gonfreville, and a polystyrene line in Gonfreville. The three lines were shut down at year-end 2009. This reorganization plan is also intended for the support services at both sites and the central services at Total Petrochemicals France.

Furthermore, following the sole customer's termination of the supply contract for the secondary butyl alcohol produced at the Notre-Dame-de-Gravenchon facility in Normandy, this dedicated facility had to be closed in the second half of 2010.

- TOTAL is continuing to expand in growth areas.

In **Asia**, the Samsung-Total Petrochemicals Co. Ltd joint venture (TOTAL, 50%) completed in 2008 the first modernization phase of the Daesan site in South Korea, its main production site in the region. This major development increased the site's initial production capacity by nearly one-third thanks to the extension of the steam cracking and styrene units, and the start-up of a new polypropylene line and a new metathesis plant<sup>(2)</sup>. A further debottlenecking of the steam cracker and the polyolefin and aromatic units was approved in 2010. The capacity extensions are scheduled to be effective in 2011 for the steam cracker and the polyolefin unit and in 2012 for the aromatic unit.

The joint venture continues to expand its operations with the start-up of a polypropylene compounding plant in China in 2009 and, on the Daesan site, the start-ups of a jet fuel production

(1) Facilities ranking among the first quartile for production capacities based on publicly available information.

(2) Conversion of ethylene and butene into propylene.



plant to develop co-products in June 2010 and a butane storage tank to increase flexibility for the steam cracker feedstock at year-end 2010.

In the **Middle East**, construction of a 700 kt/y paraxylene unit at the Jubail refinery in Saudi Arabia was approved in 2008 by TOTAL and Saudi Aramco. This world-class unit is intended to supply the Asian market. The main construction contracts were signed in 2009 and start-up is expected in 2013.

- TOTAL is developing sites in countries with favorable access to raw materials.

In **Qatar**, through its interest in Qatofin and Qapco, TOTAL holds a 49% interest in a world-class linear low-density polyethylene plant with a capacity of 450 kt/y in Mesaieed. This unit, operated by Qatofin, started up in 2009. The Group also holds a 22% interest in an ethane-based steam cracker in Ras Laffan designed for processing 1.3 Mt/y of ethylene. The steam cracker started in March 2010. In addition, construction of a 300 kt/y low-density polyethylene line has started at Qapco, in which TOTAL holds a 20% interest, with commissioning scheduled in 2012.

In **Algeria**, TOTAL and Sonatrach, the Algerian state-owned oil company, are studying a project to build a petrochemical site in Arzew. This world class project would include an ethane-based steam cracker with production capacity of 1.1 Mt/y, two polyethylene units and a monoethylene glycol production unit. It would benefit from favorable access to ethane gas, a particularly competitive raw material, and would be ideally located to supply Europe, the Americas and Asia.

In **China**, TOTAL and China Investment Corporation signed in November 2010 an agreement to study a project to build a coal-to-olefins plant and a polyolefins plant. TOTAL will bring to this partnership its expertise in the Methanol to Olefins (MTO) and the Olefin Cracking Process (OCP) technologies that Total Petrochemicals has tested extensively at its purpose-built semi-commercial plant in Feluy, Belgium. TOTAL will also study solutions with respect to carbon capture and storage (CCS) using the know-how gained from its CCS pilot project in Lacq, France.

#### 4.1.1.1. Base petrochemicals

Base petrochemicals include olefins and aromatics (monomers) produced by the steam cracking of petroleum cuts, mainly naphtha, as well as propylene and aromatics manufactured in the Group's refineries. The economic environment for these activities is strongly influenced by the balance between supply and demand and changes in feedstock prices, especially naphtha.

Highlights of 2010 included the recovery of global demand for monomers and improved margins in all geographical areas. TOTAL's production volumes increased by 8% in 2010.

TOTAL is consolidating positions in Asia and the Middle East with the start-up of the Ras Laffan steam cracker in 2010 in Qatar and continued investments to increase capacities in Korea. In Europe and the United States, TOTAL is improving energy efficiency at its sites, strengthening synergies with refining and increasing the flexibility of the steam cracker feedstock.

#### 4.1.1.2. Polyethylene

Polyethylene is a plastic produced by the polymerization of ethylene manufactured in the Group's steam crackers. It is primarily intended

for the packaging, automotive, food, cable and pipe markets. Margins are strongly influenced by the level of demand and by competition from expanding production in the Middle East, which benefits from favorable access to ethane, the raw material used in ethylene production.

2010 was marked by the recovery of global demand in every region, especially in China.

TOTAL's sales volumes increased 4.7% in 2010 compared to 2009 thanks to the start-up of the linear low-density plant in Qatar. High density polyethylene margins remained weak in Europe. In the United States, margins remained high mainly due to the competitive price of ethane-based ethylene.

TOTAL intends to focus on lowering the breakeven point in its plants in Europe and continuing to differentiate its range of products.

#### 4.1.1.3. Polypropylene

Polypropylene is a plastic produced by the polymerization of propylene manufactured in the Group's steam crackers and refineries. It is primarily intended for the automotive, packaging, carpet, household, appliances, fibers and hygiene goods markets. Margins are mainly influenced by the level of demand and the availability and price of propylene.

2010 was marked by sustained growth in the global polypropylene market and all geographical areas, in particular North America and China. However, the European industry was affected by ongoing production difficulties throughout the year.

TOTAL's sales volumes only slightly increased compared to 2009 (+1%). Margins strongly increased in Europe in a tight market environment but they remained stable at a relatively weak level in the United States. To face increasing competition from new plants in the Middle East, TOTAL owns plants in Europe and the United States that place the Group among the industry's leaders.

#### 4.1.1.4. Styrenics

This business activity includes the production of styrene and polystyrene. Most of the styrene manufactured by the Group is used to produce polystyrene, a plastic principally used in food packaging, insulation, refrigeration, domestic appliances and electronic devices. Margins are strongly influenced by the level of polystyrene demand and the price of benzene, which is polystyrene's principal raw material.

After two years of decrease, the global styrene market increased in 2010 thanks to the resilience of the automotive, electronics and insulation markets. The global polystyrene market also increased in 2010, driven by domestic demand in China.

In 2010, TOTAL's polystyrene sales volumes increased by 1.5% consistently in all geographical areas. Styrene margins remained weak in 2010 whereas polystyrene margins strongly increased due to the market stabilization and capacity reductions in mature areas.

#### 4.1.2. Fertilizers

Through its subsidiary GPN, TOTAL manufactures and markets nitrogen fertilizers made from natural gas. Margins are strongly influenced by the price of natural gas.

In 2010, GPN's production was affected by a number of manufacturing incidents that resulted in long shutdowns for maintenance of the Grandpuits and Rouen ammonia plants in



France and a reduction of the downstream plants' production (nitric acid, urea and ammonium nitrate). These incidents adversely affected GPN's results, which could not take advantage of the improved European market.

The Fertilizers business continued its major restructuring plan initiated since 2006:

- The complex fertilizers business was shut down in France, resulting in the closure of three sites (Bordeaux, Basse Indre and Granville). In addition, TOTAL sold its Dutch affiliate, Zuid Chemie, to Engrais Rosier (TOTAL, 57%);
- The core activity of the Fertilizers business, which is the production of nitrogen fertilizers, was strengthened through a major investment in the construction of a competitive nitric acid plant in Rouen, which started up in the second half of 2009, and a urea plant in Grandpuits, the start-up of which was ongoing

in March 2011. This additional urea production enables GPN to position in the growing markets of products that contribute to reducing nitrogen oxide emissions<sup>(1)</sup>: DENOX® for industrial applications and Adblue® for transportation applications.

- In France, the Oissel site and three obsolete nitric acid units in Rouen and Mazingarbe were closed in 2009 and 2010.
- In early 2010, the Group launched a process to divest GPN's mines and quarries business in Mazingarbe, northern France. This project was submitted for prior consultation with employee representative organizations and to the approval by the relevant authorities. This transaction was closed in January 2011.

This plan is expected to improve the competitiveness of GPN by regrouping its operations at two sites that feature production capacity greater than the European average.

## 4.2. Specialty Chemicals

TOTAL's Specialty Chemicals division includes rubber processing (Hutchinson), resins (Cray Valley, Sartomer and Cook Composites & Polymers), adhesives (Bostik) and electroplating (Atotech). The division serves consumer and industrial markets for which customer-oriented marketing and service as well as innovation are key drivers. TOTAL markets specialty products in more than fifty-five countries and intends to develop in the global market by combining internal growth and targeted acquisitions. This development is focused on expanding markets and the marketing of innovative products with high added value that meet the Group's sustainable development approach.

The Consumers business (Mapa® and Spontex®) was divested in April 2010. Sales for the divested lines of business were €530 million in 2009.

In late 2010, TOTAL also launched a process to partially dispose of the Resins business (coatings and photocure resins). Sales for these lines of business were €860 million in 2010. Disposal is subject to prior consultation with employee representatives and approval by the relevant authorities, and may be effective by the second quarter of 2011.

In 2010, the market environment for Specialty Chemicals was favorable thanks to the economic recovery in mature markets, which had faced difficult conditions in late 2008 and early 2009, and ongoing growth in emerging countries. In this context and on a like-for-like basis (excluding Consumers products), 2010 sales were €6.8 billion, a 21% increase compared to 2009.

### 4.2.1. Rubber processing

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

Hutchinson, among the industry's leaders<sup>(2)</sup>, provides its customers with innovative solutions in the areas of fluid transfer, air and fluid (or water) seals, transmission, mobility and vibration, as well as sound and thermal insulation.

Hutchinson's sales were €2.7 billion in 2010, up 19% compared to 2009 in an uneven environment depending on the lines of business. Sales for the automotive business substantially increased thanks to the recovery in the European and North American markets and the growing Latin American and Chinese markets. In other industrial markets, sales decreased slightly in 2010 compared to 2009, due to the decline in markets for business planes, helicopters and defense. The decline was partially offset by an increase in the railway market.

To strengthen its position in the aerospace industry, Hutchinson acquired Strativer in late 2008, a company specialized in the expanding composite materials market.

Throughout 2010, Hutchinson continued to develop in expanding markets, primarily Eastern Europe, South America and China, relying notably on the Brasov (Romania), Lodz (Poland) and Suzhou (China) sites and on the Sousse site (Tunisia) opened in 2009.

### 4.2.2. Resins

TOTAL produces and markets resins for adhesives, inks, paints, coatings and composite materials through three subsidiaries: Cray Valley, Sartomer, and Cook Composites & Polymers.

In 2010, sales were €1.8 billion, up 24% compared to 2009, reflecting the economic recovery in North America and Europe, which are the main market segments for the Resins business.

The subsidiaries continued their fixed costs reduction programs in Europe and the United States. In addition, they continued to focus on their most profitable lines of business through a selective investment policy targeting in particular the most dynamic geographical areas.

In late 2010, TOTAL launched a process to partially dispose of the Resins business (coatings and photocure resins).

(1) Nitrogen oxide emissions are noxious to the environment and subject to regulation.  
(2) Based on publicly available information, consolidated sales.

### 4.2.3. Adhesives

Bostik is one of the world leaders in the adhesive sector<sup>(1)</sup> with leading positions in the industrial, hygiene, construction and consumer and professional distribution markets.

In 2010, sales were €1.4 billion, up 14% compared to 2009. This strong performance confirms Bostik's strategy of strengthening its position in the industrial market, which has been less affected than the construction industry, and continuing its development in growing markets, especially in the Asia-Pacific region.

Bostik expects to start up new production units in Egypt, Vietnam and China in the second half of 2011 and in India in 2012.

Bostik is actively pursuing its program for innovation based on new products and integrated solutions, and focused on sustainable development.

### 4.2.4. Electroplating

Atotech, which encompasses TOTAL's electroplating business, is the second largest company in this sector based on worldwide sales<sup>(1)</sup>. It is active in both the electronics (printed circuits, semiconductors) and general metal finishing markets (automotive, sanitary goods, furnishing).

The electroplating business strongly recovered in 2010, driven in particular by the growing automotive and electronics markets. After decreasing 20% between 2008 and 2009, Atotech's sales were €0.8 billion in 2010, up 31% compared to 2009.

In Germany, a new production unit intended for the semiconductor market was inaugurated in 2010.

Atotech successfully pursued its strategy designed to differentiate its products through comprehensive service provided to its customers in terms of equipment, processes, design, 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.

Atotech intends to continue to develop in Asia, which represents more than 50% of its global sales.

## 5. Investments

### 5.1. Principal investments made over the 2008-2010 period<sup>(2)</sup>

(M€)	2010	2009	2008
Upstream	13,208	9,855	10,017
Downstream	2,343	2,771	2,418
Chemicals	641	631	1,074
Corporate	81	92	131
<b>Total</b>	<b>16,273</b>	<b>13,349</b>	<b>13,640</b>

Most of the investments made by TOTAL are comprised of additions to property, plant and equipment and intangible assets.

Investments, including net investment in equity affiliates and non consolidated subsidiaries and acquisitions, amounted to \$20.5 billion in 2010, compared to \$18.1 billion in 2009.

This increase in investments is almost entirely due to the Upstream segment that continued to develop its major projects in 2010 while acquiring assets in the Barnett Shale in the United States, the UTS company in Canada, a 20% interest in the GLNG project<sup>(3)</sup> in Australia and an additional stake in the Laggan Tormore Blocks in the United Kingdom. In addition to these acquisitions, capital expenditures in the Upstream segment were mainly intended to

develop new hydrocarbon production facilities, exploration activities and acquisitions of new permits. In 2010, development expenditures were devoted primarily to the following projects: Kashagan in Kazakhstan; Pazflor and Angola LNG in Angola; OML 58, Usan and Ofon II au Nigeria; Ekofisk in Norway; the Mahakam area in Indonesia; Laggan Tormore in the United Kingdom; Surmont in Canada; Bongkot in Thailand and Anguille in Gabon.

In the Downstream segment, capital expenditures were split between refining and marketing activities (notably for the retail network). In refining (nearly \$2.3 billion in 2010), they are dedicated to the maintenance of facilities and safety and to projects that result in increasing the production of lighter products, adding desulphurization capacities, adapting the refining base to new specifications and improving energy efficiency. Highlights of 2010 included the ongoing construction of a deep conversion unit at the Port Arthur refinery in the United States, the start up of which was ongoing in March 2011.

In the Chemicals segment, capital expenditures for 2010 were approximately 75% for Base Chemicals and 25% for Specialties.

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

(2) The detail for the major acquisitions and disposals for fiscal years 2008 to 2010 is given in note 3 to the Consolidated Financial Statements of this Registration Document.

(3) Interest increased to 27.5% in March 2011.

## 5.2. Principal investments anticipated

At the beginning of 2011, TOTAL announced the launch of the development of the coal seam gas extraction and liquefaction project in Australia, and the acquisition of an interest in four exploration licenses in Argentina to assess their shale gas potential.

In early March 2011, the Group also announced the signature of two agreements in principle with the Russian Company Novatek and its major shareholders in order to acquire a 20% interest in the Yamal LNG project and a 12.08% interest in Novatek's share capital (with a view to increasing TOTAL's interest to 15% within 12 months and 19.40% within 36 months). Once closed, this acquisition of a 12.08% is expected to amount to a \$4 billion investment.

For the year 2011, TOTAL announced an investment budget<sup>(1)</sup> of approximately \$20 billion, 80% of which are dedicated to the Upstream segment. Capital expenditure in the Upstream segment are expected to be mainly dedicated to major development projects, including Kashagan in Kazakhstan, the Ekofisk area in Norway and the Mahakam area in Indonesia, the Laggan/Tormore projects in the United Kingdom, Pazflor and CLOV in Angola, Surmont in Canada, Anguille/Mandji in Gabon and GLNG in Australia. 35% of the Upstream segment's overall investment budget is expected to be dedicated to producing assets, 40% is intended for projects that are to start up between 2011 and 2014, and the remaining 25% should be devoted to the growth beyond 2014.

In the Downstream segment, the \$3 billion<sup>(1)</sup> investment budget is expected to be dedicated to the refining and marketing businesses. Highlights of 2011 will include in particular more major turnarounds in refineries and the ongoing Jubail construction project in Saudi Arabia as well as the upgrading project for the Normandy refinery.

In Chemicals capital expenditure of \$1 billion<sup>(1)</sup> is planned in 2011 to finance the safety and maintenance of facilities as well as developments in Base and Specialty Chemicals.

Beyond 2011, TOTAL plans to pursue a sustained investment effort to supply the growth of its activities, prioritizing the Upstream segment.

TOTAL self-finances most of its capital expenditures from cash flow from operations (see the consolidated statement of cash flow of the Appendix to the Consolidated Financial Statements, which are essentially increased by accessing the bond market on a regular basis, when conditions in the financial markets are favorable (see Note 23 to the consolidated financial statements). However, capital expenditure for joint-ventures between TOTAL and external partners are generally funded through project financing.

As part of certain project financing arrangements, TOTAL S.A. has provided guarantees. These guarantees ("Guarantees given on borrowings") as well as other information on off-balance sheet commitments and contractual obligations for the Group appear in Note 23 to the Consolidated Financial Statements. The Group does not currently consider that these guaranties, or any other off-balance sheet arrangements of TOTAL S.A. nor any other members of the Group, currently have or are reasonably likely to have in the future a material effect on the Group's financial situation, revenues or expenses, liquidity, capital expenditure or capital resources.

(1) Including net investments in equity affiliates and non-consolidated companies, excluding acquisitions and divestments, based on €1 = \$1.30 for 2011.

## 6. Organizational structure

### 6.1. Position of the Company within the Group

TOTAL S.A. is the parent company of the Group. As of December 31, 2010, there were 687 consolidated subsidiaries, of which 596 were fully consolidated and 91 were accounted for under the equity method.

The decision of the principal subsidiaries of TOTAL S.A. to declare dividends is made by their respective shareholders' meetings and remain subject to the provisions of local laws and regulations applicable to them. As of December 31, 2010, there is no restriction under those provisions that would materially restrict

the distribution to TOTAL S.A. of the dividends declared by those subsidiaries.

The Group's activities are organized as indicated on the chart on pages 48 and 49 of this Registration Document. The operating segments of the Group are assisted by centralized corporate divisions (Finance, Legal, Ethics, Insurance, Strategy & Business Intelligence, Human Resources and Communications) which are also represented in the chart mentioned above and which are part of the parent company, TOTAL S.A.

### 6.2. Principal subsidiaries

A list of the principal subsidiaries directly or indirectly held by the Company is given in Note 35 to the Consolidated Financial Statements.

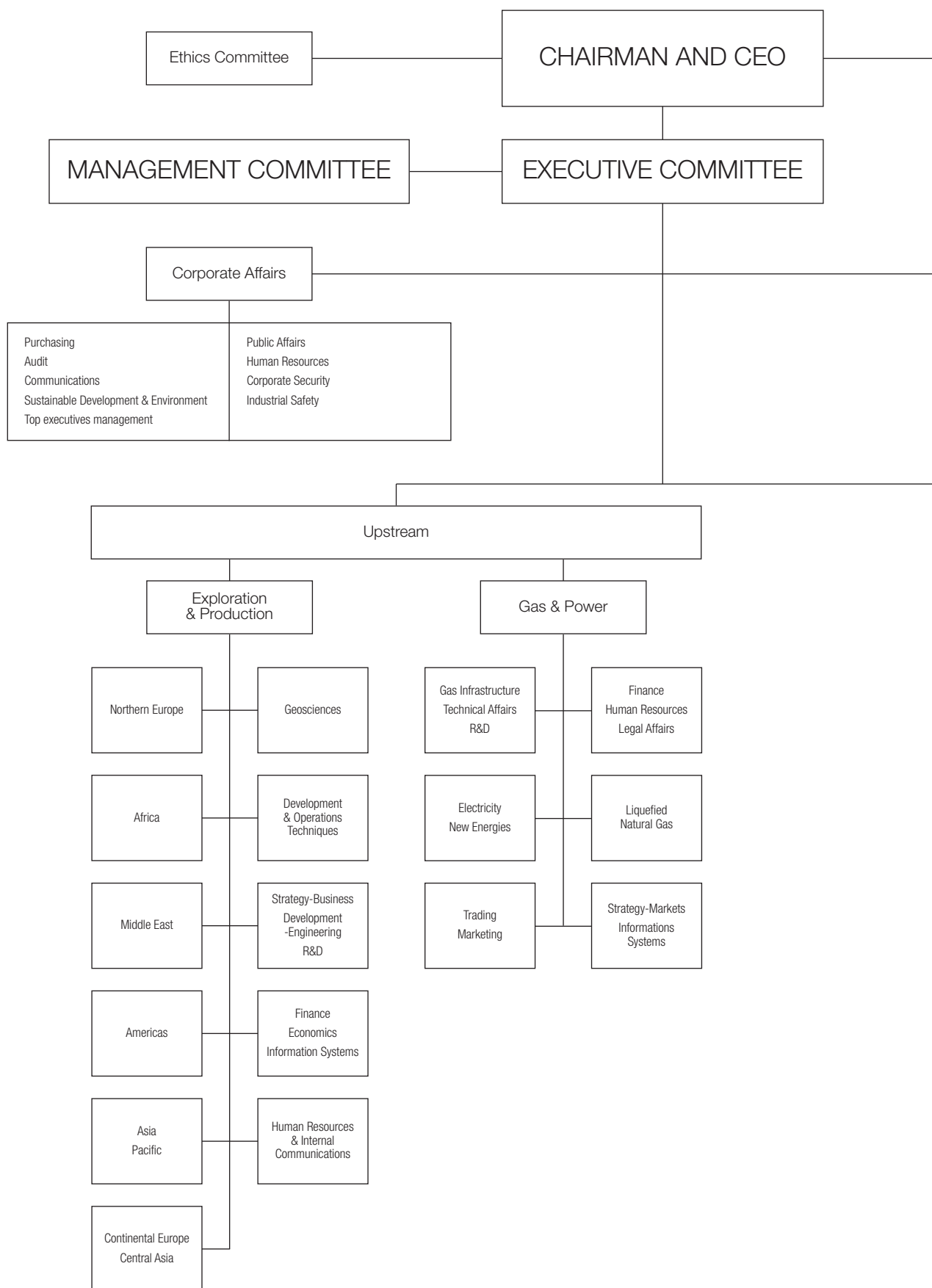
## 7. Property, plant and equipment

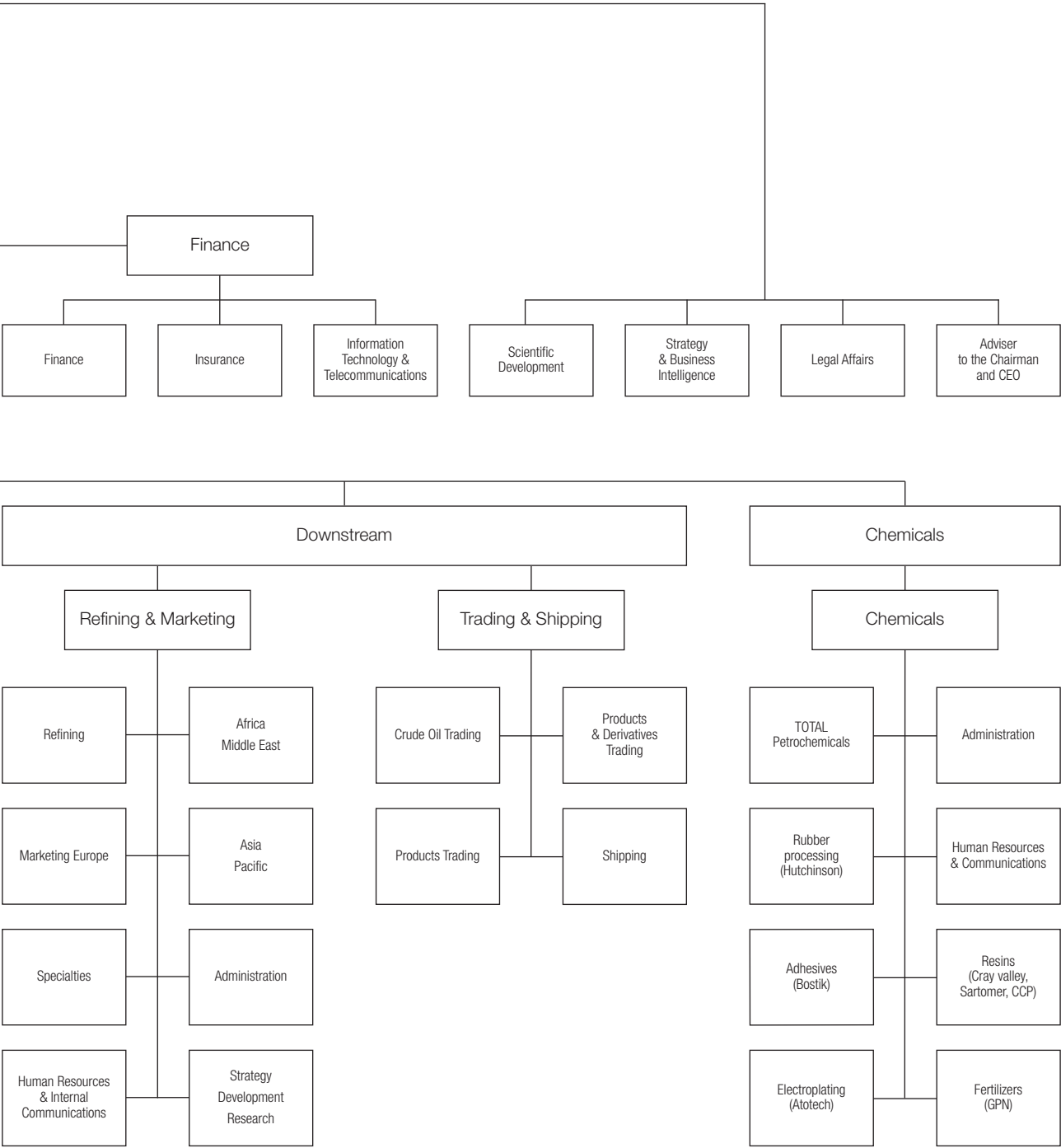
TOTAL has freehold and leasehold interests in over 130 countries throughout the world. The business done in these property, plant and equipment, oil and gas fields or any other industrial, commercial or administrative facility is described in this chapter for any business segment (Upstream, Downstream, Chemicals).

A summary of the fixed assets of the Group and their main related expenses (depreciation and impairment) is included in Note 11 to the Consolidated Financial Statements.

Information about the Company's environmental policy, notably that for the Group's industrial sites, is presented on pages 302 and 304 of this Registration Document.

## 8. Organization chart as of December 31, 2010









# Management Report

The Management report was approved by the Board of Directors on February 10, 2011, and has not been updated with subsequent events.

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# 1. Summary of results and financial position

## 1.1. Overview of the 2010 fiscal year for TOTAL

In 2010, the market environment for the oil and gas industry was marked by the rebound in the demand for oil, gas and petroleum products, driven by the global economic growth, in particular in emerging countries. Crude oil prices increased in 2010 to reach an average \$80/b. Spot gas prices in Europe and Asia also recovered. Following the 2009 record low levels, refining margins recovered to average \$27/t in Europe. In the Chemicals segment, demand for polymers improved in all consuming areas and led to recovering petrochemical margins.

In this context, TOTAL's adjusted net income was €10.3 billion, up 32% compared to 2009, reflecting the improved environment and the sound performance of the Group, in particular with production growing in the Upstream segment by more than 4% compared to 2009. Adjusted net operating income for the Upstream segment stood at €8.6 billion in 2010, up 35% compared to 2009, an increase superior to the Group's market environment. Earnings for the Downstream segment increased by 23%, driven by the Marketing division and improved refining margins. Finally, due to the improved environment in Petrochemicals and the outstanding performance of Specialty Chemicals, earnings of the Chemicals segment increased three-fold compared to 2009.

Benefiting from a strong increase in its cash flow from operations, TOTAL strengthened its balance sheet with a gearing ratio of 22% at year-end 2010, down from 27% at year-end 2009.

The year 2010 also marks a new dynamic in the implementation of TOTAL's strategy, with a bolder exploration program and profound changes to the portfolio in each business segment. With a higher level of acquisitions and disposals, the Group also showed its intention to optimize its portfolio of businesses.

In 2010, TOTAL reasserted the priority on safety and the environment as part of its operations and investments throughout its business. For all of its projects conducted in a large number of countries, the Group put an emphasis on corporate social responsibility (CSR) challenges and the development of the local industrial fabric.

The process initiated in 2004 to increase R&D budgets continued with expenditures of €715 million, up 10% compared to 2009, with the aim of, in particular, 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.

In the Upstream segment, the Group continued its ambitious investment program that includes launching seven new projects, of which Laggan/Tormore in the North Sea and CLOV in Angola. Highlights of 2010 also included the announcement of the acquisition of an interest in two major projects: the Fort Hills field and *Voyageur* upgrader in Canada and GLNG in Australia. The Group continued to add to its acreage with new exploration plays focused on pre-salt projects, unconventional gas and new frontier areas. Finally, in 2010, TOTAL divested its interests in the Valhall and Hod fields in Norway and, Block 31 in Angola, and announced the sale of its Exploration & Production subsidiary in Cameroon.

In the Downstream and Chemicals segments, major changes took place in 2010 that included the shutdown of the Dunkirk refinery in France and the upgrading of the refinery and the petrochemical plant in Normandy. This demonstrated the Group's intention to adapt to changing demand in Europe while the start-up of the Ras Laffan steam cracker in Qatar will contribute to taking better advantage of the growth in the Middle Eastern and Asian markets. In Marketing and Specialty Chemicals, the Group continued to optimize its business by setting up TotalErg in Italy, offering for sale its marketing network in the United Kingdom and disposing of Mapa Spontex while seeking to consolidate its leading position with respect to these businesses.

## 1.2. 2010 results

(M€)	2010	2009	2008
Sales	159,269	131,327	179,976
Adjusted operating income from business segments <sup>(a)</sup>	19,797	14,154	28,114
Adjusted net operating income from business segments <sup>(a)</sup>	10,622	7,607	13,961
Net income (Group share)	10,571	8,447	10,590
Adjusted net income (Group share) <sup>(a)</sup>	10,288	7,784	13,920
Fully-diluted weighted-average shares (millions)	2,244.5	2,237.3	2,246.7
Adjusted fully-diluted earnings per share (euros) <sup>(a)(b)</sup>	4.58	3.48	6.20
Dividend per share (€) <sup>(c)</sup>	2.28	2.28	2.28
Net-debt-to-equity (as of December 31)	22%	27%	23%
Return on average capital employed (ROACE) <sup>(d)</sup>	16%	13%	26%
Return on equity	19%	16%	32%
Cash flow from operating activities	18,493	12,360	18,669
Investments	16,273	13,349	13,640
Divestments	4,316	3,081	2,585

(a) Adjusted income is defined as income using replacement cost, excluding special items, and through June 30, 2010, the Group's equity share of adjustment items related to Sanofi-Aventis.

(b) Based on the fully-diluted weighted-average number of common shares outstanding during the period.

(c) 2010 dividend is subject to the approval by the Shareholders' Meeting on May 13, 2011.

(d) Based on adjusted net operating income and average capital employed at replacement cost.

Market environment	2010	2009	2008
Exchange rate (€-\$)	1.33	1.39	1.47
Brent (\$/b)	79.5	61.7	97.3
European refining margin indicator (ERMI) <sup>(a)</sup> (\$/t)	27.4	17.8	51.1

(a) ERMI is an indicator intended to represent the margin after variable costs for a hypothetical complex refinery located around Rotterdam in Northern Europe. The indicator margin may not be representative of the actual margins achieved by TOTAL in any period because of TOTAL's particular refinery configurations, product mix effects or other company-specific operating conditions

### Adjustments to operating income from business segments

(M€) <sup>(a)</sup>	2010	2009	2008
Special items affecting operating income from the business segments	(1,394)	(711)	(375)
Restructuring charges	-	-	-
Impairments	(1,416)	(391)	(177)
Other items	22	(320)	(198)
Pre-tax inventory effect: FIFO vs. replacement cost <sup>(a)</sup>	993	2,205	(3,503)
<b>Total adjustments affecting operating income from the business segments</b>	<b>(401)</b>	<b>1,494</b>	<b>(3,878)</b>

(a) See Note 1 paragraph N to the consolidated financial statements.

### Adjustments to net income (Group share)

(M€)	2010	2009	2008
Special items affecting net income (Group share)	(384)	(570)	(485)
Gains (losses) on disposals of assets	1,046	179	214
Restructuring charges	(53)	(129)	(69)
Impairments	(1,224)	(333)	(205)
Other items	(153)	(287)	(425)
Equity share of adjustment items recorded by Sanofi-Aventis <sup>(a)</sup>	(81)	(300)	(393)
After-tax inventory effect: FIFO vs. replacement cost <sup>(b)</sup>	748	1,533	(2452)
<b>Total adjustments affecting net income</b>	<b>283</b>	<b>663</b>	<b>(3,330)</b>

(a) Effective July 1, 2010, the Group no longer accounts for its interest in Sanofi-Aventis as an equity affiliate. Based on TOTAL's interest of 7.4% in Sanofi-Aventis as of December 31, 2009 and 11.4% as of December 31, 2008.

(b) See paragraph N of Note 1 to the Consolidated Financial Statements.

### 1.2.1. Sales

Consolidated sales increased by 21% to €159,269 million in 2010 from €131,327 million in 2009.

### 1.2.2. Operating income

Compared to the full year 2009, the 2010 oil market environment was marked by a 29% increase in the average Brent price to 79.5 \$/b while the average realized price of gas was stable. The ERMI increased to 27.4 \$/t in 2010 from 17.8 \$/t in 2009.

The euro-dollar exchange rate was 1.33 \$/€ compared to 1.39 \$/€ on average in 2009.

In this environment, the adjusted operating income from the business segments was €19,797 million, an increase of 40% compared to 2009<sup>(1)</sup>. Expressed in dollars<sup>(2)</sup>, the adjusted operating income from the business segments was \$26.2 billion, an increase of 33% compared to 2009.

The effective tax rate<sup>(3)</sup> for the business segments was 56% compared to 55% in 2009.

The adjusted net operating income from the business segments was €10,622 million compared to €7,607 million in 2009, an increase of 40%.

Expressed in dollars, the adjusted net operating income from business segments increased by 33%.

### 1.2.3. Net income Group share

Adjusted net income increased by 32% to €10,288 million compared to €7,784 million in 2009. Expressed in dollars, the adjusted net income increased by 26%.

Effective July 1, 2010, the Group no longer accounts for its interest in Sanofi-Aventis as an equity affiliate. The contribution to the Group's adjusted net income from Sanofi Aventis was €290 million in 2010 compared to €786 million in 2009. Excluding the impact of the contribution of Sanofi-Aventis, the Group's adjusted net income would have increased by 43% in euros and 36% in dollars.

Adjusted net income excludes the after-tax inventory effect, special items, and through June 30, 2010, the Group's equity share of adjustment items related to Sanofi-Aventis.

- The after-tax inventory effect had a positive impact of €748 million compared to a positive impact of €1,533 million in 2009.
- The Group's share of adjustment items related to Sanofi-Aventis had a negative impact of €81 million in 2010 and a negative impact of €300 million in 2009.
- Special items had a negative impact on net income of €384 million in 2010, comprised essentially of asset impairments that had a negative impact of €1,224 million and gains on asset sales that had a positive impact of €1,046 million. Special items had a negative impact of €570 million in 2009.

Net income (Group share) was €10,571 million compared to €8,447 million in 2009.

The effective tax rate for the Group was 56% in 2010 compared to 55% in 2009.

On December 31, 2010, there were 2,249.3 million fully-diluted shares compared to 2,243.7 million fully-diluted shares on December 31, 2009.

In 2010, the adjusted fully-diluted earnings per share, based on 2,244.5 million weighted-average shares, was €4.58 compared to €3.48 in 2009, an increase of 32%.

Expressed in dollars, adjusted fully-diluted earnings per share were \$6.08 compared to \$4.85 in 2009, an increase of 25%.

### 1.2.4. Investments - divestments

Investments, excluding acquisitions and including net investments in equity affiliates and non-consolidated companies, were €11.9 billion (\$15.8 billion) in 2010 compared to €12.3 billion (\$17.1 billion) in 2009.

Acquisitions were €3.5 billion in 2010, comprised essentially of the acquisition of assets in the Barnett Shale in the United States, UTS in Canada, a 20% interest in the GLNG project in Australia and an increased stake in the Laggan Tormore blocks in the United Kingdom.

Asset sales in 2010 were €3.5 billion, comprised essentially of the sale of Sanofi-Aventis shares, the Valhall and Hod fields in Norway, the 5% interest in Block 31 in Angola, and the Mapa Spontex unit in the Chemicals segment.

Net investments<sup>(4)</sup> increased by 16% to €12.0 billion from €10.3 billion in 2009. Expressed in dollars, net investments in 2010 increased by 11% to \$15.9 billion.

### 1.2.5. Profitability

The ROACE for the full year 2010 was 16% for the Group and 17% for the business segments. In 2009, the ROACE was 13% for the Group and for the business segments. In 2008, it was 26% for the Group and 28% for the business segments.

Return on equity was 19% in 2010 compared to 16% in 2009.

(1) Special items affecting operating income from the business segments had a negative impact of €1,394 million in 2010 and a negative impact of €711 million in 2009.

(2) Dollar amounts represent euro amounts converted at the average €-\$ exchange rate for the period (1.3257 in 2010 and 1.3948 in 2009).

(3) Defined as : (tax on adjusted net operating income) / (adjusted net operating income – income from equity affiliates, dividends received from investments and impairments of acquisition goodwill + tax on adjusted net operating income).

(4) Net investments = investments including acquisitions and net investments in equity affiliates and non-consolidated companies – asset sales + net financing for employees related to stock purchase plans.

## 1.3. Upstream results

### Environment -

liquids and gas price realizations <sup>(a)</sup>	2010	2009	2008
Brent (\$/b)	79.5	61.7	97.3
Average liquids price (\$/b)	76.3	58.1	91.1
Average gas price (\$/Mbtu)	5.15	5.17	7.38
Average hydrocarbon price (\$/boe)	56.7	47.1	72.1

(a) Consolidated subsidiaries, excluding fixed margin and buyback contracts.

TOTAL's average liquids price increased by 31% in 2010 compared to 2009. TOTAL's average gas price remained stable compared to 2009.

Hydrocarbon production	2010	2009	2008
Liquids (kb/d)	1,340	1,381	1,456
Gas (Mcf/d)	5,648	4,923	4,837
<b>Combined production (kboe/d)</b>	<b>2,378</b>	<b>2,281</b>	<b>2,341</b>

In 2010, hydrocarbon production was 2,378 kboe/d, an increase of 4.3% compared to 2009, essentially as a result of:

- +3% for production ramp-ups on new projects, net of the normal decline, and a lower level of turnarounds;
- +1,5% for lower OPEC reductions and an increase in gas demand;
- +1% for improved security conditions in Nigeria;
- +2% for changes in the portfolio;
- 3% for the price effect<sup>(1)</sup>.

### Oil and gas reserves

As of December 31,	2010	2009	2008
Liquids (Mb)	5,987	5,689	5,695
Gas (Bcf)	25,788	26,318	26,218
<b>Hydrocarbon reserves (Mboe)</b>	<b>10,695</b>	<b>10,483</b>	<b>10,458</b>

Proved reserves based on SEC rules (based on Brent at 79.02 \$/b) were 10,695 Mboe at December 31, 2010. Based on the 2010 average rate of production, the reserve life is more than 12 years.

The 2009 reserve replacement rate<sup>(2)</sup>, based on SEC rules, was 124%.

As of year-end 2010, TOTAL has a solid and diversified portfolio of proved and probable reserves<sup>(3)</sup> representing more than 20 years of reserve life based on the 2010 average production rate, and resources<sup>(4)</sup> representing more than 40 years of reserve life.

### Results

(M€)	2010	2009	2008
Adjusted operating income	17,653	12,879	23,639
Adjusted net operating income	8,597	6,382	10,724
Cash flow from operating activities	15,573	10,200	13,765
Adjusted cash flow from operating activities	14,136	11,336	14,313
Investments	13,208	9,855	10,017
Divestments	2,067	398	1,130
Return on average capital employed	21%	18%	36%

For the full year 2010, adjusted net operating income from the Upstream segment was €8,597 million compared to €6,382 million in 2009, an increase of 35%. Expressed in dollars, adjusted net operating income for the Upstream segment increased by 28% to \$11.4 billion, reflecting essentially the impact of production growth and higher hydrocarbon prices.

Technical costs for consolidated subsidiaries, in accordance with ASC 932<sup>(5)</sup>, were 16.6 \$/boe in 2010, compared to 15.4 \$/boe in 2009.

The return on average capital employed (ROACE<sup>(6)</sup>) for the Upstream segment was 21% in 2010 compared to 18% in 2009.

(1) Impact of changing hydrocarbon prices on entitlement volumes.

(2) Change in reserves excluding production *i.e.* (revisions + discoveries, extensions + acquisitions - divestments) / production for the period. The reserve replacement rate would be 95% in an environment with a constant 59.91 \$/b oil price, excluding acquisitions and divestments.

(3) Limited to proved and probable reserves covered by E&P contracts on fields that have been drilled and for which technical studies have demonstrated economic development in a 80 \$/b Brent environment, including projects developed by mining.

(4) Proved and probable reserves plus contingent resources (potential average recoverable reserves from known accumulations - Society of Petroleum Engineers - 03/07).

(5) FASB Accounting Standards Codification Topic 932, Extractive industries - Oil and Gas

(6) Calculated based on adjusted net operating income and average capital employed, using replacement cost



## 1.4. Downstream results

Operating data <sup>(a)</sup>	2010	2009	2008
Refinery throughput (kb/d)	2,009	2,151	2,362
Sales of refined product <sup>(b)</sup> (kb/d)	3,776	3,616	3,658

(a) Including TOTAL's share in CEPESA and, as from October 1, 2010, in TotalErg.  
(b) Including Trading.

For the full year 2010, refinery throughput decreased by 7% compared to 2009, reflecting essentially the shutdown of the Dunkirk refinery and a distillation unit at the Normandy refinery as well as impacts from strikes in France.

### Results

(M€)	2010	2009	2008
Adjusted operating income	1,251	1,026	3,602
Adjusted net operating income	1,168	953	2,569
Cash flow from operating activities	1,441	1,164	3,111
Adjusted cash flow from operating activities	2,405	1,601	4,018
Investments	2,343	2,771	2,418
Divestments	499	133	216
Return on average capital employed	8%	7%	20%

In 2010, the ERMI was 27.4 \$/t, an increase of 54% compared to 2009.

For the full year 2010, adjusted net operating income for the Downstream segment €1,168 million compared to €953 million in 2009, an increase of 23%.

Expressed in dollars, the adjusted net operating income for the Downstream segment was \$1.5 billion, an increase of 16% compared to 2009. The increase is essentially due to the positive impact of the refining margin improvement, which was partially offset by lower throughput and reliability of the Group's refineries in 2010 and less favorable conditions for supply optimization.

The persistence of an unfavorable economic environment for refining, affecting Europe in particular, led the Group to recognize an impairment in the Downstream, essentially on French and UK refining assets, in the fourth quarter 2010 in the amount of €1,192 million in operating income and €913 million in net operating income. These elements have been treated as adjustment items.

The ROACE<sup>(1)</sup> for the Downstream segment was 8% in 2010 compared to 7% in 2009.

## 1.5. Chemicals results

(M€)	2010	2009	2008
Sales	17,490	14,726	20,150
Adjusted operating income	893	249	873
Adjusted net operating income	857	272	668
Cash flow from operating activities	934	1,082	920
Adjusted cash flow from operating activities	1,157	442	1,093
Investments	641	631	1,074
Divestments	347	47	53
Return on average capital employed	12%	4%	9%

For the full year 2010, Chemicals segment sales, excluding intra-Group sales, were €17,490 million, an increase of 19% compared to 2009.

The adjusted net operating income was €857 million compared to €272 million in 2009. The adjusted net operating income for the Base Chemicals increased by €377 million, due to an improved

environment and the ramp-up of new production units in Qatar. In 2010, Specialties benefited from strong operational performance and good positioning in growth markets.

The ROACE<sup>(1)</sup> of the Chemicals segment was 12% in 2010 compared to 4% in 2009.

(1) Calculated based on adjusted net operating income and average capital employed, using replacement cost.

## 1.6. TOTAL S.A. 2010 results and proposed dividend

Net income for TOTAL S.A., the parent company, was €5,840 million in 2010 compared to €5,634 million in 2009. After closing the accounts, the Board of Directors decided to propose at the Shareholders' Meeting to be held on May 13, 2011, a dividend of €2.28 per share for 2010, stable compared to the previous year.

Based on 2010 adjusted net income, the pay-out ratio would be 50%.

After taking into account the interim dividend of €1.14 per share paid on November 17, 2010, the remaining €1.14 per share would be paid on May 26, 2011<sup>(1)</sup>.

## 2. Liquidity and capital resources

### 2.1. Long-term and short-term capital

**Long-term capital**  
**As of December 31,**  
**(M€)**

	2010	2009	2008
Shareholders' equity <sup>(a)</sup>	58,718	50,993	47,410
Non-current financial debt	20,783	19,437	16,191
Hedging instruments of non-current financial debt	(1,870)	(1,025)	(892)
<b>Total net non-current capital</b>	<b>77,631</b>	<b>69,405</b>	<b>62,709</b>

(a) Based on a 2010 dividend equal to the 2009 dividend (€2.28/share) less the interim dividend €1.14/share (€2,550 million) paid in November 2010.

**Short-term capital**  
**As of December 31,**  
**(M€)**

	2010	2009	2008
Current financial debt	9,653	6,994	7,722
Net current financial assets	(1,046)	(188)	(29)
<b>Net current financial debt</b>	<b>8,607</b>	<b>6,806</b>	<b>7,693</b>
Cash and cash equivalents	(14,489)	(11,662)	(12,321)

### 2.2. Cash flow

(M€)	2010	2009	2008
Cash flow from operating activities	18,493	12,360	18,669
Changes in working capital adjusted for the pre-tax FIFO inventory effect	497	(1,111)	(932)
<b>Cash flow from operating activities before changes in working capital adjusted for the pre-tax FIFO inventory effect</b>	<b>17,996</b>	<b>13,471</b>	<b>19,601</b>
Investments	(16,273)	(13,349)	(13,640)
Divestments	4,316	3,081	2,585
<b>Net cash flow at replacement cost, before changes in working capital</b>	<b>6,039</b>	<b>3,203</b>	<b>8,546</b>
Dividends paid	(5,250)	(5,275)	(5,158)
Share buybacks	-	-	(1,189)
Net-debt-to-equity ratio at December 31	22%	27%	23%

Cash flow from operations was €18,493 million, an increase of 50% compared to 2009, essentially due to the increase in net income and the more favorable change in working capital than in 2009.

(1) The ex-dividend date is scheduled on May 23, 2011.

Adjusted cash flow<sup>(1)</sup> was €17,996 million, an increase of 34%. Expressed in dollars, adjusted cash flow from operations was \$23.9 billion, an increase of 27%.

The Group's net cash flow<sup>(2)</sup> was €6,536 million compared to €2,092 million in 2009. Expressed in dollars, the Group's net cash flow was €8.7 billion in 2010.

The net-debt-to-equity ratio was 22.2% on December 31, 2010, compared to 18.2% on September 30, 2010 and 26.6% on December 31, 2009.

## 2.3. Borrowing requirements and funding structure

The Group's policy consists of incurring long-term debt primarily at a variable rate, or, if an attractive opportunity arises at the time of an issuance, at a fixed rate. Debt is incurred in dollars or in euros depending on 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.

The non-current debt is generally raised by the Treasury Department, either directly in dollars or in euros, or in currencies exchanged for dollars or euros, based on the Group's general needs, through swaps.

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 defined for each bank and is allotted among the subsidiaries and the Group's Treasury Department depending on their needs.

To reduce the market values risk on its commitments, in particular for swaps set as part of bonds issuance, the Group also developed a system of margin call that is gradually implemented with significant counterparties.

## 2.4. External financing available

The total amount, as of December 31, 2010, of the principal confirmed lines of credit granted by international banks to Group companies, including TOTAL S.A., was \$10,395 million (compared to \$10,084 million as of December 31, 2009), of which \$10,383 million was unused (compared to \$10,051 million as of December 31, 2009).

TOTAL S.A. has confirmed lines of credit granted by international banks, that allow the company to fund a significant cash reserve. As of December 31, 2010, these lines of credit amounted to \$9,592 million (compared to \$9,322 million as of December 31, 2009), of which \$9,581 million were unused (compared to €9,289 million as of December 31, 2009).

The contracts for the lines of credit granted to TOTAL S.A. contain no provisions that tie the terms and conditions of the loan 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 impact on its financial position.

The lines of credit granted to Group companies other than TOTAL S.A. are not intended to finance the general corporate needs; they are intended to finance either the general needs of the borrowing subsidiary or a specific project.

As of December 31, 2010, there was no restriction on the use of the capital received by the Group's companies (including TOTAL S.A.) which could have a direct or indirect material impact on the Group's operations.

## 2.5. Anticipated sources of financing

In 2010, investments, working capital and dividend payments were financed essentially by the cash flow generated from operating activities and by asset disposals and net borrowings.

For the coming years and based on the current financing conditions, the Company intends to maintain this method of

financing its investments and activities. As from 2011, a significant part of the Group's financial debt might be issued directly or indirectly through swaps in Canadian dollars.

(1) Cash flow from operations at replacement cost before changes in working capital.  
(2) Net cash flow = cash flow from operations + divestments – gross investments.

## 3. Research & Development

In 2010, Research & Development (R&D) expenses amounted to €715 million, compared to €650 million in 2009 and €612 million in 2008<sup>(1)</sup>. The process initiated in 2004 to increase R&D budgets continued in 2010. In addition, the Group implemented in 2009 a financial device to contribute to the development of start-ups that specialize in the development of innovative technologies in the field of energy.

In 2010, 4,087 employees were dedicated to R&D, compared to 4,016 in 2009 and 4,285 in 2008.

There are six major R&D focuses at TOTAL:

- developing knowledge, tools and technological mastery to discover and 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 contribute to the changes in the global energy mix;
- developing practical, innovative and competitive materials that meet the market's 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 and better management of their life cycle;

- developing, industrializing and improving conversion processes 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, 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.

### 3.1. 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 as well as those for the initial appraisal of reservoirs and simulation of field evolution during operations, especially for tight sands, very deep and carbonated reservoirs.

Enhancing oil recovery from operated reservoirs and recovery of heavy oil and bitumen with lesser environmental impacts are also subjects involving major research. In particular, a new major project to enhance the technology for the development of oil shale was launched in 2008.

In addition, the carbon capture and storage project in the Rousse depleted field in Lacq (France) continues and the first injections took place in early 2010. This pilot is intended to increase expertise of the entire chain and site study methodology.

Finally, water management is also the subject of increased R&D activities.

### 3.2. Gas & Power

R&D efforts were sustained in new energies, in particular in the development of new-generation photovoltaic cells as part of several partnerships with recognized academic research institutes and start-ups (Konarka for organic photovoltaic and EAP for silicon purification and crystallization).

Energy production from biomass is also a major R&D challenge in the development of new energies. The Group is involved in a program to develop a production process from biomass and in biotechnology studies for the conversion of biomass to advanced biofuels or molecules for chemicals, in particular through a partnership with Amyris, a company in which the Group acquired an interest.

R&D also involves energy conversion related to:

- new technical features for LNG (liquefied natural gas) terminals and LNG routing;
- the emergence of DME (DiMethyl Ether) through the Group's involvement in a testing program for this fuel; and
- CTL (Coal to Liquids) projects to convert coal into liquid hydrocarbons, with carbon dioxide capture as part of this process.

R&D partnerships in wave power, thermal energy and marine power also enable the Group to monitor the technological challenges in these fields.

(1) Including, starting in 2009, expenses for Exploration & Production pilot facilities.

### 3.3. Refining & Marketing

In Refining & Marketing, 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, additives and lubricants.

The Refining & Marketing division develops processes and catalysts and studies the operation of its industrial sites to improve production and adapt to the fuel market. The division develops new

products (fuels, heating fuels, lubricants, etc.) that are adapted to new engines and are more environmentally friendly as well as technologies to measure and reduce industrial emissions.

Several R&D projects in the field of second-generation biofuel production are ongoing as part of partnerships with academic, industrial and economic players in order to develop enzymatic and thermo-chemical conversion of biomass.

### 3.4. Petrochemicals

In Petrochemicals, R&D is focused on the use of alternative resources to naphtha and ethane, such as methanol from coal, gas and renewable feedstock.

The development of new grades of polymers is also a significant R&D activity. For instance, as part of a joint venture with the Galactic company, the Group enhanced the thermal and mechanical quality of polymers from renewable sources such as PolyLactic acid (PLA).

R&D efforts also involve research on catalysts and processes and includes new pilot programs for development. For instance, the pilot program to convert methanol into olefins combined with an existing polymerization pilot, which is an industrial world first, resulted in validating the process at the Feluy site in Belgium. The optimization and development of this combination of processes will continue in 2011.

### 3.5. Specialty Chemicals

In Specialty chemicals, R&D has strategic importance for the specialty chemicals. It is closely linked to the needs of subsidiaries.

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.

Innovation at Hutchinson is focused on the development of thermoplastic elastomers, clean production technologies and energy-efficient systems for large industrial clients, in particular for tomorrow's vehicles.

Bostik and Cray Valley-Sartomer are seeking to develop products (glues and resins) that are adapted to new markets, including that of houses energy efficiency, and offer new features stemming from clean production technologies, including biomass resources.

### 3.6. Environment

Environmental issues are important throughout the Group and are taken into account in all R&D projects. Environmental challenges include:

- detection and reduction of emissions into the air and simulation of their dissemination;
- prevention of soil and water contamination by focusing R&D activity on the most significant environmental risks at the Group's

sites or projects, notably by reducing the use of water from natural continental environments and by lowering emissions in compliance with the regulation in force;

- changes in the Group's different products and management of their life cycle, in compliance with the REACH Directive; and
- reduction of greenhouse gases through the improvement of energy efficiency and carbon capture and storage.

### 3.7. R&D organization

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-two R&D sites worldwide and has developed approximately 600 partnerships with other industrial groups and academic or special 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 business unit 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 2010, more than 250 new patent applications were issued by the Group.

## 4. Trends and outlook

### 4.1. Outlook

In 2011, TOTAL will consolidate its drivers for growth and enhance the priority given to safety, reliability and acceptability of its operations.

Budgeted capital expenditures of the business segments for 2011 is \$20 billion. In addition, TOTAL intends to continue to acquire targeted assets and dispose of non strategic assets.

Capital expenditures will mostly be focused on the Upstream segment with an allocation of \$16 billion. 35% of the investments in the Upstream should be dedicated to producing assets while 65% should be assigned to develop new projects. In the Downstream and Chemicals segments, capital expenditures will amount to nearly \$4 billion in 2011, in particular dedicated to upgrading the Normandy refinery and petrochemical plant and building the Jubail refinery in Saudi Arabia. Besides, major turnarounds of Group refineries should increase compared with the lower number recorded in 2010.

The Group also confirms its commitment with respect to R&D with a budget increasing to nearly \$1 billion in 2011.

In the Upstream segment, TOTAL will start-up a new wave of major projects starting in mid-2011 with, in particular, the start-up of Pazflor in Angola scheduled in the fourth quarter of the year.

The Group will also carry on the study of a number of projects that are under preparation in Russia, Australia, Canada and China. Commencement of construction over the course of the next couple of years, subject to final investment decisions, will contribute to increasing visibility on the middle-term growth. With an exploration budget increasing to \$2.1 billion dollars, the Group will also implement a bolder and more diversified approach to make greater discoveries in the years to come.

In the Downstream and Chemicals segment, TOTAL will strive to improve competitiveness by continuing to adapt its assets portfolio in Europe, starting up new units at the Port Arthur refinery in the United States and developing positions in growth markets.

With a sound balance sheet at year-end 2010 and increased leeway in an environment marked with crude oil prices over \$80/b, TOTAL will continue to develop its various projects in 2011 through an ambitious investment program while sticking to a targeted gearing between 25% and 30% and a dividend policy with an average pay-out ratio of 50%. The Group also confirmed its intention to divest its stake in Sanofi-Aventis by 2012, which represented 5.5% of the outstanding share capital as of December 31, 2010, for an estimated market value of \$4.6 billion.

### 4.2. Risks and uncertainties

Due to the nature of its business, the Company is subject to market risks (in both the oil and financial markets), industrial and environmental risks related to its operations, and to geopolitical risks stemming from the global presence of most of its activities.

In addition, risks related to cash management activities and to interest rate and foreign exchange rate financial instruments are managed according to strict rules set by the Company's

management, which also oversees the centralization of liquidity positions and the management of financial instruments.

Detailed information is given in the Risk Factors section (Chapter 4), of this Registration Document, which also includes information referred to in Article L. 225-102-1 of the French Commercial Code related to TOTAL S.A.'s Corporate Social Responsibility report (Chapter 11, Appendix 3, TOTAL S.A., Social and environmental information).

### 4.3. 2011 sensitivities to market environment<sup>(a)</sup>

Market environment	Scenario	Change	Estimated impact on adjusted operating income	Estimated impact on adjusted net operating income
€-\$	1,30 \$/€	+0.10 \$/€	-1.6 B€	-0.8 B€
Brent	80 \$/b	+1 \$/b	+0.27 B€/0.35 B\$	+0.13 B€/0.17 B\$
European refining margins (ERMI)	30 \$/t	+1 \$/t	+0.07 B€/0.09 B\$	+0.05 B€/0.07 B\$

(a) Sensitivities revised once per year upon publication of the previous year's fourth quarter results. The impact of the \$/€ sensitivity on adjusted operating income and adjusted net operating income attributable to the Upstream segment are approximately 80% and 75% respectively, and the remaining impact of the \$/€ sensitivity is essentially in the Downstream segment.





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## 1. Market risks

Market risks are detailed in Note 31 to the consolidated financial statements.

### 1.1. Sensitivity to market environment

The financial performance of TOTAL is sensitive to a number of factors, the most significant being crude oil and natural gas prices, refining margins 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. For the year ended 2011, according to the scenarios retained, the Group estimates that an increase or decrease of \$1.00 per barrel in the price of Brent crude would respectively increase or decrease annual adjusted net operating income by approximately €0.13 billion (\$0.17 billion<sup>(1)</sup>). The impact of changes in crude oil prices on Downstream and Base Chemicals operations depends upon the speed at which the prices of finished

products adjust to reflect these changes. The Group estimates that an increase or decrease in European refining margins (ERM) of \$1.00 per ton would increase or decrease annual adjusted net operating income by approximately €0.05 billion (\$0.07 billion<sup>(1)</sup>).

All of the Group's activities are, to various degrees, sensitive to fluctuations in the dollar/euro exchange rate. The Group estimates that a strengthening or weakening of the dollar against the euro by \$0.10 per euro would respectively improve or reduce annual adjusted net operating income, expressed in euro, by approximately €0.8 billion.

The Group's results, particularly in the Chemicals segment, also depend on the overall economic environment.

2011 Sensitivities <sup>(a)</sup>	Scenario	Change	Estimated impact on adjusted operating income	Estimated impact on adjusted net operating income
€-\$	1.30 \$/€	+0.10 \$/€	-1.6 B€	-0.8 B€
Brent	80 \$/b	+1 \$/b	+0.27 B€/0.35 B\$	+0.13 B€/0.17 B\$
European refining margins (ERM)	30 \$/t	+1 \$/t	+0.07 B€/0.09 B\$	+0.05 B€/0.07 B\$

(a) Sensitivities revised once per year upon publication of the previous year's fourth quarter results. The impact of the \$/€ sensitivity on adjusted operating income and adjusted net operating income attributable to the Upstream segment are approximately 80% and 75% respectively, and the remaining impact of the \$/€ sensitivity is essentially in the Downstream segment.

### 1.2. 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 generally follows a policy of not selling its future production. However, in connection with these trading activities, 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 activities 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 business. Options are systematically reevaluated 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.

(1) Calculated with a base case exchange rate of \$1.30 per €1.00.

## Trading & Shipping: value-at-risk with a 97.5% probability

As of December 31,  
(M€)

	High	Low	Average	Year end
<b>2010</b>	<b>23.1</b>	<b>3.4</b>	<b>8.9</b>	<b>3.8</b>
2009	18.8	5.8	10.2	7.6
2008	13.5	2.8	6.9	11.8

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 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 one-day 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 past two years for all instruments and maturities in the global trading business.

## Trading of Gas & Power: value-at-risk with a 97.5% probability

As of December 31,  
(M€)

	High	Low	Average	Year end
<b>2010</b>	<b>13.9</b>	<b>2.7</b>	<b>6.8</b>	<b>10.0</b>
2009	9.8	1.9	5.0	4.8
2008	16.3	1.3	5.0	1.4

The Group has implemented strict policies and procedures to manage and monitor these market risks. These are based on the splitting of supervisory functions from operational functions and on an integrated information system that enables real-time monitoring of trading activities.

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.

Limits on trading positions are approved by the Group's Executive Committee and are monitored daily. To increase flexibility and

### 1.3. 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 principally interest rate and currency swaps. The Group may also use, on a less frequent basis, futures and options contracts. These operations and their accounting treatment are detailed in Notes 1 paragraph M, 20, 28 and 29 to the Consolidated Financial Statements.

management of the financial instruments by the Treasury Department. Excess cash of the Group is deposited mainly in government institutions or deposit banks 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.

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

The Cash Monitoring-Management Unit within the Treasury Department monitors limits and positions per bank on a daily basis and reports results. This team also prepares marked-to-market valuations and, when necessary, performs sensitivity analysis.

## 1.4. 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 the market capitalization 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 authorized aggregate limit is defined for each bank and divided among the subsidiaries and the Group treasury unit based on needs for financial activities.

To reduce the market values risk on its commitments, in particular for swaps linked to bond issuances, the Treasury Department also developed a system of margin call that is implemented with significant counterparties.

## 1.5. Currency exposure

The Group seeks to minimize the currency exposure of each entity to its functional currency (primarily the euro, the 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.

The non-current debt described in Note 20 to the Consolidated Financial Statements is generally raised by the Treasury Department either directly in dollars or euros, or in other currencies which are then exchanged for dollars or euros through swaps to appropriately match general corporate needs. The proceeds from these debt issuances are loaned to affiliates whose accounts are kept in dollars or in euros. Thus, the net sensitivity of these positions to currency exposure is not significant.

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.

## 1.6. 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 adequate level of liquidity, optimize revenue from investments considering 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.

## 1.7. Interest rate risk on non-current debt

The Group's policy for long-term debt is to borrow primarily at variable rates, or at a fixed rate depending on the level of interest rates at the time, in dollars or in euros based on the Group's general 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.

## 1.8. 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, 2010, 2009 and 2008.

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
<b>As of December 31, 2010</b>				
Bonds (non-current portion, before swaps)	(20,019)	(20,408)	86	(84)
<i>Issue swaps and swaps hedging bonds (liabilities)</i>	(178)	(178)	-	-
<i>Issue swaps and swaps hedging bonds (assets)</i>	1,870	1,870	-	-
Total issue swaps and swaps hedging 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)	-	-
<b>As of December 31, 2009</b>				
Bonds (non-current portion, before swaps)	(18,368)	(18,836)	75	(75)
<i>Issue swaps and swaps hedging bonds (liabilities)</i>	(241)	(241)	-	-
<i>Issue swaps and swaps hedging bonds (assets)</i>	1,025	1,025	-	-
Total issue swaps and swaps hedging bonds (assets and liabilities)	784	784	(57)	57
Current portion of non-current debt after swap (excluding capital lease obligations)	(2,111)	(2,111)	3	(3)
Other interest rates swaps	(1)	(1)	1	(1)
Currency swaps and forward exchange contracts	34	34	-	-
<b>As of December 31, 2008</b>				
Bonds (non-current portion, before swaps)	(14,119)	(14,119)	47	(43)
<i>Issue swaps and swaps hedging bonds (liabilities)</i>	(440)	(440)	-	-
<i>Issue swaps and swaps hedging bonds (assets)</i>	892	892	-	-
Total issue swaps and swaps hedging bonds (assets and liabilities)	452	452	(44)	44
Current portion of non-current debt after swap (excluding capital lease obligations)	(2,025)	(2,025)	3	(3)
Other interest rates swaps	(4)	(4)	1	(1)
Currency swaps and forward exchange contracts	(56)	(56)	-	-

The impact of changes in interest rates on the cost of net debt before taxes is presented in the table below:

For the year ended (M€)	2010	2009	2008
Cost of net debt	(334)	(398)	(527)
Interest rate translation of:			
+10 basis points	(11)	(11)	(11)
-10 basis points	11	11	11
+100 basis points	(107)	(108)	(113)
-100 basis points	107	108	113



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 accounting currency is the dollar and, to a lesser extent, the pound sterling and the Norwegian krone.

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 evolution of dollar and pound sterling and is set forth in the table below:

	Euro/Dollar exchange rate	Euro/Pound sterling exchange rate
<b>December 31, 2010</b>	<b>1.34</b>	<b>0.86</b>
December 31, 2009	1.44	0.89
December 31, 2008	1.39	0.95

As of December 31, 2010 (M€)	Total	Euro	Dollar	Pound sterling	Other currencies and equity affiliates <sup>(a)</sup>
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 of December 31, 2009 (M€)	Total	Euro	Dollar	Pound sterling	Other currencies and equity affiliates
Shareholders' equity at historical exchange rate	57,621	27,717	18,671	5,201	6,032
Currency translation adjustment before net investment hedge	(5,074)	-	(3,027)	(1,465)	(582)
Net investment hedge - open instruments	5	-	6	(1)	-
Shareholders' equity at exchange rate as of December 31, 2009	52,552	27,717	15,650	3,735	5,450

As of December 31, 2008 (M€)	Total	Euro	Dollar	Pound sterling	Other currencies and equity affiliates
Shareholders' equity at historical exchange rate	53,868	25,084	15,429	5,587	7,768
Currency translation adjustment before net investment hedge	(4,876)	-	(2,191)	(1,769)	(916)
Net investment hedge - open instruments	-	-	-	-	-
Shareholders' equity at exchange rate as of December 31, 2008	48,992	25,084	13,238	3,818	6,852

(a) The decrease in the heading "Other currencies and equity affiliates" is mainly explained by the change in the consolidation method of Sanofi-Aventis (see Note 3 to the Consolidated Financial Statements). The contribution to the shareholders' equity of this investment is now reclassified into the heading for the Eurozone.

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 fluctuation of the dollar (equal to zero in 2010, loss of €32 million in 2009, gain of €112 million in 2008).

## 1.9. 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, valuation of the sectors in which the companies operate, and the economic and financial condition of each individual company.

## 1.10. Liquidity risk

TOTAL S.A. has confirmed credit facilities granted by international banks, that allow the company to maintain a significant level of liquidity.

As of December 31, 2010, these lines of credit amounted to \$9,592 million, of which \$9,581 million were unused. The contracts for the lines of credit granted to TOTAL S.A. contain no provisions that tie the terms and conditions of the loan to the Company's financial ratios, to its financial ratings from specialized agencies (for detailed information about this rating, please refer to Chapter 6),

or to the occurrence of events that could have a material adverse impact on its financial position. As of December 31, 2010, the aggregate amount of the principal confirmed lines of credit granted by international banks to Group companies, including TOTAL S.A., was \$10,395 million, of which \$10,383 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, 2010, 2009 and 2008 (see Note 20 to the Consolidated Financial Statements).

As of December 31, 2010 Asset/(Liabilities) (M€)	Less than one year	Between 1 year and 2 years	Between 2 years and 3 years	Between 3 years and 4 years	Between 4 years and 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 financial debt	(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
<b>Cumulative net amount before financial expense</b>	<b>5,882</b>	<b>(3,355)</b>	<b>(3,544)</b>	<b>(2,218)</b>	<b>(3,404)</b>	<b>(6,392)</b>	<b>(13,031)</b>
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
<b>Net amount</b>	<b>5,500</b>	<b>(3,750)</b>	<b>(3,996)</b>	<b>(2,635)</b>	<b>(3,760)</b>	<b>(7,665)</b>	<b>(16,306)</b>
<b>As of December 31, 2009 Asset/(Liabilities) (M€)</b>	<b>Less than one year</b>	<b>Between 1 year and 2 years</b>	<b>Between 2 years and 3 years</b>	<b>Between 3 years and 4 years</b>	<b>Between 4 years and 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Non-current financial debt (notional value excluding interests)		(3,658)	(3,277)	(3,545)	(2,109)	(5,823)	(18,412)
Current financial debt	(6,994)	-	-	-	-	-	(6,994)
Other current financial liabilities	(123)	-	-	-	-	-	(123)
Current financial assets	311	-	-	-	-	-	311
Cash and cash equivalents	11,662	-	-	-	-	-	11,662
<b>Cumulative net amount before financial expense</b>	<b>4,856</b>	<b>(3,658)</b>	<b>(3,277)</b>	<b>(3,545)</b>	<b>(2,109)</b>	<b>(5,823)</b>	<b>(13,556)</b>
Financial expense on non-current financial debt	(768)	(697)	(561)	(448)	(301)	(1,112)	(3,887)
Interest differential on swaps	447	233	100	25	(16)	(55)	734
<b>Net amount</b>	<b>4,535</b>	<b>(4,122)</b>	<b>(3,738)</b>	<b>(3,968)</b>	<b>(2,426)</b>	<b>(6,990)</b>	<b>(16,709)</b>
<b>As of December 31, 2008 Asset/(Liabilities) (M€)</b>	<b>Less than one year</b>	<b>Between 1 year and 2 years</b>	<b>Between 2 years and 3 years</b>	<b>Between 3 years and 4 years</b>	<b>Between 4 years and 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Non-current financial debt (notional value excluding interests)		(2,992)	(3,658)	(3,324)	(3,232)	(2,093)	(15,299)
Current financial debt	(7,722)	-	-	-	-	-	(7,722)
Other current financial liabilities	(158)	-	-	-	-	-	(158)
Current financial assets	187	-	-	-	-	-	187
Cash and cash equivalents	12,321	-	-	-	-	-	12,321
<b>Cumulative net amount before financial expense</b>	<b>4,628</b>	<b>(2,992)</b>	<b>(3,658)</b>	<b>(3,324)</b>	<b>(3,232)</b>	<b>(2,093)</b>	<b>(10,671)</b>
Financial expense on non-current financial debt	(554)	(512)	(431)	(299)	(189)	(174)	(2,159)
Interest differential on swaps	118	211	100	62	37	(7)	521
<b>Net amount</b>	<b>4,192</b>	<b>(3,293)</b>	<b>(3,989)</b>	<b>(3,561)</b>	<b>(3,384)</b>	<b>(2,274)</b>	<b>(12,309)</b>

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 given against current liabilities").

The following table set forth the financial assets and liabilities of the Group's operating activities as of December 31, 2010, 2009 and 2008 (see Note 28 to the Consolidated Financial Statements).

As of December 31,  
(M€)

Assets/(Liabilities)	2010	2009	2008
Accounts payable	(18,450)	(15,383)	(14,815)
Other operating liabilities	(3,574)	(4,706)	(4,297)
<i>including financial instruments related to commodity contracts</i>	<i>(559)</i>	<i>(923)</i>	<i>(1,033)</i>
Debtors and other debtors	18,159	15,719	15,287
Other operating receivables	4,407	5,145	6,208
<i>including financial instruments related to commodity contracts</i>	<i>499</i>	<i>1,029</i>	<i>1,664</i>
<b>Total</b>	<b>542</b>	<b>775</b>	<b>2,383</b>

These financial assets and liabilities mainly have a maturity date below one year.

## 1.11. 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 operations. 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€)

Assets/(Liabilities)	2010	2009	2008
Loans to equity affiliates (Note 12)	2,383	2,367	2,005
Loans and advances (Note 14)	1,596	1,284	1,403
Hedging instruments of non-current financial debt (Note 20)	1,870	1,025	892
Accounts receivable (Note 16)	18,159	15,719	15,287
Other operating receivables (Note 16)	4,407	5,145	6,208
Current financial assets (Note 20)	1,205	311	187
Cash and cash equivalents (Note 27)	14,489	11,662	12,321
<b>Total</b>	<b>44,109</b>	<b>37,513</b>	<b>38,303</b>

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, 2010, the net amount received as part of these margin calls was €1,560 million (compared to €693 million as of December 31, 2009).

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.

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

The Gas & Power division 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 to require 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.

#### Downstream Segment

##### – Refining & Marketing

Internal procedures for the Refining & Marketing division include rules on credit risk that describe the basis of internal control in this field, including the separation of authority between commercial and financial teams. 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 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 facts and circumstances.

##### – 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 formal margining agreements wherever possible.

#### Chemicals Segment

Credit risk in the Chemicals segment 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 (the provision can also be calculated based on statistics).

## 2. Industrial and environmental risks

### 2.1. Types of risks

TOTAL's activities involve certain industrial and environmental risks which are inherent in the production of products that are flammable, explosive or toxic. Its activities are therefore subject to government regulations concerning environmental protection and industrial safety in most countries. More specifically, in Europe, TOTAL operates industrial sites that meet the criteria of the European Union Seveso II directive for classification as high-risk sites. Some of TOTAL's operated sites in the United States are subject to the Occupational Safety and Health Administration ("OSHA") Process Safety Management of Highly Hazardous Materials, as well as other OSHA regulations.

The broad scope of TOTAL's activities, which include drilling, oil and gas production, on-site processing, transportation, refining and petrochemical activities, storage and distribution of petroleum products, and production of base chemicals and specialty products, involve a wide range of operational risks. Among these risks are those of explosion, fire, leakage of toxic products, and pollution. 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).

Most of these activities also involve environmental risks related to emissions into the air, water or soil and the creation of waste, and also require environmental site remediation and closure and decommissioning after production is discontinued.

### 2.2. Risk evaluation

Prior to developing their activities and ongoing during their operation, business units evaluate the related industrial and environmental risks, taking into account regulatory requirements in the countries where these activities are located as well as recognized and generally accepted good engineering practices.

On sites with significant technological risks, Process Hazard Analyses are performed on all new processes and on existing processes where significant changes are proposed. These analyses are generally re-evaluated every five years. To ensure risks are appropriately analyzed and monitored, TOTAL has developed a shared risk management approach, which is being implemented progressively throughout the sites it operates. On the basis of these analyses, relevant sites have drafted safety management plans and emergency plans in the event of accidents. For example, regarding its petrochemical business in the United States, TOTAL is implementing a Process Safety Management Improvement Plan (PSMIP).

In France, all the sites that meet the criteria of the European Union Seveso II directive are contributing to drafting Risk Management Plans pursuant to the French law of July 30, 2003. Each of these plans will introduce various urban planning measures to reduce risks to urban environments surrounding industrial sites that are considered as high risk according to the criteria of the Seveso II directive. French administrative authorities are preparing such plans while taking into account input from site operators and neighboring residents.

Certain branches or activities face specific risks. In Exploration & Production, there are risks related to the physical characteristics of an oil or gas field. These include eruptions of crude oil or of natural gas, discovery of hydrocarbon pockets with abnormal pressure, crumbling of well openings, leaks generating toxic risks and risks of pollution, fire or explosion. All these events could possibly cause injury or even death, cause environmental damage, damage or even destroy crude oil or natural gas wells as well as related equipment and other property, lead to a disruption of activity. In addition, since exploration and production activities may take place on sites that are ecologically sensitive (tropical forest, marine environment, etc.), each site requires a risk-based approach to avoid or minimize the impact on human health, the related ecosystem and biodiversity.

TOTAL's activities in the Chemicals segment and the Refining & Marketing division may also have 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 feedstock. 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.

Following the blow-out on the Macondo well in the Gulf of Mexico, TOTAL created three Task Forces in order to analyze risks and make recommendations. In Exploration & Production, Task Force No. 1 is responsible for reviewing the safety aspects of deep offshore drilling operations (architecture of wells, design of blow-out preventers, training of personnel based on lessons learned from the serious accidents that occurred recently in the industry). The two other Task Forces are described in the "Risk management" section hereafter.

Similarly, environmental impact studies are carried out prior to any industrial development through an initial site analysis, taking into account any special sensitivity as well as developing plans to prevent and reduce the impact of accidents. These studies also take into account the health impact of such operations on the local population. In countries where prior administrative authorization and supervision is required, projects are not undertaken without the authorization of the relevant authorities and are developed according to studies provided to the authorities.

For new substances, risk characterizations and evaluations are carried out. Furthermore, life cycle analyses for related risks are performed on certain products to study all the stages of a product's life cycle from its conception until the end of its useful life.

TOTAL's entities actively monitor regulatory developments to comply with local and international rules and standards for the evaluation and

management of industrial and environmental risks. In case of operations being stopped, the Group's environmental contingencies and asset retirement obligations are addressed in "Asset retirement obligation" and "Provisions for environmental contingencies" in

## 2.3. Risk management

Risk management measures involve the design of equipment and structures to be built, the reinforcement of safety devices, and the protection against the consequences of environmental events.

TOTAL seeks to minimize industrial and environmental risks that are inherent to its operations and, to this end, has developed efficient organizations as well as quality, safety and environmental management systems. The Group is also targeting certification for or assessment of its management systems (including International Safety Rating System, ISO 14001, European Management and Audit Scheme) and conducts detailed inspections and audits, trains appropriate personnel, heightens awareness of all the parties involved and implements an active investment policy.

More specifically, following up on the Group's 2002-2005 and 2006-2009 plans, an action plan was defined by the Group for the 2010-2013 period that focuses on two initiatives for improvement: reducing the frequency and severity of work-related accidents, and strengthening the management of technological risks. The results related to reducing on-the-job accidents are in line with goals, with a significant decrease in the rate of accidents (with or without time-loss) per million hours worked by nearly 80% between the end of 2001 and the end of 2010. In terms of technological risks, this plan's initiatives include specific organization and behavioral plans as well as plans to minimize risks at the source and to increase safety for people and equipment.

Several environmental action plans have been implemented for different activities of the Group. These plans are designed to improve environmental performance, particularly regarding the use of natural resources, air and water pollution, waste production and treatment, and pollution and site decontamination. They also include quantified objectives to reduce, most notably, greenhouse gas emissions, water pollution as well as sulphur dioxide emissions and to improve energy efficiency.

As part of its efforts to combat climate change and reduce greenhouse gas emissions, the Group committed to reducing gas flaring at its Exploration & Production sites. The Group intends to reduce gas flared by 50% by 2014 compared to 2005. By the end of 2012, the Group intends to obtain ISO 14001 certification for all of its sites that it considers particularly important to the environment according to criteria updated in 2009. At year-end 2010, 92% of such sites are ISO 14001-certified. A total of more than 280 of the Group's sites worldwide are certified. These activities are monitored through periodic and coordinated reporting by the Group's entities.

In addition to Task Force No.1 created following the blow-out on the Macondo well in the Gulf of Mexico that is described above, TOTAL has set two other internal Task Forces:

- Task Force No. 2, coordinated with the Global Industry Response Group (GIRG) created by the OGP (International Association of Oil and Gas Producers) is responsible for studying deep-offshore oil capture and containment operations in case a pollution event occurs in deep waters. The Group is also a member of the Coordination Group and other GIRG working groups that pay special attention to prevention and procedures for and time of response.

Note 19 to the Consolidated Financial Statements. Future expenses related to asset retirement obligations are accounted for in accordance with the principles described in paragraph Q of Note 1 to the Consolidated Financial Statements.

- Task Force No. 3 relates to plans to fight accidental spills in order to strengthen the Group's ability to respond to a major accidental pollution, such as a blow out or a total loss of containment from an FPSO (Floating Production, Storage and Offloading facility). Although the current response to accidental oil spills implemented in the industry proves to be efficient globally, TOTAL pays special attention to technical changes including those related to sub-sea dispersants that were recently used in the Gulf of Mexico. The Group is jointly reviewing these issues with the OGP and the IPIECA (Global oil and gas industry association for environmental and social issues).

TOTAL has response plans and procedures in place to deal with the environmental impact that would occur in the event of an oil spill or leak from its offshore operations. These response plans and procedures are specific to each of TOTAL's affiliates, and are consistent with a global plan at the Group level. In order to minimize the risk and extent of environmental impact in the event of an oil spill or leak, TOTAL periodically reviews and regularly tests these emergency plans and procedures.

Each affiliate or operational site of TOTAL is required to have in place an emergency response plan taking into account its specific activities (e.g., drilling, production, transport) and risks. Moreover, whenever an affiliate's activities expose it to the risk of an oil spill, it has one or more oil spill contingency plan(s) and blowout contingency plan(s) to address any uncontrolled release.

These specific response plans take into account the organization adopted at all levels (site, affiliate, division and Group level) for managing any emergency or crisis situation. They are generally designed to cover, among others, the following matters:

- listing all pertinent data and characteristics that may be useful in appraising the context (local, geographical, environmental, geological, etc., as the case may be);
- conducting risk analysis to identify the parameters, methods and tools necessary for evaluating the situation and its probable development, together with a definition of the appropriate measures or solutions;
- detailing the actions to be taken in response to the relevant situation(s), emphasizing the initial emergency actions;
- stipulating the interfaces and liaisons required for the specific situation(s) under consideration; and
- identifying the emergency/backup means and resources potentially necessary, and how they are to be mobilized.

At the Group level, TOTAL has set up the alert scheme PARAPOL (Plan to mobilize Resources Against Pollution) to facilitate crisis management and assist with mobilizing resources in case of pollution. PARAPOL is made available to TOTAL's affiliates and its main aim is to facilitate access to both internal and external response resources in the event of a pollution of marine, coastal or inland waters, without geographical restriction. The PARAPOL Procedure describes the organization of the emergency response team's efforts, which is led by a PARAPOL



Coordinator who manages or monitors the incident in order to access additional resources, both in terms of equipment and response experts. PARAPOL allows the mobilization of Group experts previously cleared to provide specific assistance to emergency response teams.

Furthermore, TOTAL and its affiliates are currently registered with certain external oil spill cooperatives able to provide expertise, resources and equipment in all geographic areas where TOTAL conducts its activities, including in particular: Oil Spill Response, CEDRE, and Clean Caribbean and Americas.

## 2.4. Asbestos

Like many other industrial groups, TOTAL is affected by reports of occupational diseases caused by asbestos exposure. The circumstances described in these reports generally concern activities prior to the beginning of the 1980s, long before the adoption of more comprehensive bans on the new installation of asbestos-containing products in most of the countries where the Group operates (January 1, 1997, in France). The Group's various businesses are not particularly likely to lead to significant exposure to asbestos-related risks, since this material was generally not used in manufacturing processes, except in limited cases. The main potential sources of exposure are related to the use of certain

insulating components in industrial equipment. These components are being gradually eliminated from the Group's equipment through asbestos-elimination plans that have been underway for several years. However, considering the long period of time that may elapse before the harmful results of exposure to asbestos arise (up to 40 years), TOTAL anticipates that other reports may be filed in the years to come. Asbestos-related issues have been subject to close monitoring in all the Group's business units. As of December 31, 2010, the Group estimates that the ultimate cost of all asbestos-related claims paid or pending is not likely to have a material effect on the financial situation of the Group.

More detailed information on TOTAL's initiatives in the fields of safety and protection of the environment is provided in the Environment and Society Report published every year by the Group since 2003.

The Group believes that it is impossible to guarantee that the contingencies or liabilities related to the above mentioned health, safety and environmental concerns will not have a material impact on its business, assets and liabilities, consolidated financial situation, cash flow or income in the future.

## 3. Other risks

### 3.1. Risks related to oil and gas exploration and production

Oil and gas exploration and production require high levels of investment and are associated with particular risks and opportunities. These activities are subject to risks related specifically to the difficulties of exploring underground, to the characteristics of hydrocarbons and to the physical characteristics of an oil or gas field. Of risks related to oil and gas exploration, geologic risks are the most important. For example, exploratory wells may not result in the discovery of hydrocarbons, or may result in amounts that would be insufficient to allow for economic development. Even if an economic analysis of estimated hydrocarbon reserves justifies the development of a discovery, the reserves can prove lower than the estimates during the production process, thus adversely affecting the economic development.

Almost all the exploration and production operations of TOTAL are accompanied by a high level of risk of loss of the invested capital due to the risks related to economic or political factors detailed

hereafter. It is impossible to guarantee that new resources of crude oil or of natural gas will be discovered in sufficient amounts to replace the reserves currently being developed, produced and sold to enable TOTAL to recover the capital it has invested.

The development of oil and gas fields, the construction of facilities and the drilling of production or injection wells require advanced technology in order to extract and exploit fossil fuels with complex properties over several decades. The deployment of this technology in such a difficult environment makes cost projections uncertain. TOTAL's operations can be limited, delayed or cancelled as a result of numerous factors, such as administrative delays, particularly in terms of the host states' approval processes for development projects, shortages, late delivery of equipment and weather conditions, including the risk of hurricanes in the Gulf of Mexico. Some of these risks may also affect TOTAL's projects and facilities further down the oil and gas chain.

### 3.2. Risks related to economic or political factors

The oil sector is subject to domestic regulations and the intervention of governments or state-owned companies in such areas as:

- the award of exploration and production interests;
- authorizations by governments or by a state-controlled partner, especially for development projects, annual programs or the selection of contractors or suppliers;
- the imposition of specific drilling obligations;
- environmental protection controls;
- control over the development and abandonment of a field causing restrictions on production;
- calculating the costs that may be recovered from the relevant authority and what expenditures are deductible from taxes;
- cases of expropriation or reconsideration of contractual rights; and
- cases of nationalization.

The oil industry is also subject to the payment of royalties and taxes, which may be high compared with those imposed with respect to other commercial activities and which may be subject to material modifications by the governments of certain countries.

Substantial portions of TOTAL's oil and gas reserves are located in certain countries that may be considered as politically and economically unstable. These reserves and the related operations are subject to certain additional risks, including:

- the establishment of production and export quotas;
- the compulsory renegotiation of contracts;
- the expropriation or nationalization of assets;
- risks relating to changes of local governments or resulting changes in business customs and practices;
- payment delays;
- currency exchange restrictions;
- depreciation of assets due to the devaluation of local currencies or other measures taken by governments that might have a significant impact on the value of activities; and
- losses and decreased activity due to armed conflicts, civil unrest or the actions of terrorist groups.

TOTAL, like other major international oil 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 such political and economic risks. However, there can be no assurance that such events will not adversely affect the Group.

### 3.3. Legal aspects of exploration and production activities

TOTAL's exploration and production activities are conducted in many different countries and are therefore subject to an extremely broad range of regulations. These cover virtually all aspects of exploration and production activities, including matters such as leasehold rights, production rates, royalties, environmental protection, exports, taxes and foreign exchange rates. 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 agreements.

The oil concession agreement remains the traditional model for agreements entered into with States: 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.

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 other contractual structures still exist, TOTAL's license portfolio is comprised mainly of concession agreements. In all countries, 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.

Hydrocarbon exploration and production activities are subject to public authorities (permits), which can be different for each of these activities. These permits are granted for limited periods of time and include an obligation to return a large portion, in case of failure the entire portion, of the permit area at the end of the exploration period.

TOTAL is required to pay 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 sale activities may be subject to a range of other taxes, fees and withholdings, including special petroleum taxes and fees. The taxes imposed on oil and gas production and sale activities may be substantially higher than those imposed on other 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 which in certain cases can diminish or challenge the protections offered by this legal framework.

### 3.4. Legal aspects of the Group's other businesses

The Group's other businesses (Gas & Power, Downstream and Chemicals) are also subject to a wide range of regulations.

In European countries and in the United States, sites and products are subject to environmental (water, air, soil, noise, nature protection, waste management, impact studies, etc.), health (on-the-job safety, chemical product risks) and safety (safety of personnel and residents, major risk facilities) regulations. Product quality and consumer protection are also subject to regulations. Within the European Union, EU regulations must be transposed into member states' national laws or directly enforced. In such member states, EU legislation and regulations may be in addition to national and local government regulations. However, for the European Union, licenses are delivered by local administrations to industrial actors based on national and EU law. In the United States, federal regulations may supplement the regulations of each state, as in the European Union.

In other countries where the Group operates, legislation is often inspired by European and U.S. rules. These countries may more fully develop certain aspects of regulation in particular fields, for example protecting water, health and nature.

Irrespective of the particular country in which the Group is operating, TOTAL has developed standards based on best practices existing in countries with more developed regulation and progressively implements policies to improve these standards.

Such standards include obligations related to strategic oil reserves and shipping (whether as the owner of the transport or the charterer) and others related to classified facilities. Requirements for strategic oil reserves also exist in other European countries and in the United States.

### 3.5. Activities in Cuba, Iran, Sudan and Syria

The U.S. Department of State has identified Cuba, Iran, Sudan and Syria as state sponsors of terrorism. Provided in this section is certain information relating to TOTAL's activities in these jurisdictions.

#### 3.5.1. U.S. and other legal restrictions

- In 1996, the United States adopted legislation 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 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 2010, TOTAL's production in Iran represented less than 0.1% of the Group's worldwide production.

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 firms generally prohibit transactions in foreign exchange by the sanctioned company, 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 company, and require blocking of any property of the sanctioned company 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 now-prohibited sales 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.

France and the European Union 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 (the "EU Measures"). 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.

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

- The United States also imposes sanctions based on the United Nations Security Council resolutions described above, as well as broad and comprehensive economic sanctions, which are administered by the U.S. Treasury Department's Office of Foreign Assets Control (referred to as "OFAC"). 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. Since August 16, 2010, transactions between Iranian entities and non-U.S. financial institutions holding U.S. bank accounts in the United States have been subject to OFAC restrictions. Sanctions administered by OFAC target Cuba, Iran, Myanmar (Burma), Sudan and Syria. TOTAL does not believe that these sanctions are applicable to any of its activities in these 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 or Sudan. 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. TOTAL has no business operations in Sudan and, to date, has not made any significant investments or industrial investments there. The Genocide Intervention Network (formerly known as Sudan Divestment Task Force) report states that TOTAL should be regarded as "inactive" in Sudan by the U.S. states that have adopted such divestment legislation. CISADA and the Sudan Accountability and Divestment Act, which was adopted by the U.S. Congress on December 31, 2007, support these state legislative initiatives. If TOTAL's operations in Iran or Sudan 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 securities. If significant, sale of securities resulting from such laws and/or regulatory initiatives could have an adverse effect on the prices of TOTAL's securities.

### 3.5.2. Activities in Cuba, Iran, Sudan and Syria

Provided below is certain information on TOTAL's activities in Cuba, Iran, Sudan and Syria.

#### Cuba

In 2010, TOTAL had limited marketing activities for the sale of specialty products to non-state entities in Cuba and paid taxes on such activities. In addition, TOTAL's Trading & Shipping division purchased hydrocarbons pursuant to spot contracts from a state-controlled entity for approximately €83 million.

#### Iran

TOTAL's Exploration & Production division has been active in Iran through buyback contracts. Under such contracts, the contractor is responsible for and finances development operations. Once development is completed, operations are handed over to the national oil company, which then operates the field. The contractor receives payments in cash or in kind to recover its expenditures as well as a remuneration based on the field's performance. Furthermore, upon the national oil company's request, a technical services agreement may be implemented in conjunction with a buyback contract to provide qualified personnel and services until full repayment of all amounts due to the contractor.

To date, TOTAL has entered into such buyback contracts with respect to the development of four fields: Sirri, South Pars 2 & 3, Balal and Dorood. For all of these contracts, development operations have been completed and TOTAL retains no operational responsibilities. A technical services agreement for the Dorood field expired in December 2010. As TOTAL is no longer involved in the operation of these fields, TOTAL has no information on the production from these fields. Some payments are yet to be reimbursed to TOTAL with respect to South Pars 2 & 3, Balal and Dorood. In 2010, TOTAL's production in Iran, corresponding to such payments in kind, was 2 kboe/d. No royalties or fees are paid by the Group in connection with these buyback and service contracts. In 2010, TOTAL made non-material payments to the Iranian administration with respect to certain taxes and social security.

With respect to TOTAL's Refining & Marketing division's activities in Iran, Beh Total, a company held 50/50 by Behran Oil and Total Outre-Mer, a subsidiary of the Group, produces and markets small quantities of lubricants (16,000 tons) for sale to domestic consumers in Iran. In 2010, revenue generated from Beh Total's activities was €34.9 million and cash flow was €5.9 million. Beh Total paid €800,000 in taxes. TOTAL does not own or operate any refineries or chemicals plants in Iran. In 2010, Beh Total paid €5.6 million of dividends for fiscal year 2009 (share of TOTAL: €2.8 million).

In 2010, TOTAL's Trading & Shipping division purchased in Iran pursuant to a mix of spot and term contracts approximately forty-five million barrels of hydrocarbons from state-controlled entities for approximately €2.5 billion.

### Sudan

TOTAL holds an interest in Block B in Southern Sudan through a 1980 Exploration and Production Sharing Agreement (EPSA). Operations were voluntarily suspended in 1985 because of escalating security concerns, but the company maintained its exploration rights. The Group's initial interest was 32.5%. Despite the withdrawal of a partner, TOTAL does not intend to increase its interest above its initial level. Consequently, the Group has entered into negotiations with new partners to transfer the former partner's interests for which the Group financially carries a share.

The EPSA was revised, effective January 1, 2005, to provide that the parties (the Government of Sudan and the consortium partners) would mutually agree upon a resumption date when the petroleum operations could be safely undertaken in the contract area. Such resumption date would mark the starting point of the Group's work obligations as foreseen in the contract. A joint decision on the resumption date has not yet been made.

Pursuant to the EPSA in 2010, TOTAL, on behalf of the consortium, disbursed nearly \$2.2 million as scholarships, social development contributions and contributions to the construction of social infrastructure, schools and water wells along with non-governmental organizations and other stakeholders involved in Southern Sudan.

As of March 23, 2011, TOTAL remains inactive in Sudan. Considering the current situation in Sudan, TOTAL will continue to monitor political changes and discuss with all stakeholders that are present in the country. If TOTAL were to resume its activities in Southern Sudan, it would make sure to do so in strict compliance with applicable national, European and international laws and regulations, as well as with the Group's Code of Conduct and Ethics Charter. Regarding humanitarian activities, TOTAL has entered into agreements with NGOs and provides financial and technical support for educational, health and infrastructure projects in Southern Sudan.

### 3.6. Nigeria

Improved security conditions in the Niger Delta region resulted in a substantial increase in the 2010 production operated by the Shell Petroleum Development Company (SPDC) joint venture, in which

### Syria

In 2010, TOTAL had two contracts relating to oil and gas Exploration & Production activities: a Production Sharing Agreement entered into in 1988 ("PSA 1988") for an initial period of twenty years and renewed at the end of 2008 for an additional 10-year period, and the Tabiyeh Gas Project risked Service Contract (the "Tabiyeh contract") effective from the end of October 2009. TOTAL owns 100% of the rights and obligations under PSA 1988, and is operating on various oil fields in the Deir Ez Zor area through a dedicated non-profit operating company owned equally by the Group and the state-owned Syrian Petroleum Company ("SPC").

The main terms of PSA 1988 are similar to those normally used in the oil and gas industry. The Group's revenues derived from PSA 1988 are made up of a combination of "cost oil" and "profit oil". "Cost oil" represents the reimbursement of operating and capital expenditures and is accounted for in accordance with normal industry practices. The Group's share of "profit oil" depends on the total annual production level. TOTAL receives its revenues in cash payments made by SPC. TOTAL pays to the state-owned Syrian company SCOT a transportation fee equal to \$2/b for the oil produced in the area, as well as non-material payments to the Syrian government related to PSA 1988 for such items as withholding taxes and Syrian social security.

The Tabiyeh contract may be considered as an addition to PSA 1988 as production, costs and revenues for the oil and part of the condensates coming from the Tabiyeh field are governed by the contractual terms of PSA 1988. This project is designed to enhance liquids and gas output from the Tabiyeh field through the drilling of "commingled" wells and through process modifications in Deir Ez Zor Gas Plant operated by the Syrian Gas Company. TOTAL is financing and implementing the Tabiyeh Gas Project and operates the Tabiyeh field.

In 2010, technical production for PSA 1988 and the Tabiyeh contract taken together amounted to 74 kboe/d, of which 39 kboe/d were accounted for as the Group's share of production. The amount identified as technical production under the agreements, minus the amount accounted for as the Group's share of production, does not constitute the total economic benefit accruing to Syria under the terms of the agreements since Syria retains a margin on a portion of the Group's production and receives certain production taxes.

In 2010, through its subsidiary Total Middle East based in Dubai, TOTAL sold 6,000 tons of lubricants in Syria via a distributor.

In 2010, TOTAL's Trading & Shipping division purchased in Syria pursuant to a mix of spot and term contracts nearly ten million barrels of hydrocarbons from state-controlled entities for approximately €580 million.

TOTAL owns 10%. However, the sustainability of this improvement remains uncertain.



### 3.7. Risks related to competition

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. TOTAL's competitors are comprised of national oil companies and international oil companies.

In this regard, the major international oil companies in competition with TOTAL are ExxonMobil, Royal Dutch Shell, Chevron and BP. As of December 31, 2010, TOTAL ranked fifth among these companies in terms of market capitalization<sup>(1)</sup>.

### 3.8. Legal and arbitration proceedings

The principal legal proceedings in which the Group's companies are involved are described in Chapter 7 (Financial information) of this Registration Document.

## 4. Insurance and risk management

### 4.1. Organization

TOTAL has its own insurance and reinsurance company, Omnium Insurance and Reinsurance Company (OIRC). OIRC is integrated into the Group's insurance management and is used as a centralized global operations tool for covering the Group's risks. It allows the Group to implement its worldwide insurance program in compliance with the various regulatory environments in the countries where the Group operates.

Some countries 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, OIRC requests a retrocession of the covered risks from the local insurer. As a result, OIRC negotiates reinsurance contracts with the subsidiaries' local insurance companies, which transfer most of the risk to OIRC. When a local insurer covers the risks at a lower level than that defined by the Group, OIRC provides

additional coverage so as to standardize coverage throughout the Group.

At the same time, OIRC negotiates a reinsurance program at the Group level with mutual insurance companies for the oil industry and commercial reinsurers. OIRC permits 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 2010, the net amount of risk retained by OIRC after reinsurance was a maximum of €50 million per third-party liability insurance claim and €50 million per property damage and/or business interruption insurance claim. Accordingly, in the event of any loss giving rise to an insurable claim, the effect on OIRC would be limited to its maximum retention of €100 million per event.

### 4.2. 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 in case these catastrophic events should occur;
- help in implementing measures to limit the probability that a catastrophic event occurs and the extent of such events; and
- manage the level of risk from such events to be either covered internally by the Group or to be transferred to the insurance market.

(1) Source: Reuters.



### 4.3. Insurance policy

The Group has worldwide third-party liability and property insurance coverage for all its subsidiaries. These programs are contracted with first-class insurers (or reinsurers and mutual insurance companies of the oil industry through OIRC).

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 industry practice, in particular, the oil industry. In 2010, the Group's third-party liability insurance for any liability (including potential accidental environmental liabilities) was capped at \$850 million.
- Property damage and business interruption: the amounts insured vary by sector and by site and are based on the estimated cost of and reconstruction under maximum loss scenarios and on insurance market conditions. The Group subscribed for business interruption coverage in 2010 for its main refining and petrochemical sites.

For example, with respect to the highest estimated risks of the Group (floating production, storage and offloading units (FPSO) in Angola and the Group's main European refineries), the Group's share of coverage in 2010 was approximately \$1.5 billion.

Deductibles for property damage and third-party liability fluctuate between €0.1 million and €10 million depending on the level of risk

and liability, and are borne by the relevant subsidiary. For business interruption, coverage begins sixty days after the event 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 entirely underwritten by outside insurance companies.

The above-described policy is given as an example of past practice over a certain period of time 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 management's assessment of the risks incurred and the adequacy of their coverage.

While TOTAL believes its insurance coverage is in line with industry practice and sufficient to cover normal risks in its operations, it is not insured against all possible 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 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.

# Corporate governance

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# 1. Report of the Chairman of the Board of Directors (Article L. 225-37 of the French Commercial Code)

Pursuant to Article L. 225-37 of the French Commercial Code, the following report presents information for the year 2010 related to the composition of the Board of Directors, the application of the men/women balanced representation principle in the Board of Directors, internal control procedures and risk management implemented by the Company and, eventually, any limits set by

the Board of Directors concerning the powers of the Chief Executive Officer. This report sets forth the provisions of the by-laws applicable to participation at Shareholders' Meetings as well as the principles and rules applied to determine the compensation and other benefits of the directors.

## 1.1. 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.

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, 2010, the Board of Directors has fifteen members. Of these, one director has been elected by the shareholders to represent employee shareholders.

The following individuals were members of the Board of Directors of TOTAL S.A. (information as of December 31, 2010<sup>(1)</sup>):

### 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. He became President of Total Middle East in 1995 before joining the Group's executive committee as the President of the Exploration & Production division in May 1999. 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 appointed Chairman and Chief Executive Officer of TOTAL.

Director of TOTAL S.A. since 2006 and until 2012 (last renewal: May 15, 2009).

Holds 85,230 TOTAL shares and 48,529 shares of the "TOTAL ACTIONNARIAT FRANCE" collective investment fund.

### Current directorships

- Chairman and Chief Executive Officer of TOTAL S.A.\* since May 21, 2010 (Chief Executive Officer since February 14, 2007)
- Chairman of Total E&P Indonésie
- Director of Shtokman Development AG (Switzerland)
- Member of the Supervisory Board of Vivendi\*
- Manager of CDM Patrimonial SARL

### Directorships that expired in the previous five years

- Chairman and Chief Executive Officer of Elf Aquitaine\* until June 21, 2010
- Director of Total E&P Russia until 2008
- Director of Total Exploration and Production Azerbaijan until 2008
- Director of Total E&P Kazakhstan until 2008
- Director of Total Profils Pétroliers until 2008
- Director of Abu Dhabi Petroleum Company Ltd (ADPC) until 2008
- Director of Abu Dhabi Marine Areas Ltd (ADMA) until 2008
- Director of Iraq Petroleum Company Ltd (IPC) until 2008
- Permanent representative of TOTAL S.A. on the Board of Total Abu al Bukhoosh until 2008
- Director of Total E&P Norge A.S. until 2007
- Director of Total Upstream UK Ltd until 2007
- Director of Innovarex until 2006

### 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 and until 2013 (last renewal: May 21, 2010).

Holds 360,576 shares.

(1) Including information pursuant to paragraph 4 of Article L. 225-102-1 of the French Commercial Code or under Item 14.1 of Annex I of EC Regulation No. 809/2004 of April 29, 2004.

\* 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.

#### Current directorships

- Director of TOTAL S.A.\*
- Director of Sanofi-Aventis\*\*
- Director of Air Liquide\*
- Director of Renault SA\*
- Director of Renault SAS
- Director of Bombardier Inc.\* (Canada)

#### Directorships that expired in the previous five years

- Chairman of TOTAL S.A. until May 21, 2010
- Member of the Supervisory Board of Areva\* until March 4, 2010
- Chairman and Chief Executive Officer of TOTAL S.A.\* until 2007
- Chairman and Chief Executive Officer of Elf Aquitaine\* until 2007

#### 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 de l'Économie* (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 a professor at the *École Polytechnique* and 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 French National Economic Commission.

Director of TOTAL S.A. since May 15, 2009 and until 2012.

Holds 1,000 shares.

#### Current directorships

- Director of TOTAL S.A.\*
- Director of IPSOS

#### Directorships that expired in the previous five years

None.

#### Patricia Barbizet

Born on April 17, 1955 (French).

Independent director

A graduate of the *École Supérieure de Commerce* of Paris in 1976, Mrs. Barbizet started her career in the Renault Group as the Treasurer of Renault Véhicules Industriels and Chief Financial Officer of Renault Crédit International. She joined the Pinault group in 1989 as the Chief Financial Officer and then served from 1992 as the Chief Executive Officer (non director) of Financière Pinault and Director and Chief Executive Officer of Artémis. Since 2005, she has been the Vice Chairman of the PPR Board of Directors and Chairman of Christie's.

Director of TOTAL S.A. since May 16, 2008 and until 2011.

Holds 1,000 shares.

#### Current directorships

- Director of TOTAL S.A.\*
- Vice Chairman of PPR Board\*
- Chief Executive Officer and Director of Artémis
- Member of the Supervisory Board of Financière Pinault (CSA)
- Director and Deputy Chief Executive Officer 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 Château Latour (SCI)
- Director of Fnac
- Member of the Supervisory Board of Yves Saint Laurent
- Acting Managing Director of Palazzo Grazi
- Non executive Director of Tawa Plc\*
- Chairman of Christie's International Plc
- Member of the Supervisory Board of Gucci Group N.V.
- Director of Air France-KLM\*
- Director of Bouygues\*
- Director of TF1\*
- Director of the Fonds stratégique d'investissement (French government sovereign fund)

#### Directorships that expired in the previous five years

- Director of Piasa until 2008
- Director of AFIPA until 2006

#### Daniel Bouton

Born on April 10, 1950 (French).

Independent director

Inspector General of Finance, Mr. Bouton has held various positions within the French Ministry of Economy. He served as Budget Director at the Ministry of Finance from 1988 to 1990. He joined Société Générale in 1991, where he was appointed Chief Executive Officer in 1993, then Chairman and Chief Executive Officer in November 1997. He has been serving as the Chairman of the Société Générale group since May 12, 2008, and has been the Honorary Chairman since May 6, 2009.

Director of TOTAL S.A. since 1997 and until 2012 (last renewal: May 15, 2009).

Holds 3,200 shares.

#### Current directorships

- Director of TOTAL S.A.\*
- Director of Veolia Environnement\*

#### Directorships that expired in the previous five years

- Chairman and Chief Executive Officer of Société Générale\* until 2008 and Chairman of the Board of Directors until 2009
- Director of Schneider Electric S.A.\* until 2006

\* Company names marked with an asterisk are publicly-listed companies.

\*\* A listed company that has been deconsolidated since July 1, 2010.

Underlined companies are companies excluded from the group in which the director has his or her main duties.

## Gunnar Brock

Born on April 12, 1950 (Swedish).

Independent director

Graduated from the Stockholm School of Economics with an MBA grade 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 he served 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 the Stockholm School of Economics.

Director of TOTAL S.A. since May 21, 2010 and until 2013.

Holds 1,000 shares.

### Current directorships

- Director of TOTAL S.A.\*
- Chairman of the Board of Stora Enso Oy
- Chairman of the Board of Mölnlycke Health Care Group
- Chairman of the Board of Investor AB
- Member of the Supervisory Board of Spencer Stuart Scandinavia

### Directorships that expired in the previous five years

- Chief Executive Officer of Atlas Copco until 2009
- Chairman of the Board of Lego AS until 2008

## 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 ACTIONNARIAT FRANCE" collective investment fund since 2009 and has served as the Chairman of the "TOTAL ACTIONS EUROPEENNES" collective investment fund since 2010.

Director of TOTAL S.A. since May 21, 2010 and until 2013.

Holds 820 TOTAL shares and 2,599 shares of the "TOTAL ACTIONNARIAT FRANCE" collective investment fund.

### Current directorships

- Director of TOTAL S.A.\* representing employee shareholders

### Directorships that expired in the previous five years

None.

## 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 President of the *Institut des Hautes Études pour la Science et la Technologie* (IHEST) and the *Institut Français des Relations Internationales* (IFRI).

Director of TOTAL S.A. since 2000 and until 2012 (last renewal: May 15, 2009).

Holds 4,712 shares.

### Current directorships

- Director of TOTAL S.A.\*
- Director of Lafarge\*
- Director of DuPont\* (United States)
- Director of Atco\* (Canada)

### Directorships that expired in the previous five years

- Chairman of the Board of Directors of Lafarge\* until 2007
- Director of Lafarge North America until 2006
- Director of Unilever\* (the Netherlands) until 2006

## Paul Desmarais Jr.

Born on July 3, 1954 (Canadian).

Independent director

A graduate of McGill University in Montreal and INSEAD in Fontainebleau, Mr. Desmarais was elected Vice Chairman (1984) then Chairman of the Board (1990) of Corporation Financière Power, a company he helped to 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 and until 2011 (last renewal: May 16, 2008).

Holds 2,000 ADRs (corresponding to 2,000 shares).

### Current directorships

- Director of TOTAL S.A.\*
- 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 Power Financial Corporation\* (Canada)
- Vice Chairman and Acting Managing Director of Pargesa Holding S.A.\* (Switzerland)
- Member of the Board of Directors and Executive Committee of La Great-West Compagnie d'assurance-vie (Canada)
- Member of the Board of Directors and Executive Committee of Great-West Life & Annuity Insurance Company (United States)
- Member of the Board of Directors and Executive Committee of Great-West Lifeco Inc.\* (Canada)
- Member of the Board of Directors of Great West Financial (Canada) Inc. (Canada)
- Member of the Board of Directors and Executive Committee of Groupe Bruxelles Lambert S.A.\* (Belgium)

\* 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.

- Member of the Board of Directors and Executive Committee of Groupe Investors Inc. (Canada)
- Member of the Board of Directors and Executive Committee of London Insurance Group Inc. (Canada)
- Member of the Board of Directors and Executive Committee of London Life, Compagnie d'assurance-vie (Canada)
- Member of the Board and Executive Committee of Mackenzie Inc.
- Deputy Chairman of the Board of La Presse Ltée (Canada)
- Deputy Chairman of Gesca Ltée (Canada)
- Director of GDF Suez\*
- Director of Lafarge\*
- Director and member of the Executive Committee of The Canada Life Assurance Company (Canada)
- Director and member of the Executive Committee of The Canada Life Financial Corporation (Canada)
- Director and member of the Executive Committee of IGM Financial Inc.\* (Canada)
- Chairman of the Board of 171263 Canada Inc. (Canada)
- Director of 152245 Canada Inc. (Canada)
- Director of GWL&A Financial Inc. (USA)
- Director of Great West Financial (Nova Scotia) Co.
- Director and member of the Executive Committee of First Great-West Life & Annuity Insurance Company
- Director of Power Communications Inc.
- Vice Chairman of the Board of Power Corporation International
- Director and member of the executive committee of Putnam Investments LLC
- Member of the Supervisory Board of Power Financial Europe B.V.
- Director of Canada Life Capital Corporation Inc. (Canada)
- Director and member of the executive committee of The Canada Life Assurance Company of Canada (Canada)
- Director and member of the Executive Committee of Crown Life Insurance Company (Canada)
- Deputy Chairman of the Board of Square Victoria Communications Group Inc.
- Director of Parjointco N.V.

#### Directorships that expired in the previous five years

- Deputy Chairman of the Board of 3819787 Canada Inc. (Canada) until 2010
- Member of the Board of Les Journaux Trans-Canada (1996) Inc. (Canada) until 2009
- Vice-Chairman of the Board of Directors and member of the Strategic Committee of Imerys\* (France) until 2008
- Director of GWL Properties until 2007

### Bertrand Jacquillat

Born on April 11, 1944 (French).

Independent director

A graduate of *École des Hautes Études Commerciales* (HEC), *Institut d'études politiques de Paris* and Harvard Business School, Mr. Jacquillat holds a PhD in management. He has been a university professor (in both France and the United States) since 1969, a professor at the *Institut d'Études Politiques* in Paris since 1999, Vice-President of the *Cercle des Économistes*, and founding chairman of *Associés en Finance*.

Director of TOTAL S.A. since 1996 and until 2011 (last renewal: May 16, 2008).

Holds 3,600 shares.

#### Current directorships

- Director of TOTAL S.A.\*
- Chairman and Chief Executive Officer of *Associés en Finance*
- Member of the Supervisory Board of Klépierre\*
- Member of the Supervisory Board of Presses Universitaires de France (PUF)

#### Directorships that expired in the previous five years

None.

### 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, Mrs. 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.

Mrs. Anne Lauvergeon has served as Chairman of the Management Board of AREVA since July 2001 and Chairman and Chief Executive Officer of Areva NC (formerly Cogema) since June 1999.

Director of TOTAL S.A. since 2000 and until 2012 (last renewal: May 15, 2009).

Holds 2,000 shares.

#### Current directorships

- Director of TOTAL S.A.\*
- Chairperson of the Management Board of Areva\*
- Chairperson and CEO of Areva NC
- Director of GDF Suez\*
- Director of Vodafone Group Plc\*

#### Directorships that expired in the previous five years

- Vice Chairman and Member of the Supervisory Board of Safran\* until February 2009

### Lord Levene of Portsoken

Born on December 8, 1941 (British).

Independent director

Lord Levene served in various positions within the Ministry of Defense, the office of the Secretary of State for the Environment, the office of the Prime Minister and the Ministry of Trade in the United Kingdom from 1984 to 1995. He served as senior adviser at Morgan Stanley from 1996 to 1998 and was then appointed Chairman of Bankers Trust International from 1998 to 2002. He was Lord Mayor of London from 1998 to 1999. He is currently Chairman of Lloyd's.

Director of TOTAL S.A. since 2005 and until 2011 (last renewal: May 16, 2008).

Holds 2,000 shares.

\* 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.



**Current directorships**

- Director of TOTAL S.A.\*
- Chairman of Lloyd's
- Chairman of General Dynamics UK Ltd
- Director of Haymarket Group Ltd
- Director of China Construction Bank\*
- Chairman of NBNK Investments Plc\*

**Directorships that expired in the previous five years**

- Chairman of International Financial Services until 2010

**Claude Mandil**

Born on January 9, 1942 (French).

Independent director

A graduate of the *École Polytechnique* and a General Engineer from the *Corps des Mines*, Mr. Mandil served as a Mining Engineer in the Lorraine and Bretagne regions. He then served as a Project Manager at the *Délégation de l'Aménagement du Territoire et de l'Action Régionale* (City and Department planning/DATAR) and as the Interdepartmental Head of Industry and Research and regional delegate of ANVAR. From 1981 to 1982, he served as the 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) until 1988. He was Chief Executive Officer of *Bureau de Recherches Géologiques et Minières* (BRGM) from 1988 to 1990. From 1990 to 1998, Mr. Mandil was Chief Executive Officer for Energy and Commodities at the French Industry Ministry and the first representative for France at the Management Board of the Energy International Agency (EIA) Executive Committee. He served as the Chairman of the EIA in 1997 and 1998. He served as the Chairman of the EIA in 1997 and 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 of Oil). From 2003 to 2007, he was the Executive Director of the EIA.

Director of TOTAL S.A. since May 16, 2008 and until 2011.

Holds 1,000 shares.

**Current directorships**

- Director of TOTAL S.A.\*
- Director of Institut Veolia Environnement

**Directorships that expired in the previous five years**

- Director of GDF Suez\* from July to December 2008

**Michel Pébereau**

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 CEO of *Crédit Commercial de France* (CCF). He was Chairman and Chief Executive Officer of BNP then BNP Paribas from 1993 to 2003, and is currently Chairman of the Board of BNP Paribas. He has also been the Chairman of European Financial Round Table (EFRT) since 2009.

Director of TOTAL S.A. since 2000 and until 2012 (last renewal: May 15, 2009).

Holds 2,356 shares.

**Current directorships**

- Director of TOTAL S.A.\*
- Chairman of the Board of Directors of BNP Paribas\*
- Director of Lafarge\*
- Director of Saint-Gobain\*
- Member of the Supervisory Board of AXA\*
- Director of EADS N.V.\*
- Director of Pargesa Holding S.A.\* (Switzerland)
- Director of BNP Paribas Suisse
- Member of the Supervisory Board of Banque marocaine pour le Commerce et l'Industrie\*
- Non-voting member (*Censeur*) of Galeries Lafayette

**Directorships that expired in the previous five years**

- Chairman of *la Fédération Bancaire Européenne* until 2008

**Thierry de Rudder**

Born on September 3, 1949 (Belgium and French).

Independent director

A graduate of the *Université de Genève* in mathematics, the *Université Libre de Bruxelles* and Wharton (MBA), Mr. de Rudder served in various positions at Citibank from 1975 to 1986 before joining Groupe Bruxelles Lambert, where he was appointed Acting Managing Director.

Director of TOTAL S.A. since 1999 and until 2013 (last renewal: May 21, 2010).

Holds 3,956 shares.

**Current directorships**

- Director of TOTAL S.A.\*
- Acting Managing Director of Groupe Bruxelles Lambert\*
- Director of *Compagnie Nationale à Portefeuille*\*
- Director of Brussels Securities (Belgium)
- Director of GBL Treasury Center (Belgium)
- Director of Sagerpar (Belgium)
- Director of GBL Energy Sarl (Luxembourg)
- Director of GBL Verwaltung Sarl (Luxembourg)
- Director of GBL Verwaltung GmbH (Germany)
- Director of Ergon Capital Partners (Belgium)
- Director of Ergon Capital Partners II (Belgium)
- Director of Ergon Capital Partners III (Belgium)
- Director of GDF Suez\*
- Director of Lafarge\*

**Directorships that expired in the previous five years**

- Director of Suez-Tractebel (Belgium) until April 2010
- Director of Imerys\* until 2010
- Director of GBL Participations (Belgium) until 2010
- Director of GBL Finance SA (Luxembourg) until 2009
- Director of Immobilière Rue de Namur (Luxembourg) until 2007

\* 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.

## Serge Tchuruk

Born on November 13, 1937 (French).

Independent director

A graduate of the *École Polytechnique* and an *Ingénieur de l'armement*, Mr. Tchuruk held various management positions with Mobil Corporation, then with Rhône-Poulenc, where he was named Chief Executive Officer in 1983. He served as Chairman and CEO of CDF-Chimie/Orkem from 1986 to 1990, then as Chairman and CEO of TOTAL from 1990 to 1995. In 1995, he became Chairman and Chief Executive Officer of Alcatel. From 2006 to 2008, he was appointed Chairman of the Board of Alcatel-Lucent.

Director of TOTAL S.A. since 1989 (last renewal: May 11, 2007; term of office: May 21, 2010).

## 1.2. Other information

At its meeting on September 15, 2009, the Board of Directors appointed Mr. Charles Paris de Bollardière Secretary of the Board.

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.

## 1.3. Corporate Governance Code

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 use 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") as its reference for corporate governance matters.

The AFEP-MEDEF Code is available on the MEDEF website ([www.medef.fr](http://www.medef.fr)).

The AFEP-MEDEF Code was amended in April 2010 to make recommendations related to the balanced number of men and women sitting in Board and Committees' 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. As of December 31, 2010, the Company's Board of Directors was comprised of two women out of a total of fifteen members (i.e., 13%). At the Shareholders' Meeting in May 2011, it will be proposed to appoint two additional women to replace two directors whose terms are coming to an end. If the resolutions are approved by the Shareholders' Meeting, the percentage of women sitting in the Board will rise to 26%. The Board of Directors will keep examining corporate governance issues to continue diversifying in the years to come.

The Company's corporate governance practices differ from the recommendations contained in the AFEP-MEDEF Code on the following limited matters:

### Current directorships

- Director of Weather Investment SPA

### Directorships that expired in the previous five years

- Chairman of TOTAL S.A.\* until May 21, 2010
- Director of Thalès\* until 2009
- Chairman of the Board of Alcatel-Lucent\* until 2008
- Member of the Supervisory Board of Alcatel Deutschland GmbH until 2008
- Member of the Board of Directors of the *École Polytechnique* until 2008
- Chairman of the Board of Directors of Alcatel USA Holdings Corp. until 2006

**Representative of the Worker's Council:** according to Article L. 2323-62 of the French Labour Code, two members of the Worker's Council attend, with consultative rights, all meetings of the Board. In compliance with the second paragraph of the above article, this number increased to four members as of July 7, 2010.

- The AFEP-MEDEF Code recommends that a director no longer be considered as independent upon the expiry of the term of office during which the length of his service on the board reaches twelve years. The Board has not followed this recommendation with regards to one of its members considering the long-term nature of its investments and operation as well as the experience and authority of which this director is in possession, which reinforce his independence and contribute to the Board's work. This directorship expired on May 21, 2010.
- Mr. Desmarest chairs the Nominating & Governance Committee since it was created in February 2007. Although Mr. Desmarest chaired the Board of Directors until May 2010, the Board and this Committee considered that Mr. Desmarest chairing the Nominating & Governance Committee would enable this Committee to benefit from his experience and his knowledge of the Company's businesses, environment and executive teams, which is particularly useful to inform the Committee's deliberations concerning the appointment of executives and directors. This committee is comprised of a majority of independent directors and the Chairman and the Chief Executive Officer do not attend deliberations concerning their own situation.

Mr. Desmarest, who was appointed Honorary Chairman of TOTAL and renewed as a director on May 21, 2010, can still be entrusted with representative missions for the Group.

In compliance with the AFEP-MEDEF Code, the Chairman and Chief Executive Officer does not have any employment contract with the Group or any company of the Group.

\* 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.

Since 2004, the Board of Directors has had a Financial Code of Ethics that, in the overall context of the Group's Code of Conduct, sets forth specific rules for its Chairman, Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and the financial and accounting officers for its principal activities. The Board has

made the Audit Committee responsible for implementing and ensuring compliance with this code.

In 2005, the Board approved the procedure for alerting the Audit Committee of complaints or concerns regarding accounting, internal accounting controls or auditing matters.

## 1.4. 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. It is reviewed on a regular basis to match the changes in rules and practices related to governance.

An unabridged version of these rules of procedure is available herein as well as on the Company's website.

### 1.4.1. 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 Board's duties and responsibilities include, but are not limited to, the following:

- appointing the Chairman and the Chief Executive Officer and supervising the handling of their responsibilities;
- 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, whether or not the project is part of the announced strategy;
- 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:
  - authority within the Company has been properly delegated before it is exercised, and that the various entities of the Company respect the authority, duties and responsibilities they have been given;
  - 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, and
  - 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;
- preparing, for each year, a list of the directors it deems to be independent under generally recognized corporate governance criteria; and
- the Board of Directors is regularly informed, through the Audit Committee, of the Group's financial position, cash position and obligations.

### 1.4.2. Directors' obligations

Before accepting a directorship, every candidate receives a copy of TOTAL S.A.'s by-laws and Rules of Procedures. 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 Rules of Procedures 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.

**Preparation of each Board's meeting:** 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.

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 are 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.

**Duty of loyalty:** Directors cannot take advantage of his office or duties to ensure, for himself or a third party, any monetary or non-monetary benefit.

They notify the Board of Directors 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.

Directors must inform the Board of Directors of their entering in 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.

**Company's securities and stock exchange rules:** While in office, directors are required to hold the minimum number of registered shares as set by the Company's by-laws (i.e., 1,000 shares - with the exception of the director representing employee shareholders for whom the requirements are more flexible).

Directors refrain from trading any shares and ADRs of TOTAL S.A. and its publicly traded subsidiaries for which they hold non-public information that could impact the securities' market value. 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 bearer shares with the Company or its agent (currently BNP-Paribas Securities Services for TOTAL shares and Bank of New-York Mellon for TOTAL ADRs), or administered registered shares with a French broker (or U.S. broker for ADRs) whose contact details are communicated to the Board's Secretariat by the director;
- buying on margin or short selling (Paris option market (MONEP), warrants, exchangeable obligations, etc.) those same securities is also prohibited;
- any transaction of the TOTAL share (or ADR) is strictly prohibited, including hedging transactions, on the day when the Company discloses its periodic earnings (quarterly, interim and annual) as well as the fifteen calendar days preceding such date; and
- 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.

### 1.4.3. Board of Directors practices

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.

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 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.

### 1.4.4. 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 are necessary to carry out their duties.

He is responsible, with the Group's 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 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 provide any useful information for the Board or its committees to carry out their duties.

He may also work with the statutory auditors to prepare matters before the Board or the Audit Committee.

He presents every year in a report to the Shareholders' Meeting, practices of the Board of Directors and potential limits set by the Board of Directors concerning the powers of the Chief Executive Officer. For this purpose, he receives from the Chief Executive Officer the relevant information.

### 1.4.5. 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 Procedures of the Board of Directors (see above: "the Board of Directors' mission"), 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.

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 in the Group's activity.

## 1.5. Committees of the Board of Directors

The Board of Directors approved the creation of:

- an Audit Committee;
- a Nominating & Governance Committee; and
- a Compensation 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.

- reviewing the Group's policy for the use of derivative instruments;
- reviewing, if requested by the Board, major transactions contemplated by the Group;
- reviewing significant litigation annually;
- implementing, and monitoring compliance with, the financial code of ethics;
- proposing to the Board, 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; and
- reviewing the procedure for booking the Group's proved reserves.

### 1.5.1. Audit Committee

The Audit Committee's role is to assist the Board of Directors in ensuring effective internal control and oversight over financial reporting to shareholders and the financial markets.

The Audit Committee's duties 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 financial statements and consolidated financial statements;
- examining the accounting policies used to prepare the financial statements, examining the parent company's annual financial statements and the consolidated annual, semi-annual, and quarterly financial statements prior to their examination by the Board, after regularly monitoring the financial situation, cash position and obligations 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 reports, etc.);
- reviewing the choice of appropriate accounting principles and methods;

#### Audit Committee membership and practices

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 pays particular attention to their independence and their financial and accounting qualifications. 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 Audit Committee may not receive from the Company and its subsidiaries, whether directly or indirectly, any compensation other than:

- directors' fees paid for their services as directors or as members of the Audit Committee or, if applicable, another committee of the Board; and
- 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 Committee appoints its own Chairman. The Chairman appoints the Committee secretary who may be the Chief Financial Officer. The Committee meets at least four times a year to examine the consolidated annual and quarterly financial statements.

The Audit Committee may meet with the Chairman of the Board, 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 Committee consults with the statutory auditors. It has the capacity of consulting them without Company representatives attending. If it deems it necessary to accomplish its duties, the Committee may request from the Board the resources to engage external consultants.



The Committee submits written reports to the Board of Directors regarding its work.

In 2010, the Committee's members were Mrs. Patricia Barbizet and Messrs. Bertrand Jacquillat and Thierry de Rudder. 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 biographies (see pages 82 to 87 of this Registration Document).

The Committee is chaired by Mrs. Patricia Barbizet.

The Board of Directors, at its meeting on July 30, 2009, decided to appoint Mr. Bertrand Jacquillat to serve as the Audit Committee financial expert based on a recommendation by the Audit Committee.

### 1.5.2. Compensation Committee

The Compensation Committee is focused on:

- examining the executive compensation policies implemented by the Group and the compensation of members of the Executive Committee; and
- evaluating the performance and recommend the compensation of the Chairman of the Board and of the Chief Executive Officer.

Its duties include the following:

- examining the criteria and objectives proposed by management for executive compensation and advising on this subject;
- presenting recommendations and proposals to the Board concerning:
  - compensation, pension and insurance plans, in-kind benefits, and other compensation, including severance benefits, for the Chairman and the Chief Executive Officer of the Company; and
  - stock options and restricted share grants to the Chairman and the Chief Executive Officer; and
- examining stock option plans, restricted share grants, equity-based plans and pension and insurance plans.

#### Compensation Committee membership and practices

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:

- 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
- compensation and pension benefits related to prior employment by the Company which are not dependant upon future work or activities.

The Committee appoints its chairman and its secretary.

The secretary is a Company senior executive.

The Committee meets at least twice a year.

The Committee invites the Chairman and the Chief Executive Officer of the Company to present their recommendations.

Neither the Chairman nor the Chief Executive Officer may be present during deliberations regarding his own situation.

While maintaining the appropriate level of confidentiality for its discussions, the Committee may request that the Chief Executive Officer provide it with the assistance of 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 the resources to engage external consultants.

The Committee reports on its activities to the Board of Directors.

In 2010, the Committee's members were Messrs. Bertrand Collomb, Michel Pébereau and, until May 21, 2010, Mr. Serge Tchuruk. Messrs. Patrick Artus and Thierry Desmarest were appointed members of this Committee as from May 21, 2010. Messrs. Artus, Collomb, Pébereau, Tchuruk are independent directors.

Mr. Michel Pébereau chairs the Committee.

### 1.5.3. Nominating & Governance Committee

The Committee is focused on:

- recommending to the Board of Directors the persons that are qualified to be appointed as directors, Chairman or Chief Executive Officer;
- preparing the Company's corporate governance rules and supervise their implementation; and
- examining any questions referred to it by the Board or the Chairman of the Board, in particular questions related to ethics.

Its duties include the following:

- presenting recommendations to the Board for its membership and the membership of its committees;
- proposing annually to the Board the list of directors who may be considered as "independent directors" of the Company;
- assisting the Board in the selection and evaluation of the Chairman of the Board and the Chief Executive Officer and examining the preparation of their possible successors, in cooperation with the Compensation Committee;
- preparing a list of individuals who might be considered for election as Directors and those who might be named to serve on Board committees;
- proposing methods for the Board to evaluate its performance;
- proposing the procedure for allocating directors' fees;
- developing and recommending to the Board the corporate governance principles applicable to the Company; and
- examining ethical issues at the request of the Board or its Chairman.

#### Nominating & Governance Committee membership and practices

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 Nominating & Governance Committee, other than the Chairman of the Board and the Chief Executive Officer, may not receive from the Company and its subsidiaries 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
- compensation and pension benefits related to prior employment by the Company which are not dependant upon future work or activities.

The Committee appoints its chairman and its secretary. The secretary is a Company senior executive.

The Committee meets at least twice a year.

The Committee may invite 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 deliberations regarding his own situation.

While maintaining the appropriate level of confidentiality for its discussions, the Committee may request that the Chief Executive Officer provide it with the assistance of 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 the resources to engage external consultants.

The Committee reports on its activities to the Board of Directors.

In 2010, the Committee's members were Messrs. Bertrand Collomb, Thierry Desmarest, Michel Pébèreau and, until May 21, 2010, Mr. Serge Tchuruk. Messrs. Collomb, Pébèreau and Tchuruk are independent directors.

Mr. Thierry Desmarest chairs the Committee.

## 1.6. Activity of the Board of Directors and its Committees in 2010

Directors are generally given written notice during the week prior to Board meetings. Whenever possible, documents to be considered for decisions to be made at Board meetings are sent with the notice of meetings. The minutes of the previous meeting are expressly approved at each Board meeting.

The Board held seven meetings in 2010, with 91% attendance.

The Audit Committee held six meetings in 2009, with 94% attendance.

The Compensation Committee held three meetings, with 80% attendance.

The Nominating & Governance Committee held three meetings, with 91% attendance.

A table summarizing individual attendance at the Board of Directors and Committees meetings is provided on page 102 of this Registration Document.

The meetings of the Board of Directors included, but were not limited to, a review of the following subjects:

### January 12

- strategic outlook for the Chemicals division;
- 2010 Budget;
- Group insurance policy; and
- investment project for the Surmont mine (phase 2) in Canada.

### February 10

- 2009 accounts (consolidated financial statements, parent company accounts);
- debate on Board of Directors practices and assessment;
- assessment of the independence of the directors;
- proposal to renew directorships and appoint a new director;
- opinion on the applications for the positions of director representing the employee shareholders;
- proposal to renew and appoint Committees' members;
- proposal to change directors' fees allocated to directors and Committees' members;
- compensation of the Chairman and the Chief Executive Officer;
- convocation of the Shareholders' Meeting and approval of the documents related to this meeting;

- summary of the Ethics Committee activities;
- Group financial policy; and
- information on the investment in Chesapeake (shale gas acreage in the United States).

### April 29

- strategic outlook for the Gas & Power division;
- earnings for the first quarter of 2010;
- investment project in the Laggan and Tormore fields in the United Kingdom;
- information related to the divestment of the Valhall field in the North Sea; and
- preparation and arrangements for the Shareholders' Meeting.

### May 21

- reunification of the Chairman and Chief Executive Officer positions and appointment of the Chairman;
- appointment of the Honorary Chairman;
- compensation of the Chairman and Chief Executive Officer and other related commitments;
- review of the achievement of the performance conditions that condition the payment of a pension benefit for the Honorary Chairman; and
- decision to proceed with a free share plan for all Group employees.

### July 29

- strategic outlook for the Refining & Marketing division;
- earnings for the second quarter of 2010 and the first half of 2010;
- payment of an interim dividend;
- project to acquire the UTS company in Canada; and
- update on the pollution on the Gulf of Mexico and the potential impact on the Company.

### September 14

- strategic outlook for the Exploration & Production division;
- financial communication at mid-2010; and
- award of share subscription options and restricted share grants.

### October 28

- Group strategy and 5-year plan;

- earnings for the third quarter 2010;
- decision to proceed with a capital increase reserved for employees in the first half of 2011;
- update on the pollution impacts on the Gulf of Mexico; and
- change to the dividend payment policy and decision to proceed with the payment of quarterly interim dividend as from fiscal 2011.

### 1.6.1. Audit Committee activity

In 2010, the members of the Audit Committee reviewed the following matters:

- At its meeting on January 27, the Committee consulted with the statutory auditors selected as part of the call for tenders launched in April 2009 to select the two statutory auditors whose appointment were submitted to the Shareholders' Meeting on May 2010, the term of office of the current statutory auditors expiring at that date. The Committee decided to submit to the Board the appointment of the two lowest responsible bidders: Ernst & Young and KPMG.
- At its meeting on February 8, the Committee reviewed the accounts for the fourth quarter 2009, the annual consolidated statements report for the Group and the statutory accounts of TOTAL S.A., the parent company, for 2009. The Vice President of Corporate Audit presented the conclusions of the audits conducted in 2009 and the audit plan planned for 2010. He commented the results of the assessment on internal control over financial reporting effective during fiscal year 2009 as part of the implementation of the Sarbanes-Oxley Act. The Committee also reviewed the draft of the Chairman's report on internal control and risk management procedures.
- At its meeting on April 14, the Committee also reviewed the procedures for evaluating oil and gas reserves. It acknowledged actions conducted by the Gas & Power division to assess and manage risk, in particular by mapping the major risks faced, as well as the Trading & Shipping actions on related issues.
- The Committee met on April 27 to review the consolidated financial statements for the first quarter of 2010.
- At its meeting on July 27, the Committee reviewed the financial statements for the second quarter and the first half 2010.
- On October 4, the Committee reviewed the Group's significant litigation. It also studied the mapping of the Exploration & Production risks. It acknowledged the statutory auditors' specific focus with regard to the audit of the 2010 financial statements and reviewed the budget allocated to their fees. The members of the Committee met with the statutory auditors without management being present.
- On October 26, the Committee reviewed the financial statements for the third quarter of 2010. The Committee was informed that the relevant employees acted in compliance with the provisions of the Financial Code of Ethics.

The statutory auditors attended all Audit Committee meetings in 2010. At each presentation of the quarterly consolidated financial statements, the statutory auditors reported on their work and presented their conclusions.

The Committee periodically monitored the financial situation, cash flow, risks and significant off-balance sheet commitments of the Company, as well as internal audit activity.

The chairman of the Committee reported to the Board of Directors on the Committee's activities.

### 1.6.2. Compensation Committee activity

At its meeting on February 4, 2010, the Committee reviewed the 2010 compensation policy for the Chairman and the Chief Executive Officer and made a proposal for the compensation of the Chairman and Chief Executive Officer, as well as restrictions on share transfers by these individuals. The Committee also examined the compensation of the members of the Executive Committee and reviewed information related to the compensation of the Company's management bodies and to the Company's pension and insurance plans, in preparation for the disclosure of this information in the Company's Registration Document for 2009. The Committee also decided to propose to the Board of Directors a free share grant for all the Group employees.

On May 6, 2010, the Committee prepared its recommendations to the Board for the compensation and other benefits to be awarded to the Chairman and Chief Executive Officer as well as the terms that apply in case they are removed from or not renewed in office. The Committee reviewed the performance conditions that allow the payment of a pension benefit to the Chairman of the Board whose office expired on May 21, 2010, and noticed that all the criteria were met.

At its meeting on September 2, 2010, the Committee reviewed the share subscription option and restricted share grant plans.

### 1.6.3. Nominating & Governance Committee activity

At its meeting on February 4, 2010, the Committee reviewed the results of the Board's self-evaluation for its activities carried out with the assistance of a consulting agency and approved the recommendations made. The Committee discussed the composition of the Board, in particular in relation to various commonly used independence criteria. The Committee proposed to the Board of Directors the list of directors to be recommended for appointment by the 2010 Shareholders' Meeting, which included the recommendation of a new independent director. The list of Committee members was also reviewed. The Committee acknowledged the candidates that will apply at the Shareholders' Meeting for the office of director representing employee shareholders and made a recommendation. The Committee decided to propose to the Board of Directors to change the conditions for the payment of Directors' fees allocated to the directors and members of the Committees to take into account the workload and possibility to remotely attend the Board's meetings. Finally, the Committee acknowledged the specific anti-corruption policy approved by the Company and the methods for its implementation.

On May 6, 2010, the Committee prepared its recommendations for the reunification of the positions of Chairman and Chief Executive Officer and the appointment of Mr. Christophe de Margerie in the position of Chairman and Chief Executive Officer. The Committee also decided to propose the appointment of Mr. Thierry Desmarest in the position of Honorary Chairman and approved that Mr. Desmarest be entrusted with representative missions for the Company on certain occasions. To this purpose, the Committee proposed to provide the Honorary Chairman with all the necessary means, knowingly an office, an assistant and a car with a driver.

At its meeting on September 2, 2010, the Committee discussed the changes in the composition of the Board of Directors to be anticipated in 2011 in order to strengthen the proportion of women

## 1.7. Board of Directors practices

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 to the duties of Chairman of the Board. This decision was made 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 business and specificities of the oil and gas sector.

## 1.8. Director independence

At its meeting on February 10, 2011, the Board of Directors, acting on a proposal by the Nominating & Governance Committee, reviewed the independence of the Company's directors as of December 31, 2010. Also based on the Committee's proposal, the Board considered that, pursuant to the AFEP-MEDEF Code, 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".

For each director, this assessment relies on the independence criteria set forth in the AFEP-MEDEF Code as reminded thereafter:

- 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 an executive 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 customer, supplier, investment banker or commercial banker for a significant part of whose business the company or its Group accounts;
- not to be related by close family ties to an executive director;
- 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 term of office during which the 12-year limit is reached).

## 1.9. Internal control and risk management

The internal control framework adopted by TOTAL is that of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In this framework, internal control is a process intended to provide reasonable assurance that the following will be achieved: effective and efficient operational control, accurate reporting of financial information, and compliance with applicable laws and regulations. As for any system for internal control, there can be no guarantee that all risks are completely eliminated.

sitting in the Board. It acknowledged the measures implemented, through the Ethics Committee, to allow Group employees to assess their own situation with regard to potential conflicts of interest.

At its meeting on February 10, 2011, the Board of Directors discussed its practices and stated it was globally satisfied with such practices.

Compliant with the recommendation by the Nominating and Governance Committee, the Board made suggestions for improvement with respect to broadening criteria when benchmarking with other companies, and for a thorough study of the Group's opportunities in the energy sector.

In addition, the Board of Directors acknowledged Mr. Desmarest's term of office as member of the Supervisory Board of Areva has terminated since March 5, 2010.

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.

Concerning "material" relationships, as a client, supplier, investment or finance banker, between a director and the Company, the Board deemed that the level of activity between Group companies and the bank at which one of its Directors is an officer, which is less than 0.1% of its net banking income 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 should be considered as independent.

Mrs. Barbizet and Lauvergeon, Messrs. Artus, Bouton, Brock, Collomb, Desmarais, Jacquillat, Mandil, Pébereau, de Rudder, and Lord Levene of Portsoken were deemed to be independent directors.

80% of the directors are independent.

The Board also noted the absence of potential conflicts between the 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 subsidiary and providing for special benefits upon termination of such agreement.

As a result, the Group's internal control procedures are based on the COSO framework: design and implementation of internal controls, risk evaluation process, internal control operations, documentation and communication of internal control rules, and supervision of the internal control system.

### 1.9.1. Organization and principles of internal control

The Group's internal control procedures are organized around three operational levels: Group, Business Segments and profit centers. Each level is directly involved in and responsible for designing and implementing internal control, in line with the degree of centralization targeted by senior management.

At each level, specific internal control procedures cover organization, delegations of authority and employee education and training that conform to the Group's overall framework.

The principal themes of human resources policy are coordinated at the Group's Human Resources Department. Human resources are generally managed on a decentralized basis at profit centers.

Internal control procedures are based on the Group's core values, including the integrity, ethical conduct and professional competence of its employees.

The Group's values and business principles are set out in the Code of Conduct and Ethics Charter and circulated to employees. The Group's Financial Code of Ethics is distributed to financial officers at the corporate and business levels. These principles and rules are also cascaded in codes, procedures and guidelines governing certain significant processes in the business segments. These codes explain the Group's values and describe its business and behavior principles with regard to employees, shareholders, customers, suppliers and competitors. They also set out the rules of individual behavior that is applicable to all employees and expected in host countries.

The Group's senior management receives regular training on the content and the importance of the rules of behavior set out in the Code of Conduct and available on the Group's Web site. Each year, the general managers and financial officers of profit centers or subsidiaries provide internal written representations to the Chief Financial Officer that they have complied with internal control procedures and that the financial reporting under their responsibility is reliable.

The Group's Ethics Committee implements a program to prevent insider trading. Employees are alerted to their status as permanent or temporary insiders and warned that they are prohibited from trading TOTAL securities during certain periods.

Under these internal control principles, which are part of the corporate governance organization described above, the Audit Committee is responsible for monitoring the efficiency of internal control and risk management procedures, assisted by the Internal Audit Department and the internal control teams from the business segments. These rules are designed to allow the Board of Directors to ensure internal control is effective and that published information available to shareholders and financial markets is reliable.

### 1.9.2. Risk assessment

The Executive Committee is responsible for identifying and assessing the internal and external risks that could impact TOTAL's performance, with the assistance of the Risk Committee, the Budget Management Department and the Internal Audit Department. The Group has continued in 2010 a coordinated integration process of its risk management activities, complementing the processes currently in place in the different businesses. As part of this process, the mapping of business risks

completed by business units was presented to the Audit Committee in 2009 and 2010.

The principal risks monitored at Group level are: sensitivity to the oil market environment (oil prices and refining, marketing and petrochemical margins); exposure to oil and gas trading risks; financial markets risks (foreign exchange risk, particularly related to the dollar, and interest rate); political and legal risks related to the operating and contractual environment of the exploration and production activities; and industrial and environmental risks related to the sectors in which the Group is active.

With regard to risks connected to the trading of oil and gas and related financial instruments, the departments concerned, whose activity is governed by limits set by the Executive Committee, measure their positions and exposure daily and analyze their market risk, in particular using value-at-risk assessment methods.

With regard to counterparty risks, credit limits and risk analysis processes are set and updated regularly, for each activity.

The broad range of activities and countries in which the Group operate requires local analysis, by business segment, of the related legal, contractual and political risks. Compliance programs with regard to competition and bribery law matters are implemented by the Group to ensure compliance with applicable antitrust legislation.

Business units are responsible for assessing their industrial and environmental risks and for implementing the regulatory requirements of the countries where they operate, as well as any relevant guidelines and recommendations defined at the Group or business segment level. They are also responsible for actively monitoring changes in legislation, to comply with local and international standards concerning industrial and environmental risk assessment and management. Risk assessments lead to the establishment of management measures to prevent and reduce environmental impact, minimize the risks of accidents, and contain their consequences.

The "Risk Factors" section of this Registration Document contains a formal and extensive description of the principal risks faced by the Group and how the Group manages these risks.

### 1.9.3. Control activities

Control activities and financial reporting systems, are designed to take into account the specific nature of these risks and the degree to which operational control is delegated to the business segments and profit centers.

Senior management exercises operational control over TOTAL's activities through the Executive Committee's approval of investments and commitments for projects, based on defined thresholds. These projects are subject to prior vetting by the Risk Committee, whose assessments are presented to the Executive Committee.

Control activities are primarily based on a strategic plan that is reviewed annually, an annual budget, monthly management financial reports with detailed analysis of differences between actual and budgeted expenditures, and a quarterly reconciliation between published consolidated financial statements and management reports. These processes are supervised by the Budget/Financial Control and Accounting Departments, which are part of the Finance Department, and are performed in compliance with financial reporting standards, consistent and compliant with the accounting standards used for the published financial

statements. Financial indicators and the accounting methods used allow appropriate assessment of risks and return on average capital employed (ROACE).

The Group's Accounting Department centralizes the interpretation of accounting standards applicable to our consolidated financial statements and distributes these standards through formal procedures and a financial reporting manual. It monitors the effective implementation of standards across TOTAL through periodic, formal communication with functional managers in the business segments. The Department also periodically reports any exceptions to the Chief Financial Officer.

The Treasury Department monitors and manages risks related to cash management activities and interest rate-related and foreign exchange-related financial instruments in accordance with strict rules defined by senior management. Cash and cash equivalents, financial positions and financial instruments are centralized by the Treasury Department.

Oil and gas reserves are reviewed by a committee of experts (the Reserves Committee), approved by Exploration & Production's senior management and then confirmed by the Group's senior management.

The Disclosure Committee, whose members are the managers of the principal corporate departments, establishes and maintains procedures designed to ensure the quality and accuracy of external communications intended for stock exchanges and financial markets.

At the profit center and subsidiary level, control activities are organized around the principal operational processes: exploration and reserves, purchasing, capital expenditures, production, sales, oil, gas and petroleum product trading, inventories, human resources, financing and cash management.

The Group has implemented a wide range of procedures and programs that help to prevent, detect and limit different types of fraud. This effort is supported by the business principles and rules of individual behavior described in the Code of Conduct and in procedures and codes issued at the operating level. The Group has also implemented a whistleblowing system that employees and third parties can use to report circumstances that might amount to fraud or other violations related to accounting and internal control.

The Information Technology Department has developed and distributed governance and security rules that describe the recommended infrastructure, organization and procedures to maintain information systems that are appropriate to our needs and to limit information security risks. These rules are implemented across TOTAL under the responsibility of the various business segments.

Control activities to prevent industrial and environmental risks are implemented in the business units. External certification or third-party audits are conducted for some of the management systems related to this type of risk. More detailed information on the Group's safety and environmental initiatives is provided in the Group's Society and Environment report.

#### 1.9.4. Information and communication

Internal control procedures are defined at each of the three operational levels: general rules at the corporate level; sector-specific procedures at the business line level; and others at the profit center and subsidiary level. These procedures are circulated

in memorandums and are also available on the Group's intranet sites and, where applicable, those of the business lines.

The principal procedures regarding financial controls established at the corporate level cover acquisitions and disposals, capital expenditures, financing and cash management, budget control and financial reporting. Disclosure controls and procedures have been implemented. At the operating level, they mainly consist of procedures, guidelines and recommendations covering safety and security (both industrial and information technology), health, environment and sustainable development.

The procedures for the business lines primarily concern financial control specific to each sector. At the profit center and subsidiary level, the principles of the Group's overall framework are implemented through specific procedures tailored to the size and environment of operations.

#### 1.9.5. Monitoring

Together, the holding company, the business lines and the profit centers and subsidiaries are responsible for monitoring internal control in their respective operations.

Internal control audits are primarily conducted by the Corporate Audit Department, which reports to the Executive Committee through the Chief Administrative Officer. An audit work schedule is set annually. The audit reports are periodically summarized and presented to the Audit Committee and, thereby, to the Board of Directors.

In 2010, the Corporate Audit Department's 70 auditors conducted around 150 audits. The Vice President of Corporate Audit attended all Audit Committee meetings and reported quarterly on internal audit activity to the committee.

The Group's senior management is responsible for implementing and assessing internal control over financial reporting. In this context, in 2010 TOTAL evaluated awareness and implementation of its internal control system, based on the COSO framework, in its main units. With the assistance of its main units and the Corporate Audit Department, as coordinated by the Internal Control Compliance Officer, the Group also examined and assessed the design and effectiveness of the key operational, information systems and financial controls related to internal control over financial reporting pursuant to section 404 of the Sarbanes-Oxley Act. On the basis of these internal reviews, the Group's Senior Management concluded that internal control over financial reporting was effective.

The statutory auditors perform those internal control audits that they deem necessary as part of the mission to certify the financial statements and present their observations to the Audit Committee.

For 2010, the statutory auditors reviewed the implementation of the Group internal control framework and the design and effectiveness in its main units of key internal controls concerning financial reporting. Based on the work performed, the statutory auditors declared that they had no comments on the information and conclusions related to this subject presented in this report.



## 1.10. Particular conditions regarding participation in Shareholder's Meeting

Shareholders' Meetings are convened and deliberate under the conditions provided for by law. However, pursuant to Article 18 of the Company's by-laws, double voting rights are granted to all registered shares held continuously in the name of the same shareholder for at least two years. Article 18 of the Company's by-laws also provides that at Shareholders' Meetings, no shareholder may cast, by himself or through his agent, on the basis of the single voting rights attached to the shares he holds directly or indirectly

and the shares for which he holds powers, more than 10% of the total number of voting rights attached to the Company's shares. However, in the case of double voting rights, this limit may be extended to 20%.

For more detailed information on these conditions, see Chapter 8 (General Information - Shareholders' Meetings) of this Registration Document.

## 1.11. Information mentioned in Article L. 225-100-3 of the French Commercial Code

This information is provided in Chapter 8 (General information - Agreements mentioned in Article L. 225-100-3 of the French Commercial Code) of this Registration Document.

## 1.12. Policy for determining the compensation and other benefits of the Chairman and of the Chief Executive Officer

Based on a proposal by the Compensation Committee, the Board adopted the following policy for determining the compensation and other benefits of the Chairman and of 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.

- Compensation for the Chairman and the Chief Executive Officer includes both a fixed portion and a variable portion, each of which is reviewed annually.
- The amount of variable compensation may not exceed a stated percentage of fixed compensation. Variable compensation is determined based on pre-defined quantitative and qualitative criteria. 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 qualitative criteria for variable compensation are designed to allow exceptional circumstances to be taken into account, when appropriate.

- 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 available to other employees of the Group under conditions determined by the Board.
- Stock options are designed to align the long-term interests of the Chairman and the Chief Executive Officer with those of the shareholders.
- Awards of stock options are considered in light of the amount of the total compensation paid to the Chairman and the Chief Executive Officer. The exercise of stock options to which the Chairman and the Chief Executive Officer are entitled is subject to a performance condition.

The exercise price for stock options awarded is not discounted compared to the market price, at the time of the grant, for the underlying share.

Stock options are awarded at regular intervals to prevent any opportunistic behavior.

The Board has put in place restrictions on the transfer of a portion of shares issued upon the exercise of options.

- After three years in office, the Chairman and Chief Executive Officer are required to hold at least the number of Company shares set by the Board.

This report, which has been prepared with the assistance of the relevant corporate departments of the Company, has been approved by the Board of Directors at its meeting on February 10, 2011, after the Board's Committees reviewed the sections relevant to their respective duties.

### Christophe de Margerie

Chairman of the Board and Chief Executive Officer



## 2. Statutory auditors' report (Article L. 225-235 of the French Commercial Code)

*This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction and construed in accordance with French law and the relevant professional auditing standards applicable in France.*

Year ended December 31, 2010

Statutory Auditors' report, prepared in accordance with Article L.225-235 of the French Commercial Law (*Code de commerce*), on the report prepared by the Chairman of the Board of Directors of the company TOTAL S.A.

To the Shareholders,

In our capacity as Statutory Auditors of TOTAL S.A., and in accordance with Article L.225-235 of the French Commercial Law (*Code de commerce*), we hereby report on the report prepared by the Chairman of your company in accordance with Article L.225-37 of the French Commercial Law (*Code de commerce*) for the year ended December 31, 2010.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L.225-37 of the French commercial law (*Code de commerce*) relating especially to corporate governance.

It is our responsibility to:

- report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- attest that this report contains the other disclosures required by Article L.225-37 of the French Commercial Law (*Code de commerce*), being specified that we are not responsible for verifying the fairness of these other disclosures.

We conducted our work in accordance with professional standards applicable in France.

### **Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information**

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- obtaining an understanding of the evaluation process in place and assessing the quality and appropriateness of its documentation with respect to the information on the evaluation of internal control procedures;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L.225-37 of the French Commercial Law (*Code de commerce*).

### **Other information**

We hereby attest that the Chairman's report includes the other disclosures required by Article L.225-37 of the French Commercial Law (*Code de commerce*).

Paris-La Défense, March 24, 2011

The statutory auditors

*French original signed by*

KPMG Audit  
A department of KPMG S.A.  
Jay Nirsimloo

ERNST & YOUNG Audit  
Pascal Macioce  
Laurent Vitse

## 3. Management

### 3.1. General Management

Based on the recommendation by the Nominating and 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 appoint the Chief Executive Officer to the position of Chairman of the Board until its term of office expires, that is until the Shareholders' Meeting called to approve the financial statements for the fiscal year 2011. As a result, Mr. de Margerie has been appointed Chairman and Chief Executive Officer of the Group since May 21, 2010.

The Board of Directors deemed that the unified management form was the most appropriate to the Group's business and specificities of the oil and gas sector. This decision was made taking into account the advantage of the unified management and the majority of independent directors appointed to the Committees of the Board, which ensures balanced authority.

The management form selected shall remain in effect until a decision to the contrary is made by the Board of Directors.

### 3.2. The Executive Committee

The Executive Committee, under the responsibility of the Chairman and Chief Executive Officer, is the primary decision-making body of the Group. It implements the strategy formulated by the Board of Directors and authorizes related investments, subject to the approval by the Board of Directors for investments exceeding 3% of the Group's equity.

The following individuals were members of the Executive Committee as of December 31, 2010:

- Christophe de Margerie, Chairman of the Executive Committee (Chairman and Chief Executive Officer);

- François Cornélis, Vice Chairman of the Executive Committee (President of the Chemicals segment);
- Michel Bénézit (President of the Refining & Marketing division);
- Yves-Louis Darricarrère (President of the Exploration & Production division);
- Jean-Jacques Guilbaud (Chief Administrative Officer); and
- Patrick de La Chevardière (Chief Financial Officer).

### 3.3. The Management Committee

The Management Committee facilitates coordination among the divisions and monitors the operating results and activity reports of these divisions.

In addition to the members of the Executive Committee, the following eighteen individuals from various non-operating departments and operating divisions served as members of the Management Committee as of December 31, 2010:

#### Corporate

René Chappaz, Yves-Marie Dalibard, Peter Herbel, Jean-Marc Jaubert, Manoelle Lepoutre, Jean-François Minster, Jean-Jacques Mosconi, François Viaud.

#### Upstream

Marc Blaizot, Philippe Boisseau, Jacques Marraud des Grottes, Patrick Pouyanné.

#### Downstream

Pierre Barbé, Alain Champeaux, Bertrand Deroubaix, Eric de Menten, André Tricoire.

#### Chemicals

Françoise Leroy.

## 4. Statutory auditors

### 4.1. Statutory auditors

#### **Ernst & Young Audit**

41, rue Ybry, 92576 Neuilly-sur-Seine Cedex

Appointed on May 14, 2004

Appointment renewed on May 21, 2010, for an additional 6-year term

P. Macioce, L. Vitse

#### **KPMG Audit**

A division of KPMG S.A.

1, cours Valmy, 92923 Paris-La Défense

Appointed on May 13, 1998

Appointment renewed on May 21, 2010, for an additional 6-year term

J. Nirsimloo

### 4.2. Alternate auditors

#### **Cabinet Auditex**

11, allée de l'Arche, Faubourg de l'Arche, 92400 Courbevoie

Appointed on May 21, 2010, for a 6-year term

#### **KPMG Audit IS**

3, cours du Triangle, Immeuble "Le Palatin", Puteaux, 92939 Paris-La Défense Cedex

Appointed on May 21, 2010, for a 6-year term

### 4.3. Auditor's term of office

French law provides that the statutory and alternate auditors are appointed for renewable 6-year terms. The terms of office of the statutory auditors and of the alternate auditors will expire at the conclusion of the Shareholders' Meeting called in 2016 to approve the financial statements for the fiscal year 2015.

## 4.4. Fees received by the statutory auditors (including members of their network)

	Ernst & Young Audit				KPMG Audit			
	Amount in millions of euros (excluding VAT)		%		Amount in millions of euros (excluding VAT)		%	
	2010	2009	2010	2009	2010	2009	2010	2009
Audit and certification of the parent company and consolidated accounts								
TOTAL S.A.	3.0	3.3	16.9	16.5	3.2	3.5	16.0	17.1
Fully-consolidated subsidiaries	12.2	14.4	68.5	72.0	11.9	12.5	59.5	61.3
Other work and services directly related to the responsibilities of statutory auditors								
TOTAL S.A.	0.2	0.2	1.1	1.0	0.8	1.0	4.0	4.9
Fully-consolidated subsidiaries	0.5	0.6	2.8	3.0	2.8	1.9	14.0	9.3
<b>Subtotal</b>	<b>15.9</b>	<b>18.5</b>	<b>89.3</b>	<b>92.5</b>	<b>18.7</b>	<b>18.9</b>	<b>93.5</b>	<b>92.6</b>
<b>Other services provided by the network to fully- consolidated subsidiaries</b>								
Legal, tax, labor law	1.7	1.4	9.6	7.0	1.2	1.2	6.0	5.9
Other	0.2	0.1	1.1	0.5	0.1	0.3	0.5	1.5
<b>Subtotal</b>	<b>1.9</b>	<b>1.5</b>	<b>10.7</b>	<b>7.5</b>	<b>1.3</b>	<b>1.5</b>	<b>6.5</b>	<b>7.4</b>
<b>Total</b>	<b>17.8</b>	<b>20.0</b>	<b>100</b>	<b>100</b>	<b>20.0</b>	<b>20.4</b>	<b>100</b>	<b>100</b>

## 5. Compensation for the administration and management bodies

### 5.1. Board Compensation

The overall amount of directors' fees allocated to members of the Board of Directors was set at €1.1 million by the Shareholders' Meeting on May 11, 2007.

In 2010, the overall amount of directors' fees allocated to the members of the Board of Directors was €0.96 million, noting that there were fifteen directors as of December 31, 2010, as at year-end 2009.

The allocation of the overall amount of fees remains based on an allocation scheme comprised of a fixed compensation and a variable compensation based on fixed amounts per meeting, which contributes to taking into account each director's effective attendance to the meetings of the Board and its Committees. At its meeting on February 10, 2010, the Board of Directors decided to readjust the fixed and variable amounts per meeting, as follows:

- a fixed amount of €20,000 was paid to each director (paid *pro rata temporis* in case of a change during the period), apart from the Chairman of the Audit Committee who was paid €30,000 and the other Audit Committee members who were paid €25,000;
- an amount of €5,000 per director for each Board of Directors' meeting effectively attended;

- an amount of €3,500 per director for each Compensation Committee or Nominating & Governance Committee's meetings effectively attended;
- an amount of €7,000 per director for each Audit Committee's meeting effectively attended;
- a premium of €2,000 in case the attendance to a Board of Directors or Committee meeting involves a trip from a country other than France;
- the Chairman and Chief Executive Officer does not receive directors' fees as director of TOTAL S.A. or any other company of the Group; and
- until his duties of Chairman of the Board of TOTAL S.A. expired, Mr. Desmarest did not receive any directors' fees as director of TOTAL S.A.

A table summarizing the total compensation (including in-kind benefits) paid to each director during the last two fiscal years (Article L. 225-102-1 of the French Commercial Code, 1<sup>st</sup> and 2<sup>nd</sup> paragraphs) is provided on page 109 of this Registration Document.

## 5.2. Directors attendance at the Board and Committees meetings in 2010

	Board of Directors	Audit Committee	Compensation Committee	Nominating & Governance Committee
<b>Number of meetings in 2010</b>	<b>7</b>	<b>6</b>	<b>3</b>	<b>3</b>
Christophe de Margerie	7	-	-	-
Thierry Desmarest <sup>(a)</sup>	7	-	1 <sup>(d)</sup>	3
Patrick Artus	7	-	- <sup>(d)</sup>	-
Patricia Barbizet	7	6	-	-
Daniel Bouton	7	-	-	-
Gunnar Brock <sup>(b)</sup>	3	-	-	-
Claude Clément <sup>(b)</sup>	4	-	-	-
Bertrand Collomb	6	-	3	3
Paul Desmarais Jr	3	-	-	-
Bertrand Jacquillat	7	5	-	-
Anne Lauvergeon	5	-	-	-
Peter Leven of Portsoken	7	-	-	-
Claude Mandil	7	-	-	-
Michel Pébereau	6	-	3	3
Thierry de Rudder	7	6	-	-
Serge Tchuruk <sup>(c)</sup>	3	-	1	1

(a) Chairman of the Board of Directors until May 21, 2010.

(b) Director since May 21, 2010.

(c) Director and member of the Compensation Committee and the Nominating & Governance Committee until May 21, 2010.

(d) Member of the Compensation Committee since May 21, 2010.

## 5.3. Compensation of the Chairman of the Board (until May 21, 2010)

(See summary tables on pages 108 to 111 of this Registration Document)

Mr. Desmarest served in the position of Chairman of the Board of Directors until May 21, 2010, concurrent with the reunification of the positions of Chairman of the Board and Chief Executive Officer and the appointment of Mr. de Margerie to serve in this position. Having regard for his esteemed services for the Group, the Board of Directors decided to appoint Mr. Desmarest as Honorary Chairman of the Company and member of the Compensation Committee, and retain him in the position of Chairman of the Nominating & Governance Committee.

The compensation paid to Mr. Desmarest for his duties as Chairman of the Board between January 1, 2010 and May 21, 2010, was set by the Board of Directors of TOTAL S.A. based on a recommendation by the Compensation Committee. It includes a fixed base salary that amounted to €1,100,000, unchanged compared with fiscal year 2009 (€428,763 for the period between January 1 and

May 21, 2010), and a variable portion paid in 2011 for the period between January 1, 2010 and May 21, 2010.

The variable portion is calculated by taking into account the Group's return on equity, the Group's earnings compared to those of the other major international oil companies that are its competitors, as well as the Chairman of the Board's personal contribution to the Group's strategy, corporate governance and performance. The objectives related to personal contribution were considered to be substantially fulfilled, and taking into account the comparison of TOTAL's earnings with the major international oil companies that are its competitors, the variable portion paid to the Chairman and Chief Executive Officer in 2011 for his contribution in between January 1, 2010 and May 21, 2010, amounted to €322,644.

Mr. Desmarest's total gross compensation for fiscal 2009, as Chairman of the Board of Directors, amounted to €1,971,852, composed of a fixed base salary of €1,100,000 and a variable portion of €871,852 paid in 2010.

## 5.4. Compensation of the Chairman and Chief Executive Officer

(See summary tables on pages 108 to 111 of this Registration Document)

In 2010, Mr. de Margerie served in the position of Chief Executive Officer of TOTAL S.A. until May 21, 2010 and in the position of Chairman and Chief Executive Officer as of that date.

The compensation paid to Mr. de Margerie for his duties as Chief Executive Officer between January 1, 2010, and May 21, 2010, was set by the Board of Directors of TOTAL S.A. based on a recommendation by the Compensation Committee. It includes an annual fixed base salary of €1,310,000, unchanged compared with fiscal year 2009 (€507,097 for the period between January 1 and

May 21, 2010), and a variable portion paid in 2011 for the period between January 1, 2010 and May 21, 2010.

The variable portion is calculated by taking into account the Group's return on equity, the Group's earnings performance compared to that of the other major international oil companies that are its competitors, as well as the Chief Executive Officer's personal contribution to the Group's strategy, evaluated on the basis of objective operational criteria related to the Group's business segments. The variable portion can reach a maximum amount of 140% of the fixed base salary, or up to 165% for exceptional performance. The objectives related to personal contribution were considered to be substantially

fulfilled, and taking into account the comparison of TOTAL's earnings performance with the major international oil companies that are its competitors, the variable portion paid to the Chief Executive Officer in 2011 for his contribution between January 1, 2010 and May 21, 2010, amounted to €523,262.

Mr. de Margerie's total gross compensation as Chief Executive Officer for fiscal 2009 amounted to €2,666,991, composed of a fixed base salary of €1,310,000 and a variable portion of €1,356,991 paid in 2010.

As Chief Executive Officer, Mr. de Margerie had the use of a company car.

The compensation paid to Mr. de Margerie for his duties as Chairman and Chief Executive Officer was set by the Board of Directors of TOTAL S.A. at its meeting of May 21, 2010, based on a recommendation by the Compensation Committee in line with the guidance of the AFEP-MEDEF Corporate Governance Code.

It includes an annual fixed base salary of €1,500,000, 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 Chief Executive Officer of other French 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 oil and gas 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 have been selected so as to not only reward 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 as a whole. They include:

- return on equity;
- the Company's earnings performance compared with that of the four other major international oil companies<sup>(1)</sup> that are its competitors, assessed by reference to the average growth over three years of two indicators, earnings per share and consolidated net income.

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, including health, safety and environment (HSE) performance and oil and gas production and reserves growth.

At its meeting of February 10, 2011, the Board of Directors found that the Chairman and Chief Executive Officer's objectives related to personal contribution were substantially fulfilled in 2010. After assessing to what extent financial performance criteria had been met, the Board, based on a recommendation by the Compensation Committee, set the variable portion payable to Mr. de Margerie in 2011 at €1,058,408 for his contribution between May 22 and December 31, 2010, equivalent to 115.1% of his fixed base salary.

Mr. de Margerie's total gross compensation as Chairman and Chief Executive Officer for the period between May 22 and December 31, 2010, consisted of a fixed base salary of €919,355 (prorated from an annual fixed base salary of €1,500,000) and a variable portion of €1,058,408 paid in 2011.

As Chairman and Chief Executive Officer, Mr. de Margerie has the use of a company car.

## 5.5. Executive Officers compensation

In 2010, the aggregate amount paid directly or indirectly by the French and foreign affiliates of the Company as compensation to the executive officers of TOTAL in office as of December 31, 2010 (members of the Management Committee and the Treasurer) as a group was €18.9 million (twenty-five individuals), including €8.4 million paid to the six members of the Executive Committee.

Variable compensation accounted for 46% of the aggregate amount of €18.9 million paid to executive officers.

The following individuals were executive officers of the Group as of December 31, 2010 (twenty-five individuals at year-end 2010, as at year-end 2009):

### Management Committee

Christophe de Margerie*	Bertrand Deroubaix
François Cornéllis*	Peter Herbel
Michel Bénézit*	Jean-Marc Jaubert
Yves-Louis Darricarrère*	Manoelle Lepoutre
Jean-Jacques Guilbaud*	Françoise Leroy
Patrick de La Chevardière*	Jacques Marraud des Grottes
Pierre Barbé	Éric de Menten
Marc Blaizot	Jean-François Minster
Philippe Boisseau	Jean-Jacques Mosconi
Alain Champeaux	Patrick Pouyanné
René Chappaz	André Tricoire
Yves-Marie Dalibard	François Viaud

### Treasurer

Jérôme Schmitt

(1) ExxonMobil, BP, Shell and Chevron  
\* Member of The Executive Committee



## 5.6. Pensions and other commitments (Article L. 225-102-1, paragraph 3, of the French Commercial Code)

1) Pursuant to applicable law, the Chairman and the Chief Executive Officer are eligible for the basic French social security pension and for pension benefits under the ARRCO and AGIRC government-sponsored supplementary pension schemes. They also participate in the internal defined contribution pension plan and the defined benefit supplementary pension plan called RECOSUP created by the Company. This supplementary pension plan, which is not limited to the Chairman and Chief Executive Officer, is described in item 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, 2010, Mr. de Margerie's aggregate benefit entitlement under all of the above pension plans would amount to 24.40% of his gross annual compensation received in 2010 (fixed base salary from January 1 to May 21, 2010, as Chief Executive Officer and from May 22 to December 31, 2010, as Chairman and Chief Executive Officer, and variable portion for 2009, paid in 2010).

Pension benefits paid to Mr. Desmarest in 2010 are presented in the summary table on page 108 of this Registration Document.

2) The Chairman and the Chief Executive Officer also participate in a defined benefit supplementary pension plan financed and managed 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 (€35,352 in 2011). Compensation above this amount does not qualify as pensionable compensation under either government-sponsored or industry-wide pension schemes.

To be eligible for this supplementary pension plan, participants must meet specific age and length of service 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.

Benefits under the plan depend on the participants' years of service (up to twenty years) and the portion of their gross annual compensation (fixed and variable portions) that exceeds eight times the ceiling for calculating French social security contributions. They are adjusted in line with changes in the value of the ARRCO pension point and strictly capped as described in item 1) above.

As of December 31, 2010, the Group's pension obligations to Mr. de Margerie under the defined benefit supplementary pension plan represented the equivalent of 19.47% of his gross annual compensation paid in 2010.

3) The Chairman and the Chief Executive Officer are 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 the French law of August 21, 2007, which modifies Article L. 225-42-1 of the French Commercial Code, such benefit is subject to the performance conditions detailed in item 7) below.

Upon his retirement in 2010, Mr. Demarest was paid a retirement benefit of €492,963, the Board of Directors having decided at its meeting of May 21, 2010, that each of the three applicable performance criteria had been met.

This retirement benefit cannot be combined with the compensation for loss of office described in item 5) below.

4) The Company also funds a life insurance policy for the Chairman and the Chief Executive Officer that guarantees a payment, upon death, equal to two years' gross compensation (fixed and variable portions), increased to three years upon accidental death, as well as, in case 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 to be paid in the event of a change of control or a change of strategy of the Company would not be due in the case 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 the French law of August 21, 2007, which modifies Article L. 225-42-1 of the French Commercial Code, such compensation for loss of office is subject to the performance conditions described in item 7) below.

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 were approved on May 21, 2010 by the Board of Directors and by the Shareholders' Meeting.

7) In addition, in compliance with Article L. 225-42-1 of the French Commercial Code, the commitments described in items 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 enables 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 exploration and production activities.

8) In addition, regarding the implementation of the pension commitments described in items 1) and 2) above made by the Company for directors for fiscal year 2010:

- Mr. Desmarest received, due to his previous employment by the Group, a supplementary pension amounting to €320,341 for 2010 (retired since May 22, 2010). The value of the annual supplementary pension, for a complete year, would amount to nearly €549,155 (December 31, 2010 value) adjusted in line with changes in the value of the ARRCO pension point.
- For Mr. Tchuruk, the annual supplementary pension related to his previous employment by the Group was approximately €74,914 (December 31, 2010 value), adjusted in line with changes in the value of the ARRCO pension point.

9) As of December 31, 2010, the total amount of the Group's commitments under pension plans for company officers is equal to €28.7 million.

Chairman and Chief Executive Officer Summary table as of February 28, 2011	Employment contract	Benefits or advantages due or likely to be due upon termination or change of office	Benefits related to a non-compete agreement	Benefits or advantages due or likely to be due after termination or change of office
<b>Thierry Desmarest</b> Chairman of the Board of Directors until May 21, 2010 Member of the Board since May 1995 <sup>(a)</sup> Term of office: May 21, 2010	NO	NO	NO	YES (retirement benefit) <sup>(c)</sup> (defined supplementary pension plan and corporate RECO SUP defined contribution pension plan <sup>(d)</sup> also applicable to certain Group employees)
<b>Christophe de Margerie</b> Chairman and Chief Executive Officer Member of the Board since February 2007 <sup>(b)</sup> Term of current office: The Shareholders' Meeting called in 2012 to approve the financial statements for the year ending December 31, 2011	NO	YES (termination benefit) <sup>(e)</sup>	NO	YES (retirement benefit) <sup>(e)</sup> (defined supplementary pension plan <sup>(f)</sup> and corporate RECO SUP defined contribution pension plan <sup>(g)</sup> also applicable to certain Group employees)

(a) Chairman and Chief Executive Officer until February 13, 2007, and Chairman of the Board of Directors from February 14, 2007 to May 21, 2010.

(b) Chief Executive Officer since February 13, 2007 and Chairman and Chief Executive Officer since May 21, 2010.

(c) Payment subject to a performance condition in accordance with the decision of the Board of Directors on February 11, 2009.

(d) Mr. Desmarest's pension benefit represented a booked expense of €813.57 for the period between January 1 and May 21, 2010.

(e) Payment subject to a performance condition in accordance with the decision of the Board of Directors on February 11, 2009, and confirmed by the Board of Directors on May 15, 2009 and May 21, 2010. The retirement benefit cannot be combined with the compensation for loss of office described above.

(f) Representing an annual pension that would be equivalent, as of December 31, 2010, to 19.47% of the annual compensation for 2010.

(g) Mr. de Margerie's pension benefit represented a booked expense of €2,077.20 for fiscal year 2010.

## 5.7. Stock options and restricted share grants policy

### 5.7.1. General policy

Stock options and restricted share grants concern only TOTAL shares. No options for or restricted grants of shares of any of the Group's listed subsidiaries are awarded.

All plans 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 and the number of options or restricted shares awarded to each beneficiary. The Board of Directors then gives final approval for this list.

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 being applied. For the option plans established after 2002, 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. For the 2007, 2008, 2009 and 2010 option plans, options awarded to employees of non-French subsidiaries can be converted to bearer form or transferred as soon as the 2-year non-transferability period ends.

Restricted shares awarded under selective plans become final after a two-year vesting period, subject to a continued employment condition and a performance condition based on the return on equity (ROE) of the Group. This performance condition is defined in advance by the Board of Directors on recommendations by the Compensation Committee. At the end of this vesting period, and provided that the conditions set are satisfied, the restricted 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 outside of France, the vesting period for restricted shares may be increased to four years; in such case, there would be no mandatory holding period.

For the 2010 restricted share grants, the Board of Directors decided that, provided that the continued employment 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%.

For the 2009 restricted share grants, the Board of Directors decided that, provided that the continued employment 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 of the Group as published by TOTAL. The average ROE is calculated based on the Group's consolidated balance sheet and statement of income for fiscal years 2009 and 2010. 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 the 2008 Plan, the performance condition stated that the restricted shares will be finally granted based on the ROE of the Group related to the fiscal year preceding the year of the final grant. The acquisition rate:

- is equal to zero if the ROE is less than or equal to 10%;
- varies on a straight-line basis between 0% and 80% if the ROE is more than 10% and less than 18%;
- varies on a straight-line basis between 80% and 100% if the ROE is more than or equal to 18% and less than 30%; and
- is equal to 100% if the ROE is more than or equal to 30%.

Due to the application of the performance condition, the acquisition rate was 60% for the 2008 Plan.

The grant of these options or restricted shares is used to extend, based upon individual performance assessments at the time of each plan, the Group-wide policy of developing employee shareholding (including savings plans and capital increases reserved for remployees), which allows employees to be more closely associated with TOTAL's financial and stock market performance (see pages 121 and 122 of this Registration Document).

In addition, the Board of Directors decided at its meeting of May 21, 2010 to implement a global free share plan intended for the Group's employees, that is more than 100,000 employees. On June 30, 2010, rights to 25 free shares were granted to every employee. The shares are subject to a vesting period of two to four years depending on the case. The shares granted are not subject to any performance condition. They will be issued at the end of the vesting period.

### 5.7.2. Grants to the Chairman, Chief Executive Officer and executive officers

Pursuant to Article L. 225-185 of the French Commercial Code as modified by the provisions of French law No. 2006-1770 of December 20, 2006, the Board of Directors decided that, for the 2007, 2008, 2009 and 2010 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) will have 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 hold a number of shares (directly or through collective investment funds invested in Company stock) corresponding to more than five times their 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.

Mr. Desmarest, Chairman of the Board of Directors until May 21, 2010, was not awarded any share subscription options under the 2008, 2009 and 2010 plans. In addition, he was not awarded any restricted shares under plans in the period from 2005 to 2010.

The Chairman and Chief Executive Officer has been awarded share subscription options, the exercise of which has been subject, since 2007, to performance conditions based on the Group's ROE and ROACE. The reasons for selecting these criteria are detailed in paragraph 5.6 - Pension and Other Commitments, item 8 above.

The Chairman and Chief Executive Officer was not awarded any restricted shares as part of the plans in the period 2006 to 2010.

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 up to date, and on the shares he holds.

**2010 share subscription option plan:** as part of the 2010 share subscription option plan, the Board of Directors decided that, provided that the continued employment condition 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 calculated 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%.

In addition, as part of the 2010 share subscription option plan and provided that the continued employment condition is satisfied, 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;
- for each grantee of more than 3,000 options and less than 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 in excess of this number will be finally granted to their beneficiary;
  - the outstanding options, that is one-third of the options in excess of the first 3,000 options, will be 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 in excess of the first 50,000 options, will be finally granted to their beneficiary;
  - the remaining 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 in excess of the first 50,000 options, will be finally granted provided that the performance condition is fulfilled.

This condition states that the number of options finally granted is based on the average Return on Equity (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%.

**2009 share subscription option plan:** as part of the 2009 share subscription option plan, the Board of Directors decided that, provided that the continued employment condition is satisfied, the number of options finally awarded to the 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 as published by TOTAL. The average ROE is calculated based on the Group's consolidated balance sheet and statement of income for fiscal years 2009 and 2010. 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 granted is related to 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 2009 and 2010. 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%.

In addition, the Board of Directors decided that, provided that the continued employment condition is satisfied, for each beneficiary other than the Chief Executive Officer of more than 25,000 options, one-third of the options granted in excess of this number will be finally granted subject to a performance condition. This condition is based on the average ROE of the Group as published by TOTAL. The average ROE is calculated based on the Group's consolidated balance sheet and statement of income for fiscal years 2009 and 2010. 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%.

**2008 share subscription option plan:** as part of the 2008 share subscription option plan, the Board decided that, provided that the continued employment condition is satisfied, for each beneficiary of more than 25,000 options, one-third of the options granted in excess of this number be subject to a performance condition. This performance condition states that the number of options granted is based on the ROE of the Group. The ROE is calculated based on the consolidated accounts published by TOTAL and related to the fiscal year preceding the final grant. The acquisition rate:

- is equal to zero if the ROE is less than or equal to 10%;
- varies on a straight-line basis between 0% and 80% if the ROE is more than 10% and less than 18%;
- varies on a straight-line basis between 80% and 100% if the ROE is more than or equal to 18% and less than 30%; and
- is equal to 100% if the ROE is more than or equal to 30%.

The acquisition rate applicable to the subscription options that were subject to the performance condition of the 2008 plan was 60%.

## 5.8. Summary table for the Chairman and the Chief Executive Officer (AFEP-MEDEF Code for corporate governance of listed companies)

### 5.8.1. Summary of compensation, stock options and restricted shares awarded to the Chairman and the Chief Executive Officer

For the year ended

(€)	2010	2009
<b>Thierry Desmarest</b>		
<b>Chairman of the Board of Directors</b> (until May 21, 2010)		
Compensation due for fiscal year <sup>(a)</sup>	1,604,039	1,971,852
Value of options awarded	-	-
Value of restricted shares awarded	-	-
<b>Total</b>	<b>1,604,039</b>	<b>1,971,852</b>
<b>Christophe de Margerie</b>		
<b>Chief Executive Officer</b> (until May 21, 2010)		
<b>Chairman and Chief Executive Officer</b> (since May 21, 2010)		
Compensation due for fiscal year as Chief Executive Officer <sup>(a)</sup>	1,030,359	2,666,991
Compensation due for fiscal year as Chairman and Chief Executive Officer <sup>(a)</sup>	1,977,763	-
In-kind benefits <sup>(b)</sup>	6,908	6,780
Value of options awarded <sup>(c)</sup>	1,387,200	1,676,000
Value of restricted shares awarded	-	-
<b>Total</b>	<b>4,402,230</b>	<b>4,349,771</b>

(a) Compensation detailed in the following table.

(b) Mr. de Margerie has the use of a company car.

(c) Options awarded in 2010 are detailed on page 110 of this Registration Document. 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 Statement).

### 5.8.2. Compensation of the Chairman and the Chief Executive Officer

(€)	For the year ended 2010		For the year ended 2009	
	Amount due for 2010	Amount paid in 2010 <sup>(a)</sup>	Amount due for 2009	Amount paid in 2009 <sup>(a)</sup>
<b>Thierry Desmarest</b>				
<b>Chairman of the Board of Directors</b> (until May 21, 2010)				
Fixed compensation	428,763	428,763	1,100,000	1,100,000
Variable compensation <sup>(b)</sup>	322,644	871,852	871,852	969,430
Extraordinary compensation <sup>(c)</sup>	492,963	492,963	-	-
Pension benefits <sup>(d)</sup>	320,341	320,341	-	-
Directors' fees <sup>(e)</sup>	39,328	39,328	-	-
In-kind benefits	-	-	-	-
<b>Total</b>	<b>1,604,039</b>	<b>2,153,247</b>	<b>1,971,852</b>	<b>2,069,430</b>

a) Variable portion paid for prior fiscal year.

(b) The variable portion for the Chairman of the Board is calculated by taking into account the Group's return on equity during the relevant fiscal year, the Group's earnings compared to those of the other major international oil companies that are its competitors, as well as the Chairman of the Board's personal contribution to the Group strategy, corporate governance and performance. The variable portion can reach a maximum amount of 100% of the fixed base salary. The objectives related to personal contribution were considered to be substantially fulfilled in 2010.

(c) Retirement benefit received.

(d) Retirement benefit received in 2010 under the RECOSUP pension scheme and the defined supplementary pension plan.

(e) Directors' fees received for the directorship after May 21, 2010; Mr. Desmarest did not receive any directors' fees when serving in the position of Chairman of the Board.



(€)	For the year ended 2010		For the year ended 2009	
	Amount due for 2010	Amount paid in 2010 <sup>(a)</sup>	Amount due for 2009	Amount paid in 2009 <sup>(a)</sup>
<b>Christophe de Margerie</b>				
<b>Chief Executive Officer</b> (until May 21, 2010)				
<b>Chairman and Chief Executive Officer</b> (since May 21, 2010)				
Fixed compensation	1,426,452 <sup>(b)</sup>	1,426,452 <sup>(b)</sup>	1,310,000	1,310,000
Variable compensation <sup>(c)</sup>	1,581,670 <sup>(d)</sup>	1,356,991	1,356,991	1,552,875
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
In-kind benefits <sup>(e)</sup>	6,908	6,908	6,780	6,780
<b>Total</b>	<b>3,015,030</b>	<b>2,790,351</b>	<b>2,673,771</b>	<b>2,869,655</b>

(a) Variable portion paid for prior fiscal year.

(b) Includes a fixed portion of €507,097 for the period between January 1 and May 21, 2010 and €919,355 for the period between May 22 and December 31, 2010.

(c) 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 to 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 can reach a maximum amount of 165% of the fixed base salary. The objectives related to personal contribution were considered to be mostly met in 2010.

(d) Including a variable portion of €523,262 for the period between January 1 to May 21 2010, and €1,058,408 for the period between May 22 and December 31, 2010.

(e) Mr. de Margerie has the use of a company car.

### 5.8.3. 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, 1<sup>st</sup> and 2<sup>nd</sup> paragraphs)

Gross amount (€)	2010	2009
Christophe de Margerie	(a)	(a)
Thierry Desmarest <sup>(b)</sup>	(a)	(a)
Patrick Artus <sup>(b)</sup>	55,000	27,656
Patricia Barbizet <sup>(c)</sup>	107,000	94,192
Daniel Bouton	55,000	60,000
Gunnar Brock <sup>(d)</sup>	39,328	-
Claude Clément <sup>(d)</sup>	127,929 <sup>(e)</sup>	-
Bertrand Collomb	71,000	75,000
Paul Desmarais Jr.	45,000	48,000
Bertrand Jacquillat	95,000	95,000
Anne Lauvergeon	45,000	45,000
Peter Levene of Portsoken	79,000	69,000
Claude Mandil	55,000	55,000
Michel Pébereau	71,000	70,000
Thierry de Rudder	142,000	116,000
Serge Tchuruk <sup>(f)</sup>	104,639 <sup>(g)</sup>	154,379 <sup>(g)</sup>

(a) For Mr. Desmarest and the Chairman and Chief Executive Officer, a summary table of compensations is provided on pages 108 to 111 of this Registration Document.

(b) Member of the Compensation Committee since May 21, 2010.

(c) Chairperson of the Audit Committee since July 28, 2009.

(d) Director since May 21, 2010.

(e) Including the directors fees received, representing €32,328, as well as the compensation received from Total Raffinage Marketing (a subsidiary of TOTAL S.A.), representing €95,601 in 2010.

(f) Director until May 21, 2010.

(g) Including pension payments related to previous employment by the Group, which amounted to €74,379 in 2009 and €74,914 in 2010.

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 and Messrs. Desmarest, Clément and Tchuruk) consists solely of directors' fees (gross amount) paid during the relevant period. None of the directors of TOTAL S.A. have service contracts which provide for benefits upon termination of employment.



#### 5.8.4. Stock options awarded in 2010 to the Chairman and the Chief Executive Officer

Detailed stock option plans for the Chairman and the Chief Executive Officer are provided on pages 115 and 116 of this Registration Document.

	Date of plan	Type of options	Value of options (€) <sup>(a)</sup>	Number of options awarded during fiscal year <sup>(b)</sup>	Exercise price (€)	Exercise period	Performance conditions
<b>Thierry Desmarest</b> <b>Chairman of the Board of Directors</b> (until May 21, 2010)	2010 Plan 09/14/2010	Subscription options	-	-	-	-	-
<b>Total</b>			-	-			
<b>Christophe de Margerie</b> <b>Chief Executive Officer</b> (until May 21, 2010) <b>Chairman and Chief Executive Officer</b> (since May 21, 2010)	2010 Plan 09/14/2010	Subscription options	1,387,200	240,000	38.20	09/15/2012 09/14/2018	For 50% of the options, the condition is based on the average ROE for the Group's 2010 and 2011 fiscal years. For 50% of the options, the condition is based on the average ROACE for the Group's 2010 and 2011 fiscal years.
<b>Total</b>			1,387,200	240,000			

(a) The value of options awarded was calculated on the day they were awarded using the Black-Scholes model based on the assumptions used for the consolidated accounts (see Note 25 to the Consolidated Financial Statement).

(b) As part of the share subscription option plan awarded on September 14, 2010, the Board of Directors decided that, for the Chairman and Chief Executive Officer, the number of share subscription options that are likely to be exercised will be subject to performance conditions (see pages 106 and 107 of this Registration Document).

#### 5.8.5. Stock options exercised in 2010 by the Chairman and the Chief Executive Officer

Detailed stock option plans for the Chairman and the Chief Executive Officer are provided on pages 115 and 116 of this Registration Document.

	Date of plan (Grant date)	Number of options exercised during fiscal year	Exercise price (€)
<b>Thierry Desmarest</b> <b>Chairman of the Board of Directors</b> (until May 21, 2010)	2002 Plan 07/09/2002	25,372	39.03
<b>Total</b>		25,372	
<b>Christophe de Margerie</b> <b>Chief Executive Officer</b> (until May 21, 2010) <b>Chairman and Chief Executive Officer</b> (since May 21, 2010)	-	-	-
<b>Total</b>		-	

### 5.8.6. Restricted share grants awarded in 2010 for the Chairman, the Chief Executive Officer or any director (conditional grant)

	Date of plan	Number of shares awarded during fiscal year	Value of shares (€)	Acquisition date	Availability date	Performance condition
<b>Thierry Desmarest</b> Chairman of the Board of Directors (until May 21, 2010)	2010 Plan 09/14/2010	-	-	-	-	-
<b>Christophe de Margerie</b> Chief Executive Officer (until May 21, 2010) Chairman and Chief Executive Officer (since May 21, 2010)	2010 Plan 09/14/2010	-	-	-	-	-
<b>Claude Clément</b> Director representing employee shareholders	2010 Plan 09/14/2010	240	35.03	09/15/2012	09/15/2014	Condition based on the Group's average ROE for fiscal years 2010 and 2011 <sup>(a)</sup>
	2010 Global Plan 06/30/2010	25	32.70	07/01/2012	07/01/2014	-
<b>Total</b>		<b>265</b>				

(a) The performance condition applies to half of the shares awarded in excess of 100 shares.

### 5.8.7. Restricted shares finally awarded in 2010 for the Chairman, the Chief Executive Officer or any director

	Date of plan	Number of shares finally awarded during fiscal year <sup>(a)</sup>	Acquisition condition
<b>Thierry Desmarest</b> Chairman of the Board of Directors (until May 21, 2010)	2008 Plan 10/09/2008	-	-
<b>Christophe de Margerie</b> Chief Executive Officer (until May 21, 2010) Chairman and Chief Executive Officer (since May 21, 2010)	2008 Plan 10/09/2008	-	-
<b>Claude Clément</b> Director representing employee shareholders	2008 Plan 10/09/2008	300	Condition based on the Group's ROE for fiscal year 2009 <sup>(b)</sup>
<b>Total</b>		<b>300</b>	

(a) Shares finally awarded to the beneficiaries after a 2-year vesting period, i.e. on October 10, 2010.

(b) The acquisition rate of the shares granted, linked to the performance condition, was 60%. By decision of the Board of Directors at its meeting on September 9, 2008, Mr. Clément was awarded 500 restricted shares on October 9, 2008. Moreover, the transfer of the restricted shares finally awarded will only be permitted after the end of a 2-year mandatory holding period, i.e. from October 10, 2012.

## 5.9. TOTAL stock option plans

The following table gives a breakdown of stock options awarded by category of beneficiaries (executive officers, senior managers and other employees) for the plans in effect during 2010.

		Number of beneficiaries	Number of options awarded <sup>(a)</sup>	Percentage	Average number of options per beneficiary <sup>(a)</sup>
<b>2002 Plan<sup>(b)(d)(e)</sup>: Purchase options</b>					
Decision of the Board on July 9, 2002	Executive officers <sup>(c)</sup>	28	333,600	11.6%	11,914
Exercise price: €158.30; discount: 0.0%	Senior managers	299	732,500	25.5%	2,450
Exercise price as of May 24, 2006: €39.03 <sup>(a)</sup>	Other employees	3,537	1,804,750	62.9%	510
	<b>Total</b>	<b>3,864</b>	<b>2,870,850</b>	<b>100%</b>	<b>743</b>
<b>2003 Plan<sup>(b)(d)</sup>: Subscription options</b>					
Decision of the Board on July 16, 2003	Executive officers <sup>(c)</sup>	28	356,500	12.2%	12,732
Exercise price: €133.20; discount: 0.0%	Senior managers	319	749,206	25.5%	2,349
Exercise price as of May 24, 2006: €32.84 <sup>(a)</sup>	Other employees	3,603	1,829,600	62.3%	508
	<b>Total</b>	<b>3,950</b>	<b>2,935,306</b>	<b>100%</b>	<b>743</b>
<b>2004 Plan<sup>(d)</sup>: Subscription options</b>					
Decision of the Board on July 20, 2004	Executive officers <sup>(c)</sup>	30	423,500	12.6%	14,117
Exercise price: €159.40; discount: 0.0%	Senior managers	319	902,400	26.8%	2,829
Exercise price as of May 24, 2006: €39.30 <sup>(a)</sup>	Other employees	3,997	2,039,730	60.6%	510
	<b>Total</b>	<b>4,346</b>	<b>3,365,630</b>	<b>100%</b>	<b>774</b>
<b>2005 Plan<sup>(d)</sup>: Subscription options</b>					
Decision of the Board on July 19, 2005	Executive officers <sup>(c)</sup>	30	370,040	24.3%	12,335
Exercise price: €198.90; discount: 0.0%	Senior managers	330	574,140	37.6%	1,740
Exercise price as of May 24, 2006: €49.04 <sup>(a)</sup>	Other employees	2,361	581,940	38.1%	246
	<b>Total</b>	<b>2,721</b>	<b>1,526,120</b>	<b>100%</b>	<b>561</b>
<b>2006 Plan<sup>(d)</sup>: Subscription options</b>					
Decision of the Board on July 18, 2006	Executive officers <sup>(c)</sup>	28	1,447,000	25.3%	51,679
Exercise price: €50.60; discount: 0.0%	Senior managers	304	2,120,640	37.0%	6,976
	Other employees	2,253	2,159,600	37.7%	959
	<b>Total</b>	<b>2,585</b>	<b>5,727,240</b>	<b>100%</b>	<b>2,216</b>
<b>2007 Plan<sup>(d)(e)</sup>: Subscription options</b>					
Decision of the Board on July 17, 2007	Executive officers <sup>(c)</sup>	27	1,329,360	22.8%	49,236
Exercise price: €60.10; discount: 0.0%	Senior managers	298	2,162,270	37.1%	7,256
	Other employees	2,401	2,335,600	40.1%	973
	<b>Total</b>	<b>2,726</b>	<b>5,827,230</b>	<b>100%</b>	<b>2,138</b>
<b>2008 Plan<sup>(d)(e)(f)</sup>: Subscription options</b>					
Awarded on October 9, 2008 <sup>(g)</sup>	Executive officers <sup>(c)</sup>	26	1,227,500	27.6%	47,212
Exercise price: €42.90; discount: 0.0%	Senior managers	298	1,988,420	44.7%	6,673
	Other employees	1,690	1,233,890	27.7%	730
	<b>Total</b>	<b>2,014</b>	<b>4,449,810</b>	<b>100%</b>	<b>2,209</b>
<b>2009 Plan<sup>(d)(e)</sup>: Subscription options</b>					
Decision of the Board on September 15, 2009	Executive officers <sup>(c)</sup>	26	1,201,500	27.4%	46,211
Exercise price: €39.90; discount: 0.0%	Senior managers	284	1,825,540	41.6%	6,428
	Other employees	1,742	1,360,460	31.0%	781
	<b>Total</b>	<b>2,052</b>	<b>4,387,500</b>	<b>100%</b>	<b>2,138</b>
<b>2010 Plan<sup>(d)(e)</sup>: Subscription options</b>					
Decision of the Board on September 14, 2010	Executive officers <sup>(c)</sup>	25	1,348,100	28.2%	53,924
Exercise price: €38.20; discount: 0.0%	Senior managers	282	2,047,600	42.8%	7,261
	Other employees	1,790	1,392,720	29.0%	778
	<b>Total</b>	<b>2,097</b>	<b>4,788,420</b>	<b>100%</b>	<b>2,283</b>

(a) To take into account the spin-off of Arkema, pursuant to Articles 174-9, 17 I-12 and 174-13 of Decree No. 17-236 of March 21, 1967, effective at that time and as of 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 holders of TOTAL stock options. 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) Certain employees of the Elf Aquitaine group in 1998 also benefited in 2000, 2001, 2002 and 2003 from the vesting of Elf Aquitaine options awarded in 1998 subject to performance conditions related to the Elf Aquitaine group from 1998 to 2002. These Elf Aquitaine plans expired on March 31, 2005.

(c) Members of the Management Committee and the Treasurer as of the date of the Board meeting awarding the options. Mr. Desmarest has no longer been a member of the Management Committee since February 14, 2007. Mr. Desmarest was awarded 110,000 options under the 2007 Plan and no option under the 2008 and 2009 plans.

(d) The options are exercisable, subject to a continued employment 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 continued employment condition states that the termination of the employment contract will also terminate the grantee's right to exercise the options.

(e) 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.

(f) For the 2008 Plan, the options acquisition rate, linked to the performance condition, was 60%.

(g) Decision of the Board on September 9, 2008.

## 5.10. TOTAL stock options as of December 31, 2010

### 5.10.1. Outstanding TOTAL stock option plans

	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2006 Plan	2007 Plan	2008 Plan	2009 Plan	2010 Plan	Total
Type of options	Purchase options	Subscription options	Subscription options	Subscription options	Subscription options	Subscription options	Subscription options	Subscription options	Subscription options	
Date of the Shareholders' Meeting	05/17/2001	05/17/2001	05/14/2004	05/14/2004	05/14/2004	05/11/2007	05/11/2007	05/11/2007	05/21/2010	
Grant date <sup>(a)</sup>	07/09/2002	07/16/2003	07/20/2004	07/19/2005	07/18/2006	07/17/2007	10/09/2008	09/15/2009	09/14/2010	
<b>Total number of options awarded, including<sup>(b)</sup>:</b>	<b>11,483,400</b>	<b>11,741,224</b>	<b>13,462,520</b>	<b>6,104,480</b>	<b>5,727,240</b>	<b>5,937,230</b>	<b>4,449,810</b>	<b>4,387,500</b>	<b>4,788,420</b>	<b>68,081,824</b>
Directors <sup>(c)</sup>	240,000	240,000	240,000	240,720	400,720	310,840	200,660	200,000	240,000	2,312,940
- D. Boeuf	n/a	n/a	-	720	720	840	660	-	n/a	2,940
- T. Desmarest	240,000	240,000	240,000	240,000	240,000	110,000	-	-	-	1,310,000
- C. de Margerie	n/a	n/a	n/a	n/a	160,000	200,000	200,000	200,000	240,000	1,000,000
- C. Clément	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-
<b>Additional grant</b>	<b>-</b>	<b>-</b>	<b>24,000</b>	<b>134,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>158,400</b>
<b>Adjustments related to the spin-off of Arkema<sup>(d)</sup></b>	<b>165,672</b>	<b>163,180</b>	<b>196,448</b>	<b>90,280</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>615,580</b>
Date as of which the options may be exercised	07/10/2004	07/17/2005	07/21/2006	07/20/2007	07/19/2008	07/18/2009	10/10/2010	09/16/2011	09/15/2012	
Expiry date	07/09/2010	07/16/2011	07/20/2012	07/19/2013	07/18/2014	07/17/2015	10/09/2016	09/15/2017	09/14/2018	
Exercise price (€) <sup>(e)</sup>	39.03	32.84	39.30	49.04	50.60	60.10	42.90	39.90	38.20	
<b>Cumulative number of options exercised as of 12/31/2010</b>	<b>6,878,373</b>	<b>6,072,598</b>	<b>1,050,178</b>	<b>38,497</b>	<b>8,620</b>	<b>-</b>	<b>-</b>	<b>1,080</b>	<b>-</b>	
<b>Cumulative number of options canceled as of 12/31/2010</b>	<b>4,770,699</b>	<b>97,362</b>	<b>293,943</b>	<b>111,807</b>	<b>77,734</b>	<b>70,785</b>	<b>100,652</b>	<b>14,650</b>	<b>1,120</b>	
Number of options:										
- outstanding as of January 1, 2010	5,935,261	6,811,629	12,495,709	6,185,440	5,645,686	5,871,665	4,441,630	4,377,010	-	51,764,030
- awarded in 2010	-	-	-	-	-	-	-	-	4,788,420	4,788,420
- canceled in 2010 <sup>(g)</sup>	(4,671,989)	(1,420)	(15,660)	(6,584)	(4,800)	(5,220)	(92,472)	(4,040)	(1,120)	(4,803,305)
- exercised in 2010	(1,263,272)	(1,075,765)	(141,202)	-	-	-	-	(1,080)	-	(2,481,319)
<b>Outstanding as of 12/31/2010</b>	<b>-</b>	<b>5,734,444</b>	<b>12,338,847</b>	<b>6,178,856</b>	<b>5,640,886</b>	<b>5,866,445</b>	<b>4,349,158</b>	<b>4,371,890</b>	<b>4,787,300</b>	<b>49,267,826</b>

- (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 on its meeting on March 14, 2006 pursuant to Articles 174-9, 174-12 and 174-13 of Decree No. 67-236 dated March 23, 1967 in effect at the time of the Board meeting as well as 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. To take into account the four-for-one stock split that took place on May 18, 2006, the exercise price of stock options from plans then effective has been divided by four. In addition, to take into account the spin-off of Arkema, the exercise price of stock options was multiplied by an adjustment ratio of 0.986147, effective as of May 24, 2006. Exercise prices prior to May 24, 2006, are shown on pages 223 to 226 of this Registration Document.  
 (f) 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.  
 (g) Out of the 92,472 options awarded under the 2008 Plan that were canceled, 88,532 options were canceled due to the application of the performance condition. The acquisition rate applicable to the subscription options that were subject to the performance condition of the 2008 plan was 60%.

If all the outstanding stock options as of December 31, 2010 were exercised, the corresponding shares would represent 2.05%<sup>(1)</sup> of the Company's potential share capital as of such date.

### 5.10.2. TOTAL stock options awarded to executive officers (Management Committee and Treasurer) as of December 31, 2010

	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2006 Plan	2007 Plan	2008 Plan	2009 Plan	2010 Plan	Total
Type of options	Purchase options	Subscription options	Subscription options	Subscription options	Subscription options	Subscription options	Subscription options	Subscription options	Subscription options	
Expiry date	07/09/2010	07/16/2011	07/20/2012	07/19/2013	07/18/2014	07/17/2015	10/09/2016	09/15/2017	09/14/2018	
Exercise price (€) <sup>(a)</sup>	39.03	32.84	39.30	49.04	50.60	60.10	42.90	39.90	38.20	
Options awarded by the Board <sup>(b)</sup>	560,200	635,704	796,800	689,680	823,720	1,000,840	1,101,200	1,169,800	1,348,100	8,126,044
Adjustments related to the spin-off of Arkema <sup>(c)</sup>	7,568	8,120	11,248	9,608	-	-	-	-	-	36,544
Options outstanding as of 01/01/2010	243,232	291,337	705,048	699,416	823,720	1,000,840	1,101,200	1,169,800	-	6,034,593
Options awarded in 2010	-	-	-	-	-	-	-	-	1,348,100	1,348,100
Options exercised in 2010	(20,600)	(25,172)	(90,000)	-	-	-	-	-	-	(135,772)
Options canceled in 2010 <sup>(d)(e)</sup>	(222,632)	-	-	-	-	-	(78,399)	-	-	(301,031)
Options outstanding as of 12/31/2010	-	266,165	615,048	699,416	823,720	1,000,840	1,022,801	1,169,800	1,348,100	6,945,890

(a) Exercise price as of May 24, 2006. To take into account the four-for-one stock split that took place on May 18, 2006, the exercise price of stock options from plans then effective has been divided by four. In addition, to take into account the spin-off of Arkema, the exercise price of stock options was multiplied by an adjustment ratio of 0.986147, effective as of May 24, 2006. Exercise prices prior to May 24, 2006, are shown on pages 223 to 226 of this Registration Document.

(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 on its meeting on March 14, 2006 pursuant to Articles 174-9, 174-12 and 174-13 of Decree No. 67-236 dated March 23, 1967 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.

(d) Out of the 301,031 options canceled in 2010, 222,632 options that were not exercised expired due to the expiry of the 2002 purchase option plan on July 9, 2010.

(e) 78,399 options of the 2008 plan were canceled due to the application of the performance condition. The acquisition rate applicable to the subscription options that were subject to the performance condition of the 2008 plan was 60%.

As part of the 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, beneficiaries of more than 3,000 options are subject to a performance condition for part of the options (see pages 106 and 107 of this Registration Document).

In addition, Mr. Clément, the director representing employee shareholders, has not exercised any option in 2010 and has not been awarded any share subscription options by the 2010 Plan.

(1) Out of a total potential share capital of 2,398,908,757 shares (see page 157 of this Registration Document).

### 5.10.3. TOTAL stock options awarded to Mr. Desmarest, Chairman of the Board of TOTAL S.A. until May 21, 2010

	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2006 Plan	2007 Plan	2008 Plan	2009 Plan	2010 Plan	Total
Type of options	Purchase options	Subscription options	Subscription options	Subscription options	Subscription options	Subscription options	Subscription options	Subscription options	Subscription options	
Expiry date	07/09/2010	07/16/2011	07/20/2012	07/19/2013	07/18/2014	07/17/2015	10/09/2016	09/15/2017	09/14/2018	
Exercise price (€) <sup>(a)</sup>	39.03	32.84	39.30	49.04	50.60	60.10	42.90	39.90	38.20	-
Options awarded by the Board <sup>(b)</sup>	240,000	240,000	240,000	240,000	240,000	110,000	-	-	-	1,310,000
Adjustments related to the spin-off of Arkema <sup>(c)</sup>	3,372	2,476	3,372	3,372	-	-	-	-	-	12,592
Options outstanding as of 01/01/2010	25,372	-	243,372	243,372	240,000	110,000	-	-	-	862,116
Options awarded in 2010	-	-	-	-	-	-	-	-	-	-
Options exercised in 2010	(25,372)	-	-	-	-	-	-	-	-	(25,372)
Options canceled in 2010	-	-	-	-	-	-	-	-	-	-
<b>Options outstanding as of 12/31/2010</b>	-	-	243,372	243,372	240,000	110,000	-	-	-	836,744

(a) Exercise price as of May 24, 2006. To take into account the four-for-one stock split that took place on May 18, 2006, the exercise price of stock options from plans then effective has been divided by four. In addition, to take into account the spin-off of Arkema, the exercise price of stock options was multiplied by an adjustment ratio of 0.986147, effective as of May 24, 2006. Exercise prices prior to May 24, 2006, are shown on pages 223 to 226 of this Registration Document.

(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 on its meeting on March 14, 2006 pursuant to Articles 174-9, 174-12 and 174-13 of Decree No. 67-236 dated March 23, 1967 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.

As of December 31, 2010, the outstanding options of Mr. Desmarest, Chairman of the Board of Directors until May 21, 2010, represented 0.035%<sup>(1)</sup> of the Company's potential share capital as of such date.

(1) Out of a total potential share capital of 2,398,908,757 shares (see page 157 of this Registration Document).



#### 5.10.4. TOTAL stock options awarded to Mr. de Margerie, Chairman and Chief Executive Officer of TOTAL S.A.

	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2006 Plan	2007 Plan	2008 Plan	2009 Plan	2010 Plan	Total
Type of options	Purchase options	Subscription options	Subscription options	Subscription options	Subscription options	Subscription options	Subscription options	Subscription options	Subscription options	
Expiry date	07/09/2010	07/16/2011	07/20/2012	07/19/2013	07/18/2014	07/17/2015	10/09/2016	09/15/2017	09/14/2018	
Exercise price (€) <sup>(a)</sup>	39.03	32.84	39.30	49.04	50.60	60.10	42.90	39.90	38.20	
Options awarded by the Board <sup>(b)</sup>	112,000	112,000	128,000	130,000	160,000	200,000	200,000	200,000	240,000	1,482,000
Adjustments related to the spin-off of Arkema <sup>(c)</sup>	1,576	1,576	1,800	1,828	-	-	-	-	-	6,780
Options outstanding as of 01/01/2010	113,576	113,576	129,800	131,828	160,000	200,000	200,000	200,000	-	1,248,780
Options awarded in 2010	-	-	-	-	-	-	-	-	240,000	240,000
Options exercised in 2010	-	-	-	-	-	-	-	-	-	-
Options canceled in 2010 <sup>(d)(e)</sup>	(113,576)	-	-	-	-	-	(23,333)	-	-	(136,909)
<b>Options outstanding as of 12/31/2010</b>	<b>-</b>	<b>113,576</b>	<b>129,800</b>	<b>131,828</b>	<b>160,000</b>	<b>200,000</b>	<b>176 667</b>	<b>200,000</b>	<b>240,000</b>	<b>1,351,871</b>

(a) Exercise price as of May 24, 2006. To take into account the four-for-one stock split that took place on May 18, 2006, the exercise price of stock options from plans then effective has been divided by four. In addition, to take into account the spin-off of Arkema, the exercise price of stock options was multiplied by an adjustment ratio of 0.986147, effective as of May 24, 2006. Exercise prices prior to May 24, 2006, are shown on pages 223 to 226 of this Registration Document.

(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 on its meeting on March 14, 2006 pursuant to Articles 174-9, 174-12 and 174-13 of Decree No. 67-236 dated March 23, 1967 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.

(d) 113,576 options that were not exercised expired due to the expiry of the 2002 purchase option plan on July 9, 2010.

(e) The acquisition rate applicable to the subscription options that were subject to the performance condition of the 2008 Plan was 60%.

As part of the 2007, 2008, 2009 and 2010 plans, the Board has conditioned the grant of these options to the Chairman and Chief Executive Officer on the satisfaction of performance conditions (see pages 106 and 107 of this Registration Document). For the 2008 Plan, the acquisition rate, linked to the performance condition, was 60%.

As of December 31, 2010, the outstanding options of the Chairman and Chief Executive Officer represented 0.056%<sup>(1)</sup> of the Company's potential share capital as of such date.

(1) Out of a total potential share capital of 2,398,908,757 shares (see page 157 of this Registration Document).

**5.10.5. Stock options awarded to the ten employees (other than directors) receiving the largest awards/Stock options exercised by the ten employees (other than directors) exercising the largest number of options**

	Total number of options awarded/ options exercised	Exercise price (€)	Grant date <sup>(a)</sup>	Expiry date
Options awarded in 2010 to the ten employees of TOTAL S.A., or any company in the Group, receiving the largest number of options	742,000	38,20	09/14/2010	09/14/2018
Options exercised in 2010 by the ten employees of TOTAL S.A., or any company in the Group, exercising the largest number of options <sup>(b)</sup>	75,858 79,793 24,000	39,03 32,84 39,30	07/09/2002 07/16/2003 07/20/2004	07/09/2010 07/16/2011 07/20/2012
	<b>179,651</b>	<b>36,32<sup>(c)</sup></b>		

(a) The grant date is the date of the Board meeting awarding the options.

(a) Exercise price as of May 24, 2006. To take into account the four-for-one stock split that took place on May 18, 2006, the exercise price of stock options from plans then effective has been divided by four. In addition, to take into account the spin-off of Arkema, the exercise price of stock options was multiplied by an adjustment ratio of 0.986147, effective as of May 24, 2006. Exercise prices prior to May 24, 2006, are shown on pages 223 to 226 of this Registration Document.

(c) Weighted-average price.

## 5.11. TOTAL restricted share grants

### 5.11.1. Global free TOTAL 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 shares are subject to a vesting period of two to four years depending on the case. However, the shares awarded are not subject to a performance condition. Following the vesting period, the shares will be issued.

### 5.11.2. Breakdown of restricted TOTAL share grants

The following table gives a breakdown of restricted share grants by category of grantee (executive officers, senior managers and other employees).

		Number of beneficiaries	Number of restricted shares awarded <sup>(a)</sup>	Percentage	Average number of restricted shares per beneficiary
<b>2005 Plan<sup>(b)</sup></b>	Executive officers <sup>(c)</sup>	29	13,692	2.4%	472
Decision of the Board on July 19, 2005	Senior managers	330	74,512	13.1%	226
	Other employees <sup>(d)</sup>	6,956	481,926	84.5%	69
	<b>Total</b>	<b>7,315</b>	<b>570,130</b>	<b>100%</b>	<b>78</b>
<b>2006 Plan<sup>(b)</sup></b>	Executive officers <sup>(c)</sup>	26	49,200	2.2%	1,892
Decision of the Board on July 18, 2006	Senior managers	304	273,832	12.0%	901
	Other employees <sup>(d)</sup>	7,509	1,952,332	85.8%	260
	<b>Total</b>	<b>7,839</b>	<b>2,275,364</b>	<b>100%</b>	<b>290</b>
<b>2007 Plan<sup>(b)</sup></b>	Executive officers <sup>(c)</sup>	26	48,928	2.1%	1,882
Decision of the Board on July 17, 2007	Senior managers	297	272,128	11.5%	916
	Other employees <sup>(d)</sup>	8,291	2,045,309	86.4%	247
	<b>Total</b>	<b>8,614</b>	<b>2,366,365</b>	<b>100%</b>	<b>275</b>
<b>2008 Plan<sup>(b)</sup></b>	Executive officers <sup>(c)</sup>	25	49,100	1.8%	1,964
Grant on October 9, 2008, by decision of the Board on September 9, 2008	Senior managers	300	348,156	12.5%	1,161
	Other employees <sup>(d)</sup>	9,028	2,394,712	85.8%	265
	<b>Total</b>	<b>9,353</b>	<b>2,791,968</b>	<b>100%</b>	<b>299</b>
<b>2009 Plan</b>	Executive officers <sup>(c)</sup>	25	48,700	1.6%	1,948
Decision of the Board on September 15, 2009	Senior managers	284	329,912	11.1%	1,162
	Other employees <sup>(d)</sup>	9,693	2,593,406	87.3%	268
	<b>Total</b>	<b>10,002</b>	<b>2,972,018</b>	<b>100%</b>	<b>297</b>
<b>2010 Plan<sup>(e)</sup></b>	Executive officers <sup>(c)</sup>	24	46,780	1.6%	1,949
Decision of the Board on September 14, 2010	Senior managers	283	343,080	11.4%	1,212
	Other employees <sup>(d)</sup>	10,074	2,620,151	87.0%	260
	<b>Total</b>	<b>10,381</b>	<b>3,010,011</b>	<b>100%</b>	<b>290</b>

(a) The number of restricted shares awarded shown in this table has not been recalculated to take into account the four-for-one stock split approved by the Shareholders' Meeting on May 12, 2006.

(b) For the 2005, 2006 and 2007 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 restricted shares. The Chairman of the Board and the Chief Executive Officer were not awarded any restricted shares.

(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 restricted shares under the 2005 Plan, 200 restricted shares under the 2007 Plan, 500 restricted shares under the 2008 Plan and 240 restricted shares under the 2010 Plan.

(e) Excluding free shares granted as part of the 2010 global free share plan.

The grant of these restricted shares, which were bought back by the Company on the market, will become final after a 2-year vesting period. This final grant is subject to continued employment and condition performances (see pages 106 and 107 of this Registration Document). Moreover, the transfer of the restricted shares will not be permitted until the end of a 2-year mandatory holding period.

## 5.12. Restricted share plans as of December 31, 2010

### 5.12.1. Restricted share plans as of December 31, 2010

	2005 Plan <sup>(a)</sup>	2006 Plan	2007 Plan	2008 Plan	2009 Plan	2010 Plan
<b>Date of the Shareholders' Meeting</b>	05/17/2005	05/17/2005	05/17/2005	05/16/2008	05/16/2008	05/16/2008
<b>Grant date<sup>(b)</sup></b>	07/19/2005	07/18/2006	07/17/2007	10/09/2008	09/15/2009	09/14/2010
Closing price on grant date <sup>(c)</sup>	€52.13	€50.40	€61.62	€35.945	€41.615	€39.425
Average repurchase price per share paid by the Company	€51.62	€51.91	€61.49	€41.63	€38.54	€39.11
Total number of restricted shares awarded, including to	2,280,520	2,275,364	2,366,365	2,791,968	2,972,018	3,010,011
- Directors <sup>(d)</sup>	416	416	432	588	-	240
- Ten employees with largest grants <sup>(e)</sup>	20,000	20,000	20,000	20,000	20,000	20,000
Start of the vesting period:	07/19/2005	07/18/2006	07/17/2007	10/09/2008	09/15/2009	09/14/2010
Date of final grant, subject to specific condition (end of the vesting period)	07/20/2007	07/19/2008	07/18/2009	10/10/2010	09/16/2011	09/15/2012
Transfer possible from (end of the mandatory holding period)	07/20/2009	07/19/2010	07/18/2011	10/10/2012	09/16/2013	09/15/2014
<b>Number of restricted shares:</b>						
- Outstanding as of January 1, 2010	-	-	-	2,762,476	2,966,036	-
- Awarded in 2010	-	-	-	-	-	3,010,011
- Canceled in 2010 <sup>(f)</sup>	1,024 <sup>(h)</sup>	3,034 <sup>(h)</sup>	552 <sup>(h)</sup>	(1,113,462)	(9,796)	(8,738)
- Finally granted in 2010 <sup>(g)</sup>	(1,024) <sup>(h)</sup>	(3,034) <sup>(h)</sup>	(552) <sup>(h)</sup>	(1,649,014)	(1,904)	(636)
- Outstanding as of December 31, 2010	-	-	-	-	2,954,336	3,000,637

(a) The number of restricted shares awarded has been multiplied by four to take into account the four-for-one stock split approved by TOTAL Shareholders' Meeting on May 12, 2006.

(b) The grant date is the date of the Board meeting awarding the restricted share grant, except for the restricted shares awarded on October 9, 2008, approved by the Board on September 9, 2008.

(c) To take into account the four-for-one stock split in May 18, 2006, the closing price for TOTAL shares on July 19, 2005, (€208.50) has been divided by four.

(d) Mr. Desmarest, Chairman of the Board of Directors until May 21, 2010, was not awarded any restricted shares under the 2005, 2006, 2007, 2008 2009 and 2010 plans. Furthermore, Mr. de Margerie, director of TOTAL S.A. since May 12, 2006, Chief Executive Officer of TOTAL S.A. since February 14, 2007, and Chairman and Chief Executive Officer of TOTAL S.A. since May 21, 2010, was not awarded any restricted shares under the 2006, 2007, 2008, 2009 and 2010 plans. Mr. de Margerie was finally awarded on July 20, 2007, the 2,000 restricted shares he had been awarded under the 2005 Plan since he was not a director of TOTAL S.A. as of the date of the grant. In addition, Mr. Boeuf, director of TOTAL S.A. representing employee shareholders until December 31, 2009, was awarded restricted shares under the plans approved by the Board of Directors of TOTAL S.A. on July 19, 2005, July 18, 2006, July 17, 2007 and September 9, 2008. Mr. Boeuf was not awarded any restricted shares under the plan approved by the Board of Directors of TOTAL S.A. on September 15, 2009. Mr. Clément, director of TOTAL S.A. representing employee shareholders since May 21, 2010, was awarded 240 restricted shares under the plan approved by the Board of Directors of TOTAL S.A. on September 14, 2010. In addition, Mr. Clément was finally awarded 300 shares on October 10, 2010, under the restricted share plan approved by the Board of Directors of TOTAL S.A. on September 9, 2008.

(e) Employees of TOTAL S.A., or of any Group company, who were not directors of TOTAL S.A. as of the date of grant.

(f) 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%.

(g) For the 2009 and 2010 plans, final grants following the death of the beneficiary.

(h) Restricted shares finally awarded for which the entitlement right had been canceled erroneously. .

In case of a final grant of the outstanding restricted shares as of December 31, 2010, the corresponding shares would represent 0.25%<sup>(1)</sup> of the Company's potential share capital as of such date.

(1) Out of a total potential share capital of 2,398,908,757 shares (see page 157 of this Registration Document).

### 5.12.2. Global free share plan as of December 31, 2010

	2010 Plan (2+2)	2010 Plan (4+0)	Total
Date of the Shareholders' Meeting	05/16/2008	05/16/2008	
Grant date <sup>(a)</sup>	06/30/2010	06/30/2010	
Final grant date (end of vesting period)	07/01/2012	07/01/2014	
Transfer possible from	07/01/2014	07/01/2014	
<b>Number of restricted shares awarded</b>			
<b>Outstanding as of January 1, 2008</b>	-	-	-
Awarded	-	-	-
Canceled	-	-	-
Finally granted	-	-	-
<b>Outstanding as of January 1, 2009</b>	-	-	-
Awarded	-	-	-
Canceled	-	-	-
Finally granted	-	-	-
<b>Outstanding as of January 1, 2010</b>	-	-	-
Awarded	1,508,850	1,070,650	2,579,500
Canceled	(125)	(75)	(200)
Finally granted <sup>(b)</sup>	(75)	-	(75)
<b>Outstanding as of December 31, 2010</b>	<b>1,508,650</b>	<b>1,070,575</b>	<b>2,579,225</b>

(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.

In case of a final grant of the outstanding shares as of December 31, 2010, the corresponding shares would represent 0.11%<sup>(1)</sup> of the Company's potential share capital as of such date.

### 5.12.3. Restricted share grants to the ten employees (other than directors) receiving the largest amount of grants/Restricted share finally awarded to the ten employees (other than directors) receiving the largest amount of shares

	Restricted share grants/Shares finally awarded	Grant date	Date of final grant	End of mandatory holding period
Restricted share grants approved by the Board meeting on September 14, 2010 to the ten TOTAL S.A. employees (other than directors) receiving the largest amount of grants <sup>(a)</sup>	20,000 <sup>(b)</sup>	09/14/2010	09/15/2012	09/15/2014
Restricted share finally awarded in 2010 following the restricted share plan approved by the Board meeting on September 9, 2008, to the ten employees (other than directors) receiving the largest amount of shares <sup>(c)</sup>	12,000	10/09/2008	10/10/2010	10/10/2012

(a) Grant approved by the Board on September 14, 2010. Grants of these restricted shares will become final, subject to a performance condition, after a 2-year vesting period, i.e. on September 15, 2012 (see pages 106 and 107 of this Registration Document). Moreover, the transfer of the restricted shares will not be permitted until the end of a 2-year mandatory holding period, i.e. on September 15, 2014.  
(b) In addition, as of June 30, 2010, as part of the global free share plan, the ten employees were granted rights to twenty-five free shares.  
(c) Restricted share plan approved by the Board of Directors on September 9, 2008, and awarded on October 9, 2008. Grants of these restricted shares will become final, subject to a performance condition, after a 2-year vesting period, i.e. on October 10, 2010 (see pages 106 and 107 of this Registration Document). The acquisition rate of the shares awarded, linked to the performance condition, was 60%. Moreover, the transfer of the restricted shares finally awarded will only be permitted after the end of a 2-year mandatory holding period, i.e. from October 10, 2012.

(1) Out of a total potential share capital of 2,398,908,757 shares (see page 157 of this Registration Document).

## 6. Employees, share ownership

### 6.1. 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	Downstream	Chemicals	Corporate	Total
<b>2010</b>	<b>17,192</b>	<b>32 631</b>	<b>41,658</b>	<b>1,374</b>	<b>92,855</b>
2009	16,628	33,760	44,667	1,332	96,387
2008	16,005	34,040	45,545	1,369	96,959
		<b>France</b>	<b>Rest of Europe</b>	<b>Rest of the World</b>	<b>Total</b>
<b>2010</b>		<b>35,169</b>	<b>24,931</b>	<b>32,755</b>	<b>92,855</b>
2009		36,407	26,299	33,681	96,387
2008		37,101	27,495	32,363	96,959

### 6.2. 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), a "Partnership for Voluntary Wage Savings Plan" (PPESV, later becoming PERCO) 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.

#### 6.2.1. 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 Receipts (ADRs) 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.

#### 6.2.2. Incentive agreements

Performance indicators used under the June 26, 2009, profit-sharing agreements for employees of ten Group companies, when permitted by local law, link amounts available for profit sharing to the performance (ROE) of the Group as a whole (see page 161 of this Registration Document).

#### 6.2.3. Employee shareholding

The total number of TOTAL shares held by employees as of December 31, 2010, is as follows:

"TOTAL ACTIONNARIAT FRANCE"	73,117,185
"TOTAL ACTIONNARIAT INTERNATIONAL CAPITALISATION"	16,446,122
ELF PRIVATISATION N°1	977,948
Shares held by U.S. employees	705,829
Group Caisse Autonome (Belgium)	295,866
TOTAL shares from the exercise of the Company's stock options and held as registered shares within a Company Savings Plan (PEE) <sup>(a)</sup>	3,185,510
<b>Total shares held by employee shareholder funds</b>	<b>94,728,460</b>

(a) Company savings plans.



As of December 31, 2010, 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, 94,728,460 TOTAL shares, representing 4.03% of the Company's share capital and 7.72% of the voting rights that could be exercised at a Shareholders' Meeting on that date.

#### 6.2.4. Capital increase reserved for Group employees

At the Shareholders' Meeting held on May 21, 2010, 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, reserving subscriptions for such issuance to the Group employees participating in a company savings plan in accordance with the provisions of Articles L. 3332-2 and L. 3332-18 and following of the French Labor Code, and Articles L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code. The number of ordinary shares that are likely to be issued pursuant to this delegation of authority will not exceed 1.5% of the share capital outstanding on the date of the meeting of the Board of Directors at which a decision to proceed with an issuance is made.

Pursuant to this delegation of authority, the Board of Directors decided on October 28, 2010, to proceed with a capital increase of a maximum of 12 million shares reserved for TOTAL employees, bearing dividends as of January 1, 2010. The Board of Directors decided to delegate the authority to set the subscription period to the Chairman and Chief Executive Officer.

On March 14, 2011, the Chairman and Chief Executive Officer decided that the subscription period would be set from March 16 to April 1, 2011 and acknowledged that the subscription price per ordinary share would be set at €34.80.

The Board of Directors had decided on November 6, 2007, to proceed with a capital increase of a maximum of 12 million shares with a subscription price of €44.40 per share reserved for TOTAL employees, bearing dividends as of January 1, 2007. Subscription was open from March 10, 2008, through March 28, 2008, and 4,870,386 new TOTAL shares were issued in 2008.

The management of each of the three collective investment funds mentioned above is controlled by a dedicated supervisory board, two-third 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-third plus one related to a change in a fund's rules and procedures, its conversion or disposal, and decisions related to contribution of securities of the Elf Privatisation collective investment fund in case of a public tender offer.

For employees holding shares outside of the employee collective investment funds mentioned in the table above, voting rights are exercised individually.

### 6.3. Shares held by Directors and Executive Officers

As of December 31, 2010, 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): 474,450 shares;
- Chairman and Chief Executive Officer: 85,230 shares and 48,529 shares of the "TOTAL ACTIONNARIAT FRANCE" collective investment plan;
- Management Committee (including the Chief Executive Officer) and Treasurer: 572,527 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.
- 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.

### 6.3.1. Summary of transactions in the Company's securities (Article L. 621-18-2 of the French Monetary and Financial Code)

The following table presents transactions, of which the Company has been informed, in the Company's shares or related financial instruments carried out in 2010 by the individuals concerned under paragraphs a) through c) of Article L. 621-18-2 of the French Monetary and Financial Code.

Year 2010		Acquisition	Subscription	Transfer	Exchange	Exercise of stock options
Thierry Desmarest <sup>(a)</sup>	TOTAL shares	-	-	45,372	-	25,372
	Shares in collective investment plans (FCPE), and other related financial instruments <sup>(b)</sup>	-	-	-	-	-
Christophe de Margerie <sup>(a)</sup>	TOTAL shares	-	-	-	-	-
	Shares in collective investment plans (FCPE), and other related financial instruments <sup>(b)</sup>	4,815.21	-	-	-	-
Michel Bénézit <sup>(a)</sup>	TOTAL shares	-	3,170	-	-	-
	Shares in collective investment plans (FCPE), and other related financial instruments <sup>(b)</sup>	27.68	47.23	-	-	-
François Cornélis <sup>(a)</sup>	TOTAL shares	-	-	-	-	-
	Shares in collective investment plans (FCPE), and other related financial instruments <sup>(b)</sup>	1,241.32	-	-	-	-
Yves-Louis Darricarrère <sup>(a)</sup>	TOTAL shares	-	-	-	-	-
	Shares in collective investment plans (FCPE), and other related financial instruments <sup>(b)</sup>	4.61	-	-	-	-
Jean-Jacques Guilbaud <sup>(a)</sup>	TOTAL shares	-	-	5,000	-	5,000
	Shares in collective investment plans (FCPE), and other related financial instruments <sup>(b)</sup>	345.33	259.48	652.79	-	-
Patrick de La Chevadière <sup>(a)</sup>	TOTAL shares	-	-	-	-	-
	Shares in collective investment plans (FCPE), and other related financial instruments <sup>(b)</sup>	79.25	12.79	-	-	-

(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.



# TOTAL and its shareholders

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# 1. Listing details

## 1.1. Listing

### 1.1.1. Exchanges

Paris, Brussels, London and New York

### 1.1.2. Codes

ISIN	FR0000120271
Reuters	TOTF.PA
Bloomberg	FP FP
Datastream	F:TAL
Mnémo	FP

### 1.1.3. Included in the following stock indexes

CAC 40, Euro Stoxx 50, Stoxx Europe 50, DJ Global Titans

### 1.1.4. Included in the following ESG indexes (Environment, Social, Governance)

DJSI World, DJSI Europe, FTSE4Good, ASPI

### 1.1.5. Weight in indexes as of December 31, 2010

CAC 40	12.0%	1 <sup>st</sup> position
EURO STOXX 50	5.6%	1 <sup>st</sup> position
STOXX EUROPE 50	3.4%	6 <sup>th</sup> position
DJ GLOBAL TITANS	1.8%	23 <sup>rd</sup> position

### 1.1.6. Largest market capitalization on Euronext Paris and in the Euro zone as of December 31, 2010

Largest companies by market capitalization in the Euro zone<sup>(a)</sup>

As of December 31, 2010

(B€)

<b>TOTAL</b>	<b>93.2</b>
Siemens	84.7
Telefónica	77.4
Anheuser-Busch InBev	68.7
Santander	66.0

(a) Source: Bloomberg for companies other than TOTAL.

### 1.1.7. Market capitalization as of December 31, 2010<sup>(1)</sup>

€93.2 billion<sup>(2)</sup>  
\$125.7 billion<sup>(3)</sup>

### 1.1.8. Percentage of free float

90%<sup>(4)</sup>

### 1.1.9. Par value

€2.50

### 1.1.10. Credit ratings as of December 31, 2010 (long term/outlook/short term)

Standard & Poor's:	AA/Negative/A-1+
Moody's:	Aa1/Stable/P-1
DBRS:	AA/Stable/R-1 (middle)

(1) Shares outstanding as of December 31, 2010: 2,349,640,931.

(2) TOTAL share price in Paris as of December 31, 2010: €39.65.

(3) TOTAL ADR price in New York as of December 31, 2010: \$53.48.

(4) Source Euronext.

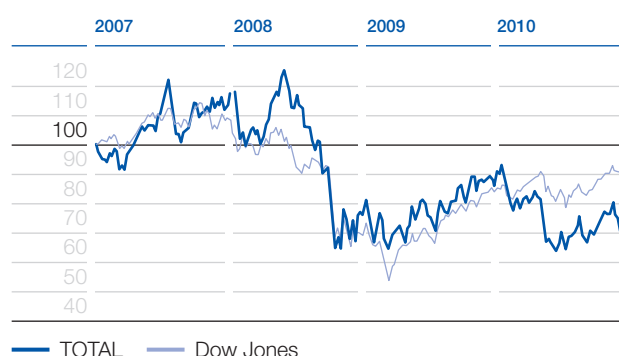
## 1.2. Share performance

TOTAL share price (in euros)  
in Paris (2007-2010)<sup>(a)</sup>



Source: Bloomberg - Share price as of December 31, 2010: €39.65  
(a) Base 100 as of January 1, 2007.

TOTAL ADR price (in dollars)  
in New York (2007-2010)<sup>(a)</sup>



Source: Bloomberg - ADR price as of December 31, 2010: \$53.48.  
(a) Base 100 as of January 1, 2007.

### 1.2.1. Arkema spin-off

Within the framework of the spin-off of Arkema's chemical activities from the Group's other chemical activities, the Shareholders' Meeting of May 12, 2006 approved TOTAL S.A.'s contribution to Arkema, under the regulation governing spin-offs, of all its interests in the businesses included under Arkema's scope, as well as the allocation for each TOTAL share of an allotment right for Arkema shares, with ten allotment rights entitling the holder to one Arkema share. Since May 18, 2006, Arkema's shares have been freely traded on Euronext Paris.

Pursuant to provisions stated in the notice prior to the sale of unclaimed shares (*Avis préalable à la mise en vente de titres non réclamés*) published on August 3, 2006, in the French newspaper *Les Échos*, Arkema shares corresponding to allotment rights for fractional shares which were unclaimed as of August 3, 2008, were sold on Euronext Paris at an average price of €32.5721 per share. As a result, from August 3, 2008, the indemnity price per share of allotment rights for Arkema share is €3.25721 (NYSE Euronext notice No.PAR\_20080812\_02958\_EUR). BNP Paribas Securities Services paid an indemnity to the financial intermediaries on remittance of corresponding allotment rights for Arkema shares. As from August 4, 2018, the unclaimed amounts will be handed over to the French *Caisse des dépôts et consignations* where the holders will still be able to claim them for a period of twenty years. After this time limit, the amounts will permanently become the property of the French State.

### 1.2.2. Change in share prices in Europe of the major European oil companies between January 1, 2010 and December 31, 2010 (closing price in local currency)

TOTAL (€)	-11.9%
BP (pound sterling)	-22.4%
Royal Dutch Shell A (€)	+17.2%
Royal Dutch Shell B (pound sterling)	+16.8%
ENI (€)	-8.2%

Source: Bloomberg

### 1.2.3. Change in share prices in the United States (ADR quotes in dollars for European companies) of the major international oil companies between January 1, 2010 and December 31, 2010 (closing price in dollars)

TOTAL	-16.5%
ExxonMobil	+7.2%
BP	-23.8%
Royal Dutch Shell A	+11.1%
Royal Dutch Shell B	+14.7%
Chevron	+18.5%
ENI	-13.6%
ConocoPhillips	+33.4%

Source: Bloomberg



## 1.2.4. Appreciation of a portfolio invested in TOTAL shares

Net yield of 4.2% per year over ten years (excluding tax credit).

## 1.2.5. Multiplication of the initial investment by 1.5 over ten years

For every €1,000 invested in TOTAL shares as of December 31, in year N, by an individual residing in France, assuming that the net dividends (excluding the tax credit) are reinvested in TOTAL shares, and excluding tax and social withholding.

Investment date	Average annual total return <sup>(a)</sup>		Total investment at year ended 2010 would be	
	TOTAL	CAC 40 <sup>(b)</sup>	TOTAL	CAC 40
1 year January 1, 2010	-6.9%	-0.4%	931	996
5 years January 1, 2006	-0.9%	-0.9%	956	956
10 years January 1, 2001	+4.2%	-1.7%	1,509	842
15 years January 1, 1996	+13.1%	+7.3%	6,338	2,877

(a) TOTAL's share prices, used for the calculation of the total return (including dividends and appreciation), take into account the adjustment made by Euronext Paris ex Arkema's share allocation rights.

(b) CAC 40 quotes taken into account to calculate the total return (including dividends and appreciation) include all dividends distributed by the companies that are in the index.

## 1.2.6. Information summary

Information in this table prior to May 18, 2006, has been adjusted to take into account the four-for-one stock split. Trading prices and dividends have been divided by four and trading volumes in Paris have been multiplied by four.

### Share price

(€)	2010	2009	2008	2007	2006
Highest (during regular trading session)	46.735	45.785	59.50	63.40	58.15
Adjusted highest <sup>(a)</sup> (during regular trading session)	-	-	-	-	57.40
Lowest (during regular trading session)	35.655	34.25	31.52	48.33	46.52
Adjusted lowest <sup>(a)</sup> (during regular trading session)	-	-	-	-	-
End of the year (closing)	39.65	45.005	38.91	56.83	54.65
Adjusted end of the year <sup>(a)</sup> (closing)	-	-	-	-	-
Average of the last 30 trading sessions of the year (closing)	39.164	43.194	39.58	55.31	54.30
<b>Trading volume (average per session)</b>					
Euronext Paris	6,808,245	7,014,959	11,005,751	10,568,310	10,677,157
New York Stock Exchange <sup>(b)</sup> (number of ADRs)	3,329,778	2,396,192	2,911,002	1,882,072	1,500,331
Dividend <sup>(c)</sup>	2.28	2.28	2.28	2.07	1.87

(a) Adjusted market price of the spin-off of Arkema.

(b) Following the four-for-one stock split approved by the Shareholders' Meeting on May 12, 2006, and effective on May 18, 2006, and pursuant to the change in the ADR ratio, effective on May 23, 2006, one ADR corresponding to one TOTAL share. Trading volumes in New York before May 23, 2006 have been multiplied by two.

(c) 2010 dividend is subject to the approval by the Shareholders' Meeting on May 13, 2011. This amount includes the 2010 interim dividend of €1.14 per share paid on November 17, 2010 and is eligible for the 40% rebate applying to individuals residing in France for tax purposes provided for by Article 158 of the French General Tax Code.

### 1.2.7. TOTAL share price over the past 18 months (Euronext Paris)<sup>(a)</sup>

	Average daily volume	Highest price quoted (€)	Lowest price quoted (€)
September 2009	7,537,239	42.45	38.91
October 2009	7,312,637	43.11	39.005
November 2009	5,908,294	43.495	40.50
December 2009	5,010,797	45.785	41.50
January 2010	6,089,982	46.735	41.215
February 2010	7,098,526	43.165	40.05
March 2010	5,738,794	43.25	40.90
April 2010	7,882,589	44.625	40.50
May 2010	11,547,964	41.305	36.21
June 2010	8,184,619	41	36.48
July 2010	6,295,437	39.645	35.655
August 2010	5,302,726	41	36.225
September 2010	6,210,487	39.67	36.77
October 2010	5,822,245	39.72	37.52
November 2010	6,719,213	41.275	36.91
December 2010	5,162,212	40.79	37.195
January 2011	6,530,899	43.575	40.01
February 2011	6,214,549	44.47	42.325
<b>Maximum for the period</b>		<b>46.735</b>	
<b>Minimum for the period</b>			<b>35.655</b>

(a) Source: Euronext Paris.

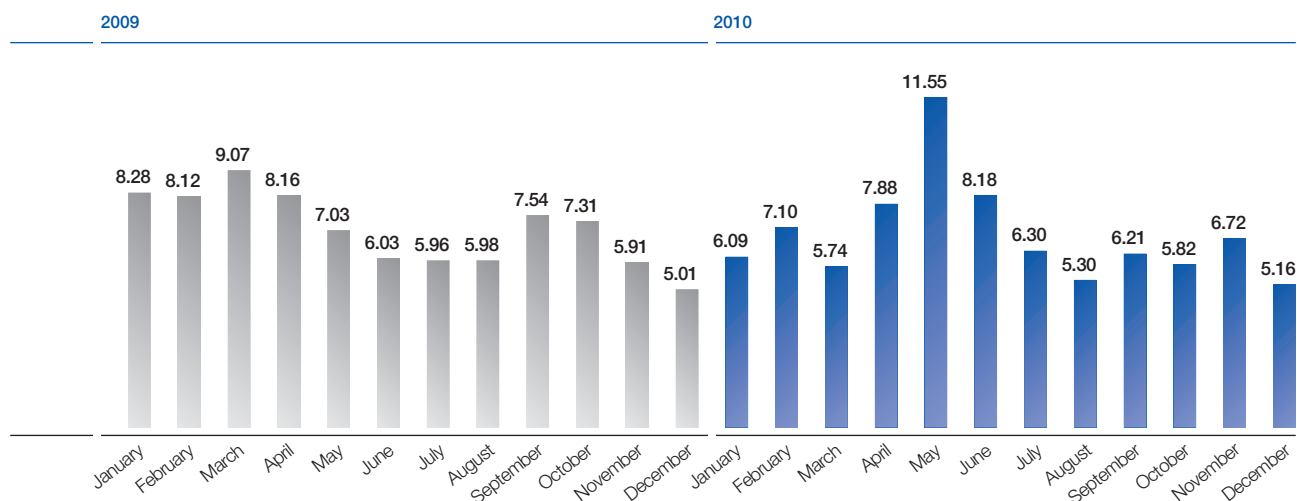
### TOTAL share price at closing (Euronext Paris)

(€)



### TOTAL average daily volume traded (Euronext Paris)

(in millions of shares)



## 2. Dividend

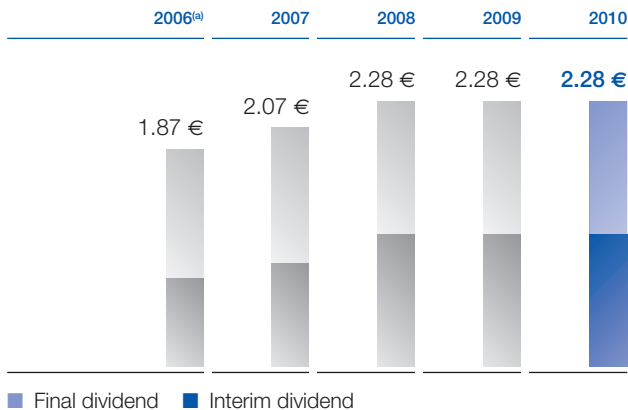
### 2.1. Dividend policy

#### 2.1.1. 2010 dividend

Since 2004, the Company has paid an interim dividend in November and the remainder after the Shareholders' Meeting held in May of each year. The 2010 interim dividend and the remainder will still be paid in compliance with this policy.

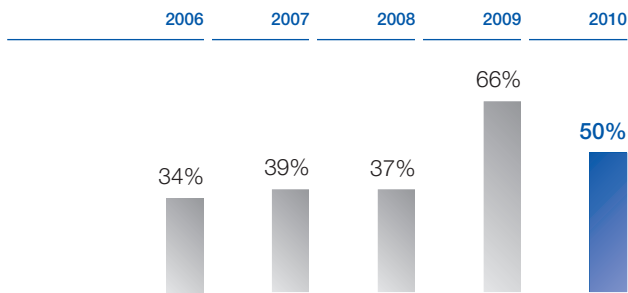
The Board of Directors met on July 29, 2010, and approved a 2010 interim dividend of €1.14 per share. The ex-dividend date for the interim dividend on Euronext Paris was November 12, 2010 and the payment date was November 17, 2010.

For 2010, TOTAL plans to continue its dividend policy by proposing a dividend of €2.28 per share at the Shareholders' Meeting on May 13, 2011, including a remainder of €1.14 per share, with an ex-dividend date on May 23, 2011, and a payment on May 26, 2011. This €2.28 per share dividend is stable compared to the previous year. Over the past five fiscal years, the dividend has increased by an average of 5.1%<sup>(1)</sup> per year.



(a) In addition, on May 18, 2006, each TOTAL share was granted an allotment right for an Arkema share, with ten allotment rights entitling the holder to one Arkema share.

In 2010, TOTAL's pay-out ratio was 50%<sup>(2)</sup>. Changes in the pay-out ratio<sup>(3)</sup> for the past five years are as follow:



(1) This increase does not take into account the Arkema share allotment right granted on May 18, 2006.

(2) Based on an adjusted fully-diluted earnings per share of €4.58.

(3) Based on the adjusted fully-diluted earnings for the relevant year.

#### 2.1.2. Amendment to the dividend policy

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.

The quarterly interim dividend payments will start in 2011, after the payment of the final 2010 dividend. As a result, the first 2011 quarterly dividend will be paid in September 2011.

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 calendar for the interim quarterly dividends and the final dividend for 2011 should be as follows:

- September 19, 2011;
- December 19, 2011;
- March 19, 2012;
- June 18, 2012.

The provisional ex-dividend dates above relate to the TOTAL shares traded on the Euronext Paris.

## 2.2. Dividend payment

BNP Paribas Securities Services manages the payment of the dividend, which is made through financial intermediaries using the Euroclear France direct payment system.

The Bank of New York Mellon (101 Barclay Street 22 W, New York, NY 10286, USA) manages the payment of dividends to holders of American Depositary Receipts (ADRs).

### 2.2.1. Dividend payment on Stock Certificates

TOTAL issued Stock Certificates (*certificats représentatifs d'actions*, "CRs") as part of the public exchange offer for PetroFina shares. The CR is a stock certificate provided for by French Law, issued by Euroclear France, intended to circulate exclusively outside of France, and which may not be held by French residents. The CR is issued as a physical certificate that is registered in a custody account, and has the characteristics of a bearer security. The CR is freely convertible from a physical certificate into a security registered on a custody account and conversely. However, pursuant to the Belgian law of December 14, 2005 on the dematerialization of securities in Belgium, CRs may only be delivered in the form of a dematerialized certificate once this law became effective on January 1, 2008. New CRs were issued following TOTAL's four-for-one stock split in 2006. ING Belgique is the bank handling the payment of any coupon detached from any outstanding CR.

No fees are applicable to the payment of coupons detached from CRs, except for any income or withholding taxes; the payment may be received at the teller windows of the following institutions:

ING Belgique	Avenue Marnix 24, 1000 Brussels, Belgium
BNP Paribas Fortis	Montagne du Parc 3, 1000 Brussels, Belgium
KBC BANK N.V.	Avenue du Port 2, 1080 Brussels, Belgium

### 2.2.2. Strips-VVPR TOTAL

Strips-VVPR are securities that allow a shareholder resident in Belgium to reduce the Belgian withholding tax applicable to securities income on the dividend paid by TOTAL from 25% to 15%. These Strips-VVPR are traded separately from TOTAL shares and are listed on the semi-official market (*marché semi-continu*) of the Brussels stock exchange. According to the Belgian law of December 14, 2005 on the dematerialization of securities in Belgium, the Strips VVPR may only be delivered in the form of a dematerialized certificate after this law became effective on January 1, 2008.

Strips-VVPR grant rights only if accompanied by TOTAL shares. There were 227,734,056 strips-VVPR TOTAL outstanding as of December 31, 2010.

## 2.3. Coupons

For the year ended	Ex-dividend date	Payment date	Expiration date	Type	Net amount (€)	Net amount (€) <sup>(a)</sup>
2003	05/24/2004	05/24/2004	05/24/2009	Dividend	4.70	1.18
2004	11/24/2004	11/24/2004	11/24/2009	Interim dividend	2.40	0.60
	05/24/2005	05/24/2005	05/24/2010	Remainder	3.00	0.75
2005	11/24/2005	11/24/2005	11/24/2010	Interim dividend	3.00	0.75
	05/18/2006 <sup>(b)</sup>	05/18/2006 <sup>(b)</sup>	05/18/2011	Remainder	3.48	0.87
2006	11/17/2006	11/17/2006	11/17/2011	Interim dividend	0.87	0.87
	05/18/2007	05/18/2007	05/18/2012	Remainder	1.00	1.00
2007	11/16/2007	11/16/2007	11/16/2012	Interim dividend	1.00	1.00
	05/20/2008	05/23/2008	05/23/2013	Remainder	1.07	1.07
2008	11/14/2008	11/19/2008	11/19/2013	Interim dividend	1.14	1.14
	05/19/2009	05/22/2009	05/22/2014	Remainder	1.14	1.14
2009	11/13/2009	11/18/2009	11/18/2014	Interim dividend	1.14	1.14
	05/27/2010	06/01/2010	06/01/2015	Remainder	1.14	1.14
2010 <sup>(c)</sup>	11/12/2010	11/17/2010	11/17/2015	Interim dividend	1.14	1.14
	05/23/2011	05/26/2011	05/26/2016	Remainder	1.14	1.14

(a) Net amounts adjusted to take into account the four-for-one stock split on May 18, 2006.

(b) In addition, on May 18, 2006, each TOTAL share was granted an allotment right for an Arkema share, with ten allotment rights entitling the holder to one Arkema share.

(c) A resolution will be submitted to the Shareholder's Meeting on May 13, 2011 to pay a cash dividend of €2.28 per share for fiscal year 2010. Taking into account the interim dividend of €1.14 per share with an ex-dividend date of November 12, 2010 and payment date of November 17, 2010, the final dividend would be €1.14 per share with an ex-dividend date of May 23, 2011 and payment date of May 26, 2011.

## 3. Share buybacks

The Shareholders' Meeting of May 21, 2010, after acknowledging the Report of the Board of Directors, authorized the Board of Directors, in accordance with the provisions of Article L. 225-209 of the French Commercial Code and of European Regulation 2273/2003 dated December 22, 2003, to buy and sell the Company's shares within the framework of a share buyback program. The maximum purchase price was set at €70 per share. The number of shares acquired may not exceed 10% of the authorized share capital. This authorization was granted for a

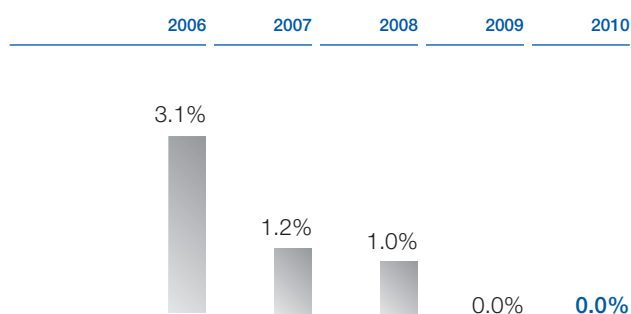
period of 18 months and replaced the previous authorization granted by the Shareholders' Meeting of May 15, 2009.

A resolution will be submitted to the Shareholders' Meeting on May 13, 2011 to authorize trading in TOTAL shares through a share buyback program performed in accordance with the provisions of Article L. 225-209 of the French Commercial Code and of Council Regulation 2273/2003 dated December 22, 2003. This program is described on pages 134 and 135 of this Registration Document.

### 3.1. Share buybacks and cancellations in 2010

In 2010, TOTAL did not buy back any shares. Over the 24 months prior to December 31, 2010, the Company cancelled 24,800,000 TOTAL shares, representing 1.1% of the share capital as of December 31, 2010.

Percentage of share capital bought back<sup>(1)</sup>



### 3.2. Board's report on share buybacks and sales

#### 3.2.1. Share buybacks during 2010

In 2010, TOTAL did not buy back any shares.

#### 3.2.2. Shares held in the name of the Company and its subsidiaries as of December 31, 2010

As of December 31, 2010, the Company held 12,156,411 treasury shares, representing 0.52% of TOTAL's share capital. By law, the voting rights and dividend rights of these shares are suspended.

After taking into account the shares held by Group subsidiaries that are entitled to a dividend but deprived of voting rights, the total number of TOTAL shares held by the Group as of December 31, 2010 was 112,487,679, representing 4.79% of TOTAL's share capital, comprised of, on the one hand, 12,156,411 treasury shares, including 6,012,460 shares held to cover restricted share grants and 6,143,951 shares to cover new share purchase option plans or new restricted share grants and, on the other hand, 100,331,268 shares held by subsidiaries.

For shares bought back to be allocated to Company or Group employees as part of one of the provisions referred to in Article 3

of EC Regulation No. 2273/2003 of December 22, 2003, note that when such shares are held to cover call options that have expired or restricted share grants that have not been awarded at the end of the vesting period, they will be allocated to new TOTAL share purchase options plans or restricted share grants that could be approved by the Board of Directors.

#### 3.2.3. Sale of shares during 2010

1,263,272 TOTAL shares were sold in 2010 at an average price of €39.03 per share through the exercise of TOTAL share purchase options granted under share purchase option plans decided by the Board of Directors on July 9, 2002.

In addition, 1,656,239 TOTAL shares were sold in 2010 pursuant to the shares finally awarded under the restricted share grants approved by the Board of Directors on July 19, 2005, July 18, 2006, July 17, 2007, September 9, 2008, September 15, 2009 and September 14, 2010, and pursuant to the shares finally awarded by anticipation under the global free share grant decided by the Board of Directors on May 21, 2010.

Due to the implementation of the performance condition, the acquisition rate was 60% for the 2008 Plan.

(1) Average share capital of year N = (share capital as of December 31, N-1 + share capital as of December 31, N) / 2. Excluding share buybacks related to the restricted shares granted under the 2005, 2006, 2007 and 2008 plans.

### 3.2.4. Cancellation of Company shares during 2009, 2010 and 2011

Pursuant to the authorization granted by the Shareholders' Meeting of May 11, 2007 to reduce the share capital by up to 10% by cancelling shares held by the Company during a 24-month period, the Board of Directors decided on July 30, 2009 to cancel 24,800,000 shares accounted for as long-term securities in the parent company's financial statements.

This authorization will no longer be valid from the date of the Shareholders' Meeting to approve the financial statements for the year ending December 31, 2011.

Based on 2,349,640,931 shares outstanding as of December 31, 2010, and given the cancellations carried out on July 30, 2009 (24,800,000 shares), the Company may cancel a maximum of 210,164,093 shares up to and including July 30, 2011, before reaching the cancellation threshold of 10% of share capital cancelled during a 24-month period.

### 3.2.5. Reallocation for other approved purposes during fiscal year 2010

Shares purchased by the Company under the authorization granted by the Shareholders' Meeting of May 16, 2008, or under previous authorizations, were not reallocated in 2010 to purposes other than those initially specified at the time of purchase.

### 3.2.6. Conditions for the buyback and use of derivative products

Between January 1, 2010 and February 28, 2011, the Company did not use any derivative products on the financial markets as part of the share buyback programs successively authorized by the Shareholders' Meeting on May 15, 2009 and the Shareholders' Meeting on May 21, 2010.

### 3.2.7. Shares held in the name of the Company and its subsidiaries as of February 28, 2011

As of February 28, 2011, the Company held 12,155,685 TOTAL treasury shares, representing 0.52% of TOTAL's share capital. By law, the voting rights and dividend rights of these shares are suspended.

After taking into account the shares held by Group subsidiaries that are entitled to a dividend but deprived of voting rights, the total number of TOTAL shares held by the Group as of February 28, 2010, was 112,486,953, representing 4.79% of TOTAL's share capital, comprised of, on the one hand, 12,155,685 treasury shares, including 6,012,460 shares held to cover restricted share grants and 6,143,225 shares to cover new share purchase option plans or new restricted share grants and, on the other hand, 100,331,268 shares held by subsidiaries.

#### Summary table of transactions completed by the Company involving its own shares from March 1, 2010 to February 28, 2011<sup>(a)</sup>, excluding sales related to restricted share grants:

	Gross cumulated flows		Open positions as of February 28, 2011			
	Purchases	Sales <sup>(b)</sup>	Open buy positions		Open sell positions	
Number of shares	-	899,344	Bought calls	Forward buys	Sold calls	Forward sells
Average maximum maturity date	-	-	-	-	-	-
Average transaction price (€)	-	39.03	-	-	-	-
Average exercise price	-	-	-	-	-	-
Amounts (M€)	-	35.1	-	-	-	-

(a) In compliance with the applicable regulations as of February 28, 2011, the period indicated commenced the day after the date used as a reference for the publication of information regarding the previous program (Registration Document 2009).

(b) Shares disposed of pursuant to the exercise of TOTAL share purchase options as part of the share purchase option plan decided by the Board of Directors on July 9, 2002.

In addition, 1,655,843 TOTAL shares were sold between March 1, 2010, and February 28, 2011, pursuant to the shares finally awarded under the restricted share grants approved by the Board of Directors on July 19, 2005, July 18, 2006, July 17, 2007, September 9, 2008, September 15, 2009 and September 14, 2010, and pursuant to the shares finally awarded by anticipation under the global free share grant decided by the Board of Directors on May 21, 2010.

Due to the implementation of the performance condition, the acquisition rate was 60% for the 2008 Plan.

#### As of February 28, 2011

<b>Percentage of share capital held by TOTAL S.A.</b>	<b>0.52%</b>
Number of shares held in portfolio <sup>(a)</sup>	12,155,685
Book value of the portfolio (at purchase price) (M€)	477
Market value of the portfolio (M€) <sup>(b)</sup>	540
<b>Percentage of capital held by the entire Group<sup>(c)</sup></b>	<b>4.79%</b>
Number of shares held in portfolio	112,486,953
Book value of the portfolio (at purchase price) (M€)	3,503
Market value of the portfolio (M€) <sup>(b)</sup>	4,996

(a) TOTAL S.A. did not buy back any shares during the 3 business days preceding February 28, 2011. As a result, TOTAL S.A. owns all the shares held in portfolio as of this date.

(b) Based on a closing price of €44.41 per share as of February 28, 2011.

(c) TOTAL S.A., Total Nucléaire, Financière Valorgest, Sogapar and Fingestval.



### 3.3. 2011-2012 share buyback program

#### 3.3.1. Description of the share buyback program under Article 241-1 and following of the French Financial Markets Authority (*Autorité des marchés financiers*) General Regulation

##### Objectives of the share buyback program:

- reduce the Company's capital through the cancellation of shares;
- honor the Company's obligations related to securities convertible or exchangeable into Company shares; and
- honor the Company's obligations related to stock option programs or other share grants to the Company's management and employees of the Company or Group Companies;
- deliver shares (by exchange payment or otherwise) in case of external growth operations;
- animate the secondary market or the liquidity of the TOTAL share as part of a liquidity agreement.

#### 3.3.2. Legal framework

Implementation of the share buyback program, which falls within the legal framework created by French Law No. 98-546 of July 2, 1998, containing various economic and financial provisions and within the framework of the provisions of European Regulation No. 2273/2003 of December 22, 2003 is subject to approval by TOTAL S.A. Shareholders' Meeting of May 13, 2011, through the fifth resolution, which reads as follows:

"Upon presentation of the report by the Board of Directors, and certain information appearing in the description of the program prepared in accordance with Articles 241-1 and thereafter of the General Regulation (*règlement général*) of the French Financial Markets Authority (*Autorité des marchés financiers*) and pursuant to the provisions of Article L. 225-209 of the French Commercial Code and of Council Regulation No. 2273/2003 dated December 22, 2003, and voting under conditions for quorum and majority required for ordinary general meetings, the shareholders hereby authorize the Board of Directors to buy or sell shares of the company within the framework of a share buyback program.

The purchase, sale or transfer of these shares can be completed by any means on regulated markets, multilateral trading facilities or over the counter, including the purchase or sale of blocks of shares under the conditions authorized by the relevant market authorities. Within this framework, this includes using any financial derivative instrument traded on regulated markets, multilateral trading facilities or over the counter and implementing option strategies.

These transactions may be carried out at any time, except any public offering periods applying to the Company's share capital, in accordance with the applicable rules and regulations.

The maximum purchase price is set at €70 per share.

In case of a capital increase by incorporation of reserves and restricted share grants, and in the case of a stock-split or a reverse-stock-split, this maximum price shall be adjusted by applying the ratio of the number of shares outstanding before the transaction to the number of shares outstanding after the transaction.

Pursuant to Article L. 225-209 of the French Commercial Code, the maximum number of shares that may be bought back under this authorization may not exceed 10% of the total number of shares outstanding, as this number may be adjusted from time to time as a result of transactions after the date of the present meeting, and under no circumstances may the Company hold, either directly or indirectly through indirect subsidiaries, more than 10% of its share capital.

As of December 31, 2010, of the 2,349,640,931 shares outstanding at this date, the Company held 12,156,411 shares directly and 100,331,268 shares indirectly through its subsidiaries, for a total of 112,487,679 shares. Under these circumstances, the maximum number of shares that the Company could buy back is 122,476,414 shares, and the maximum amount that the Company may spend to acquire such shares is €8,573,348,980.

The purpose of this share buyback program is to reduce the number of shares outstanding or to allow the Company to fulfill its engagements in connection with:

- convertible or exchangeable securities that may give holders rights to receive shares upon conversion or exchange;
- share purchase option plans, employee shareholding plans, company savings plans, or other share allocation programs for management or employees of the Company or of Group companies (in particular as part of restricted share grants).

Share buybacks could be motivated by a market practice recognized by the French Financial Market Authority, knowingly:

- deliver shares (by exchange payment or otherwise) in case of external growth operations; or
- animate the secondary market or the liquidity of the TOTAL share by an investment service provider as part of a liquidity agreement compliant with the ethical rules recognized by the French Financial Market Authority.

This program may also be used by the Company to trade in its own shares, either on or off the market, for any other purpose that is authorized or any permitted market practice, or any other purpose that may be authorized or any other market practice that may be permitted under the applicable law or regulation. In case of transactions other than the mentioned intended purpose, the Company will inform its shareholders in a press release.

According to the intended purpose, the treasury shares that are acquired by the Company through this program may be:

- cancelled up to the maximum legal limit of 10% of the total number of shares outstanding on the date of the operation during each 24-month period;
- granted to the employees of the Group and to the management of the Company or of other companies in the Group;
- delivered to the holders of Company's share purchase options having exercised such options;
- sold to employees, either directly or through the intermediary of Company savings plans; or
- delivered to the holders of securities that grant such rights to receive such shares, either through redemption, conversion, exchange, presentation of a warrant or in any other manner;
- used in any other manner that is consistent with the purpose stated in this resolution.

While they are held by the Company, such shares will be deprived of voting rights and dividend rights.

This authorization is granted for a 18-month period from the date of this meeting or until the date such authorization is renewed at a Shareholders' Meeting prior to the expiration of such 18-month period.

The Board of Directors is hereby granted full authority, with the right to delegate such authority, to undertake all actions necessary or desirable to carry out the program or programs authorized by this resolution. This resolution renders ineffective, up to unused portion, the previous authorization granted by the sixth resolution of the Shareholders' Meeting held on May 21, 2010."

The Shareholders' Meeting of May 11, 2007 had also authorized the Board of Directors to reduce the capital by cancellation of shares up to a maximum of 10% of the share capital over a period of twenty-four months in accordance with the following resolution:

"Upon presentation of the report of the Board of Directors and the auditors' special report, and ruling under conditions for quorum and majority required for extraordinary general meetings, the shareholders hereby authorize the Board of Directors, in accordance with Article L. 225-209 of the French Commercial Code, to reduce the company's capital on one or more occasions by cancelling shares that the Company holds or that it could hold as a result of purchases made in connection with this same article. The shareholders hereby grant all powers to the Board of Directors, with the option to sub-delegate such powers under conditions provided for by law, to carry out such capital reduction or reductions based on its decisions alone, in 24-month periods and within the limit of 10% of the total number of shares outstanding as of the transaction date, to decide on the amount, and to apply the difference between the buyback value of the securities and their par value against any reserves or premiums, to amend the by-laws accordingly, and to complete all necessary formalities related thereto. This authorization shall cancel and replace any unused amounts otherwise available under the authorization granted by the thirteenth resolution of the Shareholders' Meeting of May 7, 2002 and shall expire at the conclusion of the Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2011."

### 3.3.3. Conditions

#### Maximum share capital to be purchased and maximum funds allocated to the transaction

The maximum number of shares that may be purchased under the authorization proposed to the Shareholders' Meeting of May 13, 2011, may not exceed 10% of the total number of shares outstanding, with this limit applying to an amount of the Company's share capital that will be adjusted, if necessary, to include transactions affecting the share capital subsequent to this meeting; purchases made by the Company cannot in any case result in the Company holding more than 10% of the share capital, either directly or indirectly through subsidiaries.

Before any share cancellation under the authorization given by the Shareholders' Meeting of May 11, 2007, based on the number of shares outstanding as of December 31, 2010 (2,349,640,931 shares), and given the 112,486,953 shares held by the Group as of February 28, 2011, representing 4.79% of the share capital, the maximum number of shares that may be purchased would be 122,477,140 shares representing a theoretical maximum investment of €8,573,399,800 based on the maximum purchase price of €70.

#### Conditions for buybacks

Such shares may be bought back by any means on regulated markets, multilateral trading facilities or over the counter, including the purchase or sale of blocks of shares under the conditions authorized by the relevant market authorities. Within this framework, this includes using any financial derivative instrument traded on a regulated market, multilateral trading facilities or over the counter and implementing option strategies, with the Company taking measures, however, to avoid increasing the volatility of its stock. The portion of the program realized through the purchase of blocks of shares will not be subject to quota allocation, up to the limit set by this resolution. These shares may be bought back at any time in accordance with current regulation, except any public offering periods applying to the Company's share capital.

#### Duration and schedule of the share buyback program

In accordance with the fifth resolution, which will be subject to approval of the Shareholders' Meeting of May 13, 2011, the share buyback program may be implemented over an 18-month period following the date of this meeting, expiring therefore on November 13, 2012.

#### Transactions carried out under the previous program

Transactions carried out under the previous program are listed in the special report of the Board of Directors on share buybacks (see pages 132 and 133 of this Registration Document).

## 4. Shareholders

### 4.1. Relationship between TOTAL and the French State

Since the decree of December 13, 1993 providing for a unique Elf Aquitaine share to the French State was repealed on October 3, 2002, no agreement governing shareholding relationships between TOTAL (or its subsidiary Elf Aquitaine) and the French State has been implemented.

### 4.2. Merger of Total with PetroFina in 1999

In December, 1998, Total<sup>(1)</sup> signed an in-kind contribution agreement with Electrafina, Investor, Tractebel, Electrabel and AG 1824 (the Contributors), under which the Contributors exchanged their PetroFina shares. Total then launched in 1999 a public exchange offer for the remaining PetroFina shares not in its possession, at the same parity of exchange as the previous one. Following this public offer, Total held 98.8% of Petrofina's share capital. In October 2000, TotalFinaElf launched, at the same parity of exchange as the previous one, a complementary public exchange offer for the PetroFina shares not yet held by the Company. As of December 31, 2000, TotalFinaElf held 99.6% of PetroFina's share capital. Then in April 2001, the Extraordinary Shareholders' Meeting of Total Chimie approved TotalFinaElf's contribution to Total Chimie (a 100% subsidiary of TOTAL S.A.) of the entire interest held by the Company in PetroFina. Finally in September, 2001, the Board of Directors of Total Chimie decided to launch a squeeze-out procedure for the 90,129 PetroFina shares not yet held. Since the end of the squeeze-out, all shares of PetroFina have been held by Total Chimie.

On December 22, 2006, the Court of Appeal of Brussels rendered a decision in which it put an end to the escrow ordered by the Commercial Court of Brussels dated April 15, 2002, following a motion for a summary hearing filed by minority PetroFina shareholders holding 4,938 shares. In May 2003, the same group of former minority PetroFina shareholders brought a complaint against Total Chimie and PetroFina before the Commercial Court of Brussels contesting, in particular, the price offered by Total Chimie in the squeeze-out procedure and the terms of PetroFina's sale of the assets of Fina Exploration Norway (FEN SA) to Total Norge AS in December 2000. In June 2006, the same group of shareholders brought a complaint against TOTAL S.A. On May 31, 2007 and February 8, 2008, the Commercial Court of Brussels rendered preliminary rulings in which it appointed an expert to examine the valuation of PetroFina's assets in Angola and Norway with regard to the squeeze-out procedure launched by Total Chimie. On April 16, 2008, Total Chimie, PetroFina and TOTAL S.A. appealed the decisions rendered by the Commercial Court of Brussels. The legal proceeding is currently pending before the Court of Appeals of Brussels. Following the withdrawal of several minority shareholders, the plaintiffs account for less than 2,000 securities as of today.

### 4.3. Merger of TotalFina with Elf Aquitaine

In 1999, the Boards of Directors of TotalFina and Elf Aquitaine recommended to their shareholders that the two companies merge through a public exchange offer. TotalFina acquired 254,345,078 shares of Elf Aquitaine in exchange for 371,735,114 new TotalFina shares. In 2000, the Board of Directors launched an offer for the remaining Elf Aquitaine shares not yet held by the Company. Upon completion of this offer, TotalFinaElf acquired 10,828,326 shares of Elf Aquitaine in exchange for 14,437,768 new TotalFinaElf shares.

Pursuant to the public tender offer followed by a squeeze out announced on March 24, 2010, TOTAL S.A. now owns 100% of the securities issued by Elf Aquitaine.

The offer, which took place from April 16 to 29, 2010, at the price of €305 per share (including the remaining 2009 dividend), was

intended for all of the Elf Aquitaine shares that were not held directly or indirectly by TOTAL S.A., representing 1,468,725 Elf Aquitaine shares (0.52% of the share capital and 0.27% of the company's voting rights).

The squeeze out procedure was implemented on April 30, 2010 to acquire all the Elf Aquitaine shares targeted by the offer and which had not been tendered to the offer by the minority shareholders upon payment of a compensation per share set at the price of the offer, *i.e.*, €305 per Elf Aquitaine share (including the remaining 2009 dividend).

Elf Aquitaine shares were delisted from Euronext Paris on April 30, 2010 (AMF notice No. 210C0376).

(1) The name "Total" was changed to "TotalFina S.A." on June, 14 1999. The name "TotalFina S.A." was then changed to "TotalFinaElf S.A." by the Shareholders' Meeting of March 22, 2000. It was then changed to "TOTAL S.A." by the Shareholders' Meeting of May 6, 2003.

## 4.4. Major shareholders

### 4.4.1. Changes in major shareholders' holdings

The major shareholders of TOTAL as of December 31, 2010, 2009 and 2008 are set forth in the table below:

As of December 31	2010			2009		2008	
	% of share capital	% of voting rights	% of theoretical voting rights <sup>(a)</sup>	% of share capital	% of voting rights	% of share capital	% of voting rights
Groupe Bruxelles Lambert <sup>(b)(c)</sup>	4.0	4.0	3.7	4.0	4.0	4.0	4.0
Compagnie Nationale à Portefeuille <sup>(b)(c)</sup>	1.6	1.6	1.4	1.4	1.4	1.4	1.4
Areva <sup>(b)</sup>	0.0	0.0	0.0	0.0	0.0	0.3	0.6
BNP Paribas <sup>(b)</sup>	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Group employees <sup>(b)(d)</sup>	4.0	7.7	7.1	3.9	7.5	3.8	7.4
Other registered shareholders (non-Group)	1.4	2.5	2.3	1.4	2.4	1.2	2.1
Treasury shares	4.8	-	8.3	4.9	-	6.0	-
of which TOTAL S.A.	0.5	-	0.5	0.6	-	1.8	-
of which Total Nucléaire	0.1	-	0.1	0.1	-	0.1	-
of which subsidiaries of Elf Aquitaine	4.2	-	7.7	4.2	-	4.1	-
Other bearer shareholders	84.0	84.0	77.0	84.2	84.5	83.1	84.3
of which holders of ADS <sup>(e)</sup>	8.0	8.0	7.4	7.5	7.6	8.2	8.3

(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 with an executive officer (or a representative of employees) serving as a director of TOTAL S.A.

(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 declared their acting in concert.

(d) Based on the definition of employee shareholding pursuant to Article L. 225-102 of the French Commercial Code.

(e) American Depositary Shares listed on the New York Stock Exchange.

As of December 31, 2010, the holdings of the major shareholders were calculated based on 2,349,640,931 shares, representing 2,350,274,592 voting rights exercisable at Shareholders' Meetings or 2,563,093,539 theoretical voting rights<sup>(1)</sup> including:

- 12,156,411 voting rights attached to the 12,156,411 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 established on the basis of 2,348,422,884 shares, to which were attached 2,339,384,550 voting rights that could be exercised at the Shareholders' Meeting, as of December 31, 2009, and of 2,371,808,074 shares to which were attached 2,339,251,395 voting rights that could be exercised at the Shareholders' Meeting, as of December 31, 2008.

### 4.4.2. 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.

crossed (Article L. 233-7 of the French Commercial Code), any individual or entity who directly or indirectly acquires a percentage of the share capital, voting rights or rights giving future access to the share capital of the Company which is equal to or greater than 1%, or a multiple of this percentage, is required to notify the Company within 15 days by registered mail with return receipt requested, and declare the number of securities held.

### 4.4.3. Legal thresholds

In addition to the legal obligation to inform the Company and the French Financial Markets Authority within four business days when thresholds representing 5%, 10%, 15%, 20%, 25%, 30%, 33<sup>1</sup>/<sub>3</sub>%, 50%, 66<sup>2</sup>/<sub>3</sub>%, 90% or 95% of the share capital or voting rights<sup>(2)</sup> are

In case the shares above these thresholds are not declared, any shares held in excess of the threshold and undeclared may be deprived of voting rights at future Shareholders' Meetings if, at that meeting, the failure to make a declaration 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.

(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.

(2) Pursuant to Article 223-11 of the AMF General Regulation, the number of voting rights is calculated on the basis of all outstanding shares, including those shares held by the Group that are deprived of voting rights.

All individuals and entities are 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.

Declarations are to be sent to the Vice President of the Investor Relations department in Paris (contact details in 6.8 of this chapter).

#### 4.4.4. Temporary transfer of securities

Pursuant to legal obligations, any legal entity or individual (with the exception of those described in paragraph 3 of Article L. 233-7 of the French Commercial Code) holding alone or together a number of shares representing more than 0.5% of the Company's voting rights pursuant to one or several temporary transfers or similar operations as described by Article L. 225-126 of the French Commercial Code is required to inform the Company and the French Financial Markets Authority of the number of shares temporarily held no later than the third business days preceding the shareholders' meeting at midnight.

Declarations are to be e-mailed to the Company at:  
[holding.df-shareholdingnotification@total.com](mailto:holding.df-shareholdingnotification@total.com)

Failing to declare such information, any share bought under any of the above described temporary transfer operations shall be deprived of voting rights at the relevant Shareholders' Meeting and at any Shareholders' Meeting that would be held until such shares are transferred again or returned.

#### 4.4.5. Holdings above the legal thresholds

In accordance with Article L. 233-13 of the French Commercial Code, only one shareholder, Compagnie Nationale à Portefeuille

### 4.5. Treasury shares

As of December 31, 2010, the Company held 112,487,679 TOTAL shares either directly or through its indirect subsidiaries, which represented 4.79% of the share capital, as of this date. By law, these shares are also deprived of voting rights.

For further information, see Chapter 8 (General Information - Treasury shares) of this Registration Document.

#### 4.5.1. TOTAL shares held directly by the Company (treasury shares)

The Company held 12,156,411 treasury shares as of December 31, 2010, representing 0.52% of the share capital, as of that date.

(CNP) and Groupe Bruxelles Lambert (GBL), acting in concert, holds 5% or more of TOTAL's share capital at year-end 2010.

In addition, two known shareholders held 5% or more of the voting rights exercisable at TOTAL Shareholders' Meetings at year-end 2010<sup>(1)</sup>:

#### – CNP jointly with GBL :

In the AMF notice No. 209C1156 dated September 2, 2009, CNP and GBL acting in concert declared that they held more than the threshold of 5% of the voting rights of TOTAL as of August 25, 2009 and 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<sup>(2)</sup> (based on a share capital of 2,347,601,812 shares representing 2,554,431,468 voting rights). To the Company's knowledge, CNP, jointly with GBL, held, as of December 31, 2010, 5.56% of the share capital representing 5.59% of the voting rights exercisable at Shareholders' Meetings and 5.12% of the theoretical voting rights.

#### – The collective investment fund (*fonds commun de placement*) "TOTAL ACTIONNARIAT FRANCE" :

To the Company's knowledge, the collective investment fund (*fonds commun de placement*) "TOTAL ACTIONNARIAT FRANCE" held, as of December 31, 2010, 3.11% of the share capital representing 5.94% of the voting rights exercisable at a Shareholders' Meeting and 5.44% of the theoretical voting rights<sup>(2)</sup>.

#### 4.4.6. Shareholders' agreements

TOTAL is not aware of any agreements among its shareholders.

#### 4.5.2. TOTAL shares held by Group companies

As of December 31, 2010, Total Nucléaire, a Group company wholly-owned indirectly by TOTAL held 2,023,672 TOTAL shares. As of December 31, 2010, Financière Valorgest, Sogapar and Fingestval, indirect subsidiaries of Elf Aquitaine, held respectively 22,203,704, 4,104,000 and 71,999,892 TOTAL shares, representing a total of 98,307,596 TOTAL shares. As of December 31, 2010, the Company held through its indirect subsidiaries, 4.27% of the share capital.

(1) AMF notice No. 207C1811 dated September 2, 2009

(2) 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.

## 4.6. Shares held by members of the administrative and management bodies

Related information appears on Chapter 5 (Corporate Governance, Composition of the Board of Directors and Shares held by Directors and Executive Officers) of this Registration Document.

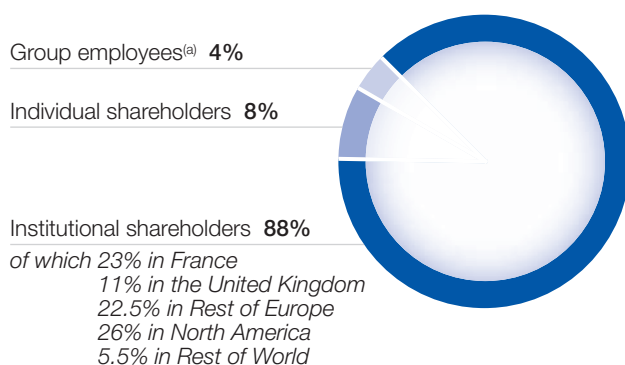
## 4.7. Employee shareholding

Related information appears in Chapter 5 (Corporate Governance, Arrangements for involving employees in the capital of the Company) and Chapter 8 (General Information, Employee incentives and profit-sharing) of this Registration Document.

## 4.8. Shareholding structure

(Estimates as of December 31, 2010, excluding treasury shares)

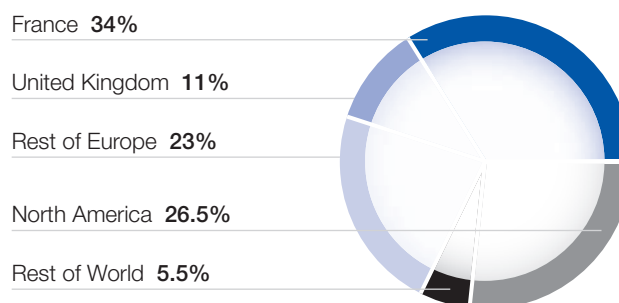
### 4.8.1. By shareholder type



(a) Based on the definition of employee shareholding pursuant to Article L. 225-102 of the French Commercial Code.

The number of French individual TOTAL shareholders is estimated at approximately 540,000.

### 4.8.2. By region



## 4.9. Regulated agreements and undertakings and related party transactions

### 4.9.1. Regulated agreements and undertakings

The special report of the statutory auditors of TOTAL S.A. on regulated agreements and undertakings in accordance with Articles L. 225-38 and following of the French Commercial Code for fiscal year 2010 appears in Appendix 3, pages 272 and 273 of this Registration Document.

The list and purpose of the other regulating to agreements related to current operations entered into under normal terms and conditions and covered by Article L. 225-39 of the French Commercial Code, provided to the shareholders at the Company's corporate offices, contains no agreement likely to have a significant impact on the Company's financial situation.

### 4.9.2. Related party transactions

Details of transactions with related parties as required by the regulations adopted under EC regulation No. 1606/2002, entered into by the Group Companies during fiscal years 2008, 2009 or 2010, appear in Note 24 to the Consolidated Financial Statements of this Registration Document.

These transactions primarily concern equity affiliates and non-consolidated companies in which TOTAL exercises significant influence.



## 5. Information for overseas shareholders

### 5.1. United States holders of ADRs

Information intended for U.S. holders of TOTAL's American Depositary Shares (ADSs), represented by American Depositary Receipts (ADRs), is provided in the Form 20-F filed by TOTAL S.A. with the United States Securities and Exchange Commission for the year ended December 31, 2010.

### 5.2. Non-resident shareholders (other than U.S. shareholders)

In addition to Euronext Paris, TOTAL's shares have been listed on the London Stock Exchange since 1973 and on the Brussels stock exchange since 1999.

### 5.3. Dividends

Dividends paid to non-French resident shareholders are generally subject to French withholding tax at a rate of 25%.

This withholding tax is reduced to 19% with respect to dividends received as from January 1, 2011 by individuals who are residents within the European Union, in Iceland and in Norway.

In accordance with the French Finance Law for 2009 (*Loi de Finances rectificative pour 2009*), dated December 30, 2009, dividends paid to not-for-profit organizations that are residents of the European Union, Iceland or Norway are generally subject to the French withholding tax rate of 15% under certain conditions provided for by an Administrative guideline B.O.I 4 H-2-10.

Besides, future court cases may take position on whether or not the application of French withholding tax on French-source-dividends paid to non French investment/pension funds is contrary to the EU principle of freedom of movement of capital.

This summary does not address the specific withholding tax regime at a rate of 50% applicable to dividends transferred to so called "Non Cooperative Countries and Territories" or NCCTS within the meaning of the new Section 238-0A of the French Tax Code. A list of NCCTS will be established annually and updated by the French tax authorities. According to many tax treaties signed between France and other countries ("Tax Treaties"), the rate of French withholding tax is reduced in the case of dividends paid to a beneficial owner of the dividend that is a resident of one of these countries as defined by the Tax Treaties, provided that certain requirements are satisfied ("Eligible Holder").

Countries with which France has signed a Tax Treaty providing for a reduction of the French withholding tax rate on dividends to 15% include Austria, Belgium, Canada, Germany, Ireland, Italy, Japan, Luxembourg, Norway, the Netherlands, Singapore, South Africa, Spain, Switzerland, and the United Kingdom (this is not an exhaustive list).

Administrative Guidelines issued by the French Tax Authorities set forth the conditions under which the reduced French withholding tax rate of 15% may be available. The immediate application of the reduced 15% rate is available only to Eligible Holders who may benefit from the so-called "simplified procedure" and are residents of a country with which France has concluded a Tax Treaty that provides for a reduction of the withholding tax.

Under the "simplified procedure", such Eligible Holders may claim the immediate application of the reduced 15% withholding tax on

the dividends to be received by them, provided that they provide the financial institution managing their securities with a certificate of residence conforming to the model attached to the Administrative Guidelines. The instant application of the 15% withholding tax rate will be available only if the certificate of residence is sent to the financial institution managing their securities before the dividend payment date. Furthermore, each financial institution managing the eligible Holders' securities must also send to the French paying agent the figure of the total amount of dividends eligible for the reduced withholding tax rate before the dividend payment date.

Where the foreign Eligible Holder's identity and tax residence are known by the French paying agent, the latter may release such foreign Eligible Holder from providing the financial institution managing its securities with the above-mentioned certificate of residence, and apply the 15% withholding tax rate to dividends it pays to such foreign Eligible Holder.

For an Eligible Holder that is not entitled to the so-called "simplified procedure", the 25% French withholding tax will be levied at the time the dividends are paid. Such Eligible Holder may, however, be entitled to a refund of the withholding tax in excess of the 15% rate under the standard procedure, as opposed to the "simplified procedure", provided that the Eligible Holder provides the French paying agent with an application for refund on a specific forms (Forms N° 5000 and 5001 or any other relevant form to be issued by the French tax authorities) before December 31 of the second year following the date of payment of the withholding tax at the 25% rate. Any French withholding tax refund is generally expected to be paid within 12 months from the filing of the abovementioned forms. However, it will not be paid before January 15 of the year following the year in which the dividend was paid. The "simplified procedure" is not applicable to Swiss corporate holders and Singapore resident holders.

Copies of the French forms mentioned above are, in principle, available from the French non-resident tax office, at the following address:

Centre des Impôts des Non-Résidents, 10, rue du Centre, 93463 Noisy-le-Grand, France.

The foreign taxation of dividends varies from one country to another according to their respective tax legislation.

In most countries, the gross amount of dividends generally included in the recipient's taxable income. Subject to certain

conditions and limitations, French withholding taxes on dividends will be eligible for credit against the holder's income tax liability.

However, there are certain exceptions. For instance, in Belgium, a so-called *précompte mobilier* of 15% is applicable to the net dividends received by individual shareholders.

#### Taxation of Disposition of Shares

In general, a non-French resident holder will not be subject to French tax on any capital gain from the sale of shares in a French company unless the shares form part of a business property of a permanent establishment or a fixed base that the non-French residents has in France.

A 3% French registration duty assessed on the higher of the purchase price and the market value of the shares (subject to a cap of €5,000 per transfer) applies to certain transfer of shares in French companies. However, this duty does not apply to transfer of shares in TOTAL provided that the transfer is not evidenced by a written agreement executed in France.

A holder may recognize capital gain or loss upon the sale of shares in its country of tax residence.

Because the foregoing is a general summary, holders are advised to consult their own tax advisors in order to determine the effect of the Tax Treaties and the applicable procedures as well as their income tax and more generally the tax consequences of the ownership of shares applicable in their particular tax situations.

## 6. Investor Relations

### 6.1. Communication policy

In addition to the French version of its Registration Document filed each year with the French Financial Markets Authority (*Autorité des marchés financiers*) the Group provides information regularly on its operations on reports and newsletters as well as its website [www.total.com](http://www.total.com) and through press releases for significant news. The Group's presentations on its results and outlook are also available on its website.

This English version of the *Document de référence* (Registration Document) is provided for information purposes only. The Company also files an annual report on Form 20-F, in English, with the United

States Securities and Exchange Commission (SEC) (see page 162 of this Registration Document).

The Group holds regular information sessions and participates in conferences for shareholders, investors and financial analysts, both in France and abroad.

In 2010, TOTAL was awarded several prizes by the Institutional Investor Research Group, the IR Magazine and the Thomson Exel Survey, including a prize for the best Investor Relations Department among listed oil and gas companies (Oil & Gas) for the quality of its financial communication policy.

### 6.2. Relationships with institutional investors and financial analysts

Members of the Group's management regularly meet with portfolio managers and financial analysts in the leading financial centers throughout the world (Europe, North America, Asia and the Middle East).

The first series of meetings are held annually in the first quarter, after publication of the results for the prior fiscal year. The second set of meetings takes place in the third quarter of the year. Material from those meetings is available on the Group's website ([www.total.com](http://www.total.com), heading Investors/Presentations).

As in previous years, three phone conferences were led by the Group's Chief Financial Officer in 2010 to discuss results for the first, second and third quarters of the year. These conferences are available on the Group's website ([www.total.com](http://www.total.com), heading Investors/Results).

In 2010, about 600 meetings bringing together institutional investors and analysts were organized by the Group.

The Group maintains an active dialogue with shareholders on issues related to Corporate Social Responsibility (CSR) through:

- Annual publication of the Society and Environment report.
- With a dedicated team, the Investor Relations department is available to investors and provides responses to their questions about the Group's social and environmental responsibilities (ethics, governance, safety, health and environmental protection, contribution to the development of local communities, future energies, measures to combat climate change).
- Meetings focused on these issues are organized and attended by shareholders in Europe and in the United States. Nearly 70 meetings were held in 2010. To better meet the investors' expectations, TOTAL also organized group meetings in 2010 related to energy efficiency, combating climate change (with a visit of the carbon capture and storage pilot in southwestern France), Sudan and oil sands.

(1) Subject to having entered into a brokerage services contract, which is free of charge.

### 6.3. A quality relationship serving Individual Shareholders

TOTAL's Individual Shareholder Relations Department is the first ISO 9001 version 2000 certified-shareholder service for its communication policy with individual shareholders. This certification was issued by AFNOR following a thorough audit of the various processes implemented in terms of communication with individual shareholders.

To achieve this goal, TOTAL optimized its communication tools by implementing a Customer Relationship Management (CRM) software designed for increasing its personal interactions with every individual shareholder through a contact log.

Follow-up audits are conducted on a yearly basis and on September 27, 2010, a new certification audit was conducted. TOTAL's Individual Shareholder Relations Department was awarded a new certification for three years, which demonstrated the Group's strong commitment to providing individual shareholders with valuable financial information over the long term.

In 2010, TOTAL won the 2010 Boursorama Award for Best Financial Information organized by Boursorama, the Best Shareholders' Circle and the Second Shareholders Service prizes awarded by the readers of the *Le Revenu* magazine and the Transparency and Financial Information prize awarded by French School Sciences Po and French financial publisher *Labrador*.

As part of this quality assurance certification, a satisfaction form is available on the Group's website in order to improve the Group's feedback ([www.total.com](http://www.total.com), Individual Shareholders/Individual Shareholders Relations).

In 2010, TOTAL also continued to organize meetings and information sessions with individual shareholders, in particular as part of different events:

- The Shareholders' Meeting, held on May 21, 2010, gathered more than 3,800 attendees at the Paris Convention Center. This meeting was broadcast live and was later available on the Group's website. Notice of the meeting is sent to all holders of 250 or more bearer shares and to all registered shareholders.
- In November, the Group's Chief Financial Officer answered questions from Boursorama's website visitors during a live web chat on the third quarter results, the new dividend payment policy and news from the oil and gas industry.
- During the Actionaria Trade Show dedicated to shareholders that was held at the Convention Center in Paris in November 2010, TOTAL welcomed visitors to a booth dedicated to the *Société Nationale de Sauvetage en Mer* (French sea rescue organization) with representatives attending and devoted to offshore exploration and production professions. The event gave 1,500 shareholders the chance to attend a meeting to share views with Chairman and Chief Executive Officer Christophe de Margerie and address the events that highlighted the Group's business in 2010.

- The six meetings with individual shareholders held in 2010 in France (Clermont Ferrand, La Rochelle, Lille, Mandelieu, Orléans) and Germany (Dusseldorf) were attended by nearly 1,800 participants. In 2011, the next meetings will be held in Belgium (Antwerps) and France (Lyon, Aix-en-Provence, Strasbourg, Nantes).
- The Consultative Shareholders Committee, comprised of twelve members, held four meetings:
  - in March, during a meeting with Mr. Desmarest, then Chairman of the Board and currently Honorary Chairman of TOTAL;
  - in May, following the Shareholders' Meeting;
  - in September, at the Normandy refinery in France;
  - in December, with the Group Chief Financial Officer, at La Défense.

During these meetings, the Consultative Shareholders Committee gives its opinion on various components of the communications directed towards individual shareholders, including the Shareholders' Newsletter, the program of the Shareholders' Circle, the webzine and the electronic version of the Shareholders' notebook.

In 2010, the Consultative Shareholders Committee brought its contribution to different projects concerning individual shareholders, such as the new Shareholders' Circle program and subscription forms, preparation for the Actionaria trade show and the individual shareholders' meeting. Regarding the Shareholders' Meeting, the Consultative Shareholders Committee also addressed the format of the shareholders' meeting notice and gave its feedback on the new Society and Environment report. The Committee also gave its feedback on the Shareholders' Meeting.

The Shareholders' Circle, open to shareholders holding at least a hundred bearer shares or fifty registered share, organized more than twenty events in 2010, gathering over 1,800 shareholder-members of the Circle. They visited industrial facilities, cultural and natural sites supported by the Total Foundation and attended seminars dedicated to better understanding the Group's different businesses and expertise. Finally, they attended cultural events within the framework of the Total Foundation sponsorship policy.

In this context, more than 11,000 individual shareholders met with Group representatives in 2010.

(1) Subject to the approval of the Shareholders' Meeting of May 13, 2011.  
(2) Subject to approval by the Board of Directors.

## 6.4. Registered shareholding

TOTAL shares, which are generally bearer instruments, can be registered. In this case shareholders are identified by TOTAL S.A., in its capacity as the issuer, or by its agent, BNP Paribas Securities Services, which is responsible for the registration of shareholders.

### 6.4.1. Registration

There are two forms of registration:

- **administered registered shares:** shares are registered with TOTAL through BNP Paribas Securities Services, but the holder's financial intermediary continues to administer them with regards to sales, purchases, coupons, shareholders' meeting notices, etc.
- **pure registered shares:** TOTAL holds and directly administers shares on behalf of the holder through BNP Paribas Securities Services, which administers sales, purchases, coupons, shareholders' meeting notices, etc., so that the shareholder does not need to appoint a financial intermediary. This form of registration is not easily compatible with the registration of shares in a French share savings plan (PEA) given the administrative procedures in place.

- complete information about TOTAL: the shareholder receives, at home, all information published by the Group for its shareholders; and
- the ability to join the TOTAL Shareholders' Circle by holding at least fifty shares.

The advantages of pure registered shares, in addition to those of administered registered shares, include:

- no custodial fees;
- easier placement of market orders<sup>(1)</sup> (phone, mail, fax, internet);
- brokerage fees of 0.20% (before tax) based on the amount of the transaction, with no minimum charge and up to €1,000 per transaction; and
- possibility to check share holdings on the Internet.

To convert TOTAL shares into pure registered shares, shareholders are required to fill out a form, which can be obtained upon request from the Individual Shareholder Relations Department, and send it to his/her financial intermediary. Once BNP Paribas Securities Services receives the shares, a certificate of account registration is sent and the following are requested:

- a bank account number (or a postal account or savings account number) for payment of dividends; and
- a market service agreement to facilitate trading TOTAL shares on the stock exchange.

### 6.4.2. Main advantages of registered shares

The advantages of registered shares include:

- double voting rights if the shares are held continuously for two successive years (page 160 of this Registration Document);
- a specific toll-free number for all contacts with BNP Paribas Securities Services (a toll-free call within France from a landline): 0 800 117 000 or +33 1 40 14 80 61 (from abroad); from Monday to Friday (working days), 8:45 a.m. - 6:00 p.m. (fax +33 1 55 77 34 17); +33 1 55 77 34 17);

## 6.5. Individual Shareholders Department Contacts

For any information regarding the conversion of bearer to registered shares, membership in the Shareholders' Circle or any other general information, individual shareholders may contact:

### TOTAL S.A.

Individual Shareholder Relations Department  
2, place Jean Millier - La Défense 6  
92078 Paris La Défense Cedex  
France

Phone: From France: 0 800 039 039  
(toll-free number from a landline in France)  
Outside France: + 33 1 47 44 24 02  
From Monday to Friday, 9:00 a.m. - 12:30 p.m.  
and 1:30 p.m. - 5:30 p.m. (Paris time)

Fax: From France: 01 47 44 20 14  
Outside France: + 33 1 47 44 20 14

E-mail: From the contact form available at [www.total.com](http://www.total.com),  
heading Individual Shareholders

Contacts Jean-Marie Rossini  
(Head of Individual Shareholders Relations Department)

## 6.6. 2011 Schedule

February 11	Results for the fourth quarter and full year 2010	July 29	Results for the second quarter and the first half 2011
April 29	Results for the first quarter 2011	September 19	Ex-dividend date for the 2011 first interim dividend <sup>(2)</sup>
April 30	Meeting with individual shareholders in Antwerp (Belgium) during the VFB-Happening	September 26	Meeting with institutional investors in London Performance and mid-2011 outlook
May 13	2011 Shareholders' Meeting in Paris (Paris Convention Center)	October 11	Meeting with individual shareholders in Strasbourg (France)
May 23	Ex-dividend date for the 2010 final dividend <sup>(1)</sup>	October 28	Results for the third quarter 2011
May 25	Meeting with individual shareholders in Lyon (France)	November 18-19	Actionaria Trade Show in Paris (Convention Center)
May 26	Payment date for the 2010 final cash dividend <sup>(1)</sup>	November 29	Meeting with individual shareholders in Nantes (France)
June 8	Meeting with individual shareholders in Aix-en-Provence (France)	December 19	Ex-dividend date for the 2011 second interim dividend <sup>(2)</sup>

## 6.7. 2012 Schedule

March 19	Ex-dividend date for the 2011 third interim dividend <sup>(2)</sup>	May 11	Shareholders' Meeting in Paris (Paris Convention Center)
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## 6.8. Investor Relations Department contacts

Paris: Bertrand de La Noue  
Vice President Investor Relations  
TOTAL S.A.  
2, place Jean Millier - La Défense 6  
92078 Paris La Défense Cedex  
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# 1. Historical financial information

## 1.1. 2010, 2009 and 2008 Consolidated Financial Statements

The Consolidated Financial Statements of TOTAL S.A. and its subsidiaries (the Group) for the years ended December 31, 2010, 2009 and 2008 were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union as of December 31, 2010.

## 1.2. Statutory Financial Statements of TOTAL S.A.

The Statutory Financial Statements of TOTAL S.A., the parent company of the Group, for the years ended December 31, 2010, 2009 and 2008 were prepared in accordance with French accounting standards as applicable on December 31, 2010.

# 2. Audit of the historical financial information

The Consolidated Financial Statements for the fiscal year 2010 which appear in Appendix 1 to this Registration Document were certified by the Company's auditors. A translation of the auditors' report on the Consolidated Financial Statements is provided in Appendix 1 (page 166 for information purposes only).

TOTAL's Statutory Financial Statements for the fiscal year 2010 (under French accounting standards) which appear in Appendix 3 to this Registration Document were also certified by the Company's auditors. A translation of the auditors' report on the 2010 Statutory Financial Statements is provided in Appendix 3 (page 274) for information purpose only.

Pursuant to Article 28 of EC Regulation No 809/2004, are incorporated by reference in this Registration Document:

- the Consolidated and Statutory Financial Statement for fiscal year 2009, together with the statutory auditors' reports on the

Consolidated Financial Statements and the Statutory Financial Statements which appear on pages 182 and 288 of the French version of the Registration Document for fiscal year 2009 which was filed with the French Financial Markets Authority (*Autorité des marchés financiers*) on April 1, 2010 (and a translation is reproduced on pages 180 and 284 of the English version of such Registration Document for information purposes only);

- the Consolidated and Statutory Financial Statements for fiscal year 2008, together with the statutory auditors' reports on the consolidated financial statements and the statutory financial statements which appear on pages 176 and 278 of the French version of the Registration Document for fiscal year 2008 which was filed with the French Financial Markets Authority on April 3, 2009 (and a translation is reproduced on pages 174 and 272 of the English version of such Registration Document for information purposes only).

# 3. Other information

Financial information other than that contained in Appendix 1 or 3 of this Registration Document, in particular ratios, statistical data or other calculated data, which are used to describe the Group or its business performance, is not extracted from the audited financial statements of the issuer. Except where otherwise stated, these data are based on internal Company data.

In particular, the supplemental oil and gas information provided in Appendix 2 to this Registration Document is not extracted from the audited financial statements of the issuer and was not audited by the Company's statutory auditors. This supplemental information

was prepared by the Company based on information available to it, using its own calculations or estimates and taking into account the U.S. standards to which the Company is subject for this kind of information as a result of the listing of its shares (in the form of ADRs) on the New York Stock Exchange.

This Registration Document does not include profit forecasts or estimates, under the meaning given to such terms by EC Regulation No. 809/2004 dated April 29, 2004, for the period after December 31, 2010.

## 4. Dividend policy

The Company's dividend policy is described in Chapter 6 (TOTAL and its shareholders, Dividend) of this Registration Document.

## 5. Legal and 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.

The main legal proceedings in which the Group's companies are involved are described below.

### 5.1. 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 restoration 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.

Regarding the cause of the explosion, the hypothesis that the explosion was caused by Grande Paroisse through the accidental mixing of hundreds of kilos of a chlorine compound at a storage site for ammonium nitrate was discredited over the course of the investigation. As a result, proceedings against ten of the eleven Grande Paroisse employees charged during the criminal investigation conducted by the Toulouse Regional Court (*tribunal de grande instance*) were dismissed and this dismissal was upheld by the Court of Appeal of Toulouse. Nevertheless, the final experts' report filed on May 11, 2006 continued to focus on the hypothesis of a chemical accident, although this hypothesis was not confirmed during the attempt to reconstruct the accident at the site. After having articulated several hypotheses, the experts no longer maintain 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.

The Court of Appeal of Toulouse denied all the requests for additional investigations that were submitted by Grande Paroisse, the former site manager and various plaintiffs after the end of the criminal investigation procedure. On July 9, 2007, the investigating judge 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. The trial for this case began on February 23, 2009, and lasted approximately four months.

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 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.

The appeal proceedings are expected to start before the Court of Appeal of Toulouse on November 3, 2011.

A compensation mechanism for victims was set up immediately following the explosion. €2.3 billion were paid for the compensation of claims and related expenses amounts. As of December 31, 2010, a €31 million reserve was recorded in the Group's consolidated balance sheet.

## 5.2. Antitrust investigations

For the year ended 2010, the Group has not been fined pursuant to a Court ruling. The principal antitrust proceedings in which the Group is involved are described hereafter.

### 5.2.1. Chemicals Segment

- As part of the spin-off of Arkema<sup>(1)</sup> in 2006, TOTAL S.A. or certain other Group companies agreed to grant Arkema guarantees for potential monetary consequences related to antitrust proceedings arising from events prior to the spin-off.

These guarantees cover, for a period of ten years, 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 these guarantees.

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, these guarantees will become void.

- In the United States, investigations into certain commercial practices of some subsidiaries of the Arkema group have been closed since 2007; no charges have been brought against Arkema. Civil liability lawsuits, for which TOTAL S.A. has been named as the parent company, are about to be closed and are not expected to have a 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 an overall amount of €385.47 million, of which Elf Aquitaine and/or TOTAL S.A. and their subsidiaries were held jointly liable for €280.17 million, Elf Aquitaine being personally fined €23.6 million for deterrence. These fines are entirely settled as of today.

As a result<sup>(2)</sup>, since the spin-off, the Group has paid the overall amount of €188.07 million, corresponding to 90% of the fines overall amount once the threshold provided for by the guarantee is deducted.

The European Commission imposed these fines following investigations between 2000 and 2004 into commercial practices involving eight products sold by Arkema. Five of these investigations resulted in prosecutions from the European Commission for which Elf Aquitaine has been named as the parent company and two of these investigations named TOTAL S.A. as the ultimate parent company of the Group.

TOTAL S.A. and Elf Aquitaine are contesting their liability based solely on their status as parent companies and appealed for cancelation and reformation of the rulings that are still pending before the relevant EU court of appeals or supreme court of appeals.

Besides, a civil proceeding against Arkema and five groups of companies was initiated before a German regional court by a third party for an alleged damage pursuant to one of the above described legal proceedings. TOTAL S.A. was summoned to serve notice of the dispute before this court. At this point, the probability to have a favorable verdict and the financial impacts of this procedure are uncertain due to the number of legal difficulties it gave rise to, the lack of documented claim and the complex evaluation of the alleged damage.

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 the legal proceedings described above, a €17 million reserve is booked in the Group's consolidated financial statements as of December 31, 2010.

### 5.2.2. Downstream 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 in 2006 €20.25 million, which has been paid, and for which TOTAL S.A. was held jointly liable for €13.5 million. TOTAL S.A. appealed this decision before the relevant court and this appeal is still pending.

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 another product line of the Refining & Marketing division, 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. TOTAL S.A. also appealed this decision that is still pending before the relevant court.

- Finally, TotalGaz and Total Raffinage Marketing received in July 2009 a statement of objections from the French Antitrust Authority (*Autorité de la concurrence française*) regarding alleged antitrust practices concerning another product line of the Refining & Marketing division. The case was dismissed by decision of the French antitrust authorities on December 17, 2010.

Given the discretionary powers granted to the antitrust authorities for determining fines relating to antitrust regulations, it is not currently

(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.

(2) 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. This case is referred to in past Registration Documents.

possible to determine with certainty the outcome of these investigations and proceedings. TOTAL S.A. and Elf Aquitaine are contesting their liability and the method of determining these fines.

### 5.3. Sinking of the 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.

### 5.4. 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.

### 5.5. Myanmar

Under the Belgian "universal jurisdiction" laws of June 16, 1993 and February 10, 1999, a complaint was filed in Belgium on April 25, 2002, against the Company, its Chairman and the former president of its subsidiary in Myanmar. These laws were repealed by the Belgian law of August 5, 2003 on "serious violations of international human rights", which also provided a procedure for terminating certain proceedings that were underway. In this framework, the Belgian *Cour de cassation* terminated the proceedings against TOTAL in a decision dated June 29, 2005. The plaintiffs' request to withdraw this decision was rejected by the *Cour de cassation* on March 28, 2007.

Despite this decision, the Belgian Ministry of Justice asked the Belgian federal prosecutor to request that the investigating judge

Although it is not possible to predict the ultimate outcome of these proceedings, the Group believes that they will not have a material adverse effect on its financial situation or consolidated results.

Forty-one third parties have been compensated for an aggregate amount of €171.5 million.

By a decision dated March 30, 2010, the Court of Appeal of 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 S.A. believes that, based on the information currently available, the case should not have a significant impact on the Group's financial situation or consolidated results.

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, 2010, stands at €194 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, TOTAL's UK subsidiary was fined £3.6 million. The decision takes into account a number of elements that have mitigated the impact of the charges brought against it.

reopen the case. The Belgian federal prosecutor decided to submit the admissibility of this request to the Court of Appeal of Brussels. In its decision of March 5, 2008, the Court of Appeal confirmed the termination of the proceedings against TOTAL, its Chairman and the former president of its subsidiary, based on the principle of *res judicata* applying to the *Cour de cassation's* decision of June 29, 2005. The plaintiffs appealed the decision of March 5, 2008. On October 29, 2008, the *Cour de cassation* rejected the plaintiffs' appeal, thus ending definitively the proceedings.

TOTAL has always maintained that the accusations made against the Company and its management arising out of the activities of its subsidiary in Myanmar were without substance as a matter of fact and as a matter of law.

## 5.6. South Africa

In a threatened class action proceeding in the United States, TOTAL, together with approximately 100 other multinational companies, is the subject of accusations by certain South African citizens who alleged that their human rights were violated during the era of apartheid by the army, the police or militias, and who consider that these companies were accomplices in the actions by the South African authorities at the time.

## 5.7. 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 a consultant concerning a gas field 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.

Investigations are still pending and the Company is cooperating with the SEC and the DoJ. In 2010, the Company opened talks with U.S. authorities, without any acknowledgement of facts, to consider an out-of-court settlement. Generally, out-of-court settlements with U.S. authorities include payment of fines and the

The claims against the companies named in the class action, which were not officially brought against TOTAL, were dismissed by a federal judge in New York. The plaintiffs appealed this dismissal and, after a procedural hearing on November 3, 2008, decided to remove TOTAL from the list of companies against which it was bringing claims.

obligation to improve internal compliance systems or other measures.

In this same case, a judicial inquiry related to TOTAL was initiated in France in 2006. In 2007, the Company's Chief Executive Officer was placed under formal investigation in relation to this inquiry, as the former President of the Middle East department of the Group's Exploration & Production division. The Company has not been notified of any significant developments in the proceedings since the formal investigation was launched.

At this point, the Company cannot determine when these investigations will terminate, and cannot predict their results, or the outcome of the talks that have been initiated, or the costs of a potential out-of-court settlement. Resolving this case is not expected to have a significant impact on the Group's financial situation or any impacts on its future planned operations.

## 5.8. 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 the Tempa Rossa 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 Gorgoglione 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. The preliminary hearing judge, who will decide whether the case shall be returned to the Criminal Court to be judged on the merits, held the first hearing on December 6, 2010. The next hearing is scheduled during the first half of 2011.

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.

## 5.9. 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 judge 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 judge, 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 added to the affair.

In October 2010, the Prosecutor's office recommended to the investigating judge that the case against TOTAL S.A. and the Group's current and former employees and TOTAL's Chairman and Chief Executive Officer not be pursued. The investigating judge's decision on this matter is pending.

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.

## 5.10. 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 concerning the withdrawal of one of its subsidiary from an exploration and production project in Russia that was negotiated in the early 1990s. Elf Aquitaine believes this claim to be unfounded. On January 12, 2009, the Commercial Court of Paris rejected Blue Rapid's claim and found that the Russian Olympic Committee did not have standing in the matter. This decision has been appealed. The hearings are expected to be held during the first half of 2011.

In connection with the same facts, and fifteen years after the termination of this exploration and production project, a Russian company and two regions of the Russian Federation have launched an arbitration procedure against a former subsidiary of Elf Aquitaine that was liquidated in 2005, claiming damages of an unspecified amount at this stage of the procedure. The Group considers this claim to be unfounded. The Group has reserved its rights to take any actions and/or measures that would be appropriate to defend its interests.

## 6. Significant changes

Except for the recent events mentioned hereafter, in the Management Report of the Board of Directors (Chapter 3) or in the Business overview (Chapter 2), no significant changes in the Group's financial or commercial position have occurred since December 31, 2010, the end of the last fiscal year for which audited financial statements have been published by the Company.

In February 2011, TOTAL signed an agreement to dispose of its 48.83% interest in CEPESA. The transaction is conditioned

on obtaining all requisite approvals. For further information, see paragraph 5.3 of Chapter 8.

In early March 2011, the Group also announced the signature of two agreements on principle with the Russian Company Novatek and its major shareholders. For further information, see paragraph 5.2 of Chapter 2.





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# 1. Share capital

## 1.1. Share capital as of December 31, 2010

€5,874,102,327.50 consisting of 2,349,640,931 fully paid shares.

## 1.2. Features of the shares

There is only one class of shares, par value €2.50. A double voting right is granted to every shareholder, under certain conditions (see page 160 of this Registration Document). The shares are in bearer or registered form at the shareholder's discretion. The shares are in book-entry form and registered in an account.

## 1.3. Authorized share capital not issued as of December 31, 2010

A table summarizing the currently valid delegations and authorizations to increase share capital that have been granted by the Shareholders' Meeting to the Board of Directors, and the uses made of those delegations of authority in fiscal year 2010, is provided on page 156 of this Registration Document.

### 1.3.1. Seventeenth resolution of the Shareholders' Meeting held on May 21, 2010

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 seventeenth resolution and the eighteenth resolution (mentioned below) may not exceed €10 billion, or their exchange value, on the date of issuance.

### 1.3.2. Eighteenth resolution of the Shareholders' Meeting held on May 21, 2010

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 ability 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 likely to occur immediately or in the future cannot exceed the nominal amount of €850 million, *i.e.*, 340 million shares (delegation of authority valid for twenty-six months). The nominal amount of the capital increases

is counted against the maximum aggregate nominal amount of €2.5 billion authorized by the seventeenth resolution of the Shareholders' Meeting held on May 21, 2010.

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 seventeenth and eighteenth resolutions may not exceed €10 billion, or their exchange value, on the date of issuance.

### 1.3.3. Nineteenth resolution of the Shareholders' Meeting held on May 21, 2010

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 21, 2010 (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 eighteenth resolution of the Shareholders' Meeting held on May 21, 2010.

### 1.3.4. Twentieth resolution of the Shareholders' Meeting held on May 21, 2010

Delegation of authority to the Board of Directors to complete capital increases reserved for employees participating in the Company Savings Plan (Plan d'épargne d'entreprise), up to a maximum amount equal to 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 is being specified that the amount of the capital increase is counted against the maximum aggregate nominal amount of €2.5 billion authorized by the seventeenth resolution of the Shareholders' Meeting held on May 21, 2010.

Given that the Board of Directors made use of this delegation of authority on October 28, 2010, the authorized share capital not issued with respect to capital increases reserved for employees

participating in Company Savings Plan was €58,111,532.50 as of December 31, 2010, representing 23,244,613 shares<sup>(1)</sup>.

As a result of the use of the delegation authorizing capital increases reserved for employees decided by the Board on October 28, 2010, and given that the Board of Directors did not make use of the delegations of authority granted by the seventeenth, eighteenth and nineteenth resolutions of the Shareholders' Meeting held on May 21, 2010, the authorized capital not issued was €2.47 billion as of December 31, 2010, representing 988 million shares.

### 1.3.5. Seventeenth resolution of the Shareholders' Meeting held on May 16, 2008

Authority to grant restricted outstanding or new TOTAL shares to employees of the Group and to executives and 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 (authorization valid for thirty-eight months).

Pursuant to this authorization:

- 2,800,000 outstanding TOTAL shares were awarded on October 9, 2008, by decision of the Board of Directors at its meeting on September 9, 2008;
- 3,000,000 outstanding TOTAL shares were awarded by decision of the Board of Directors at its meeting on September 15, 2009;
- 2,579,500 new shares (or outstanding shares in the case of an anticipated final grant) under the global free TOTAL share plan intended for all Group employees by decision of the Board of Directors at its meeting on May 21, 2010; and
- 3,015,000 outstanding TOTAL shares were awarded by decision of the Board of Directors at its meeting on September 14, 2010.

As of December 31, 2010, 7,402,627 shares could still be awarded pursuant to this authorization.

### 1.3.6. Twenty-first resolution of the Shareholders' Meeting held on May 21, 2010

Authority to grant stock options reserved for TOTAL employees and to executive and 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 awarded to the Company's management (Chairman and Chief Executive Officer) cannot exceed 0.1% of the outstanding share capital on the date of the meeting of the Board of Directors that approves the stock options grant (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 to the Chairman and Chief Executive Officer. As of December 31, 2010, 30,319,613 stock options, including 2,109,640 to the Company's management (Chairman and Chief Executive Officer), could still be awarded pursuant to this authorization.

### 1.3.7. Seventeenth resolution of the Shareholders' Meeting held on May 11, 2007

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 24-month period. This authorization is effective until the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2011. The Board did not make use of this delegation of authority during fiscal year 2010.

Thus, as of December 31, 2010, taking into account the cancellation of 24,800,000 shares on July 30, 2009, pursuant to the authorization granted by the Shareholder's Meeting on May 11, 2007, 210,164,093 shares could still be cancelled under these authorizations up to and including July 30, 2011, before reaching the cancellation threshold of 10% of the share capital cancelled during a 24-month period.

(1) Assuming that the overall number of subscriptions received as part of the capital increase reserved for employees decided on October 28, 2010, and not completed yet as of December 31, 2010, reaches the maximum number of shares approved by the Board of Directors for the use of such delegation.



Summary table of valid delegations (Article L. 225-100 of the French Commercial Code) and authorizations to increase the share capital granted to the Board of Directors as of December 31, 2010:

Type	Par value limit, or maximum number of shares expressed as % of share capital (par value, number of shares or % of share capital)	Use in 2010, par value, or number of shares	Available balance as of 12/31/2010, par value, or number of shares	Date of delegation of authority or authorization	Term of authorization granted to the Board of Directors	
Maximum cap for the issuance of securities granting immediate or future rights to share capital	Issuance of debt securities representing rights to capital	10 B€ of securities	-	10 B€	ESM <sup>(a)</sup> of May 21, 2010 (17 <sup>th</sup> and 18 <sup>th</sup> resolution)	26 months
	Issuance of shares	2.5 B€, i.e. a maximum of 1,000 million shares issued with a pre-emptive subscription right, of which	12 million shares (within the specific sub-cap 2/ below)	2.47 B€ (i.e. 988 million shares) <sup>(b)</sup>	ESM <sup>(a)</sup> of May 21, 2010 (17 <sup>th</sup> resolution)	26 months
		1/ a specific sub-cap of 850 M€, i.e. a maximum of 340 million shares for issuances without 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	-	850 M€	ESM <sup>(a)</sup> of May 21, 2010 (18 <sup>th</sup> resolution)	26 months
		a sub-cap of 10% of the share capital on the date of the Shareholders' Meeting on May 21, 2010 <sup>(c)</sup> (587.2 M€) through in-kind contributions when provisions of Article L. 225-148 of the French Commercial Code are not applicable	-	587.2 M€	ESM <sup>(a)</sup> of May 21, 2010 (19 <sup>th</sup> resolution)	26 months
		2/ a specific sub-cap of 1.5% of the share capital on the date of Board decision <sup>(d)</sup> , for capital increases reserved for employees participating in Company Savings Plan	12 million shares <sup>(e)</sup>	23.2 million shares <sup>(e)</sup>	ESM <sup>(a)</sup> of May 21, 2010 (20 <sup>th</sup> resolution)	26 months
Stock options	1.5% of share capital <sup>(d)</sup> on the date of Board decision to grant options	4.9 million shares <sup>(f)</sup>	30.3 million shares <sup>(f)</sup>	ESM <sup>(a)</sup> of May 21, 2010 (21 <sup>st</sup> resolution)	38 months	
Restricted/free shares awarded to Group employees and to executives and officers	0.8% of share capital <sup>(d)</sup> on the date of Board decision to grant the restricted/free shares	5.6 million shares <sup>(g)</sup>	7.4 million shares <sup>(g)</sup>	ESM <sup>(a)</sup> of May 16, 2008 (17 <sup>th</sup> resolution)	38 months	

(a) ESM = Extraordinary Shareholders' Meeting.

(b) The number of new shares authorized under the 17<sup>th</sup> resolution of the ESM held on May 21, 2010, cannot exceed 1,000 million shares. The Board of Directors on October 28, 2010, set a maximum number of 12,000,000 shares for the capital increase reserved for employees. As a result, the balance available under this authorization was 988 million new shares as of December 31, 2010, i.e., 1,000 million shares, minus the 12,000,000 shares.

(c) Share capital as of May 21, 2010: 2,348,674,735 shares.

(d) Share capital as of December 31, 2010: 2,349,640,931 shares.

(e) The number of shares authorized under the 20<sup>th</sup> resolution of the May 21, 2010, ESM may not exceed 1.5% of the share capital on the date when the Board of Directors decided to use the delegation of authority. The Board of Directors on October 28, 2010, set a maximum number of 12,000,000 shares for the capital increase reserved for employees. As a result, the balance available under this authorization was 23,244,613 new shares as of December 31, 2010, i.e. 1.5% of the 2,349,640,931 outstanding shares at year-end, minus the 12,000,000 shares.

(f) The number of stock options authorized under the 21<sup>st</sup> resolution of the May 21, 2010 ESM may not exceed 1.5% of the share capital on the date the options are awarded by the Board of Directors. Since 4,925,000 TOTAL share subscription options were awarded by the Board of Directors on September 14, 2010, the number of options that may still be awarded as of December 31, 2010, was 30,319,640, which represents 1.5% of the 2,349,640,931 outstanding shares at year-end, minus 4,925,000 options already awarded and representing the same number of shares. In addition, the options awarded to the Company's management (Chairman and Chief Executive Officer) under the 21<sup>st</sup> resolution of the ESM held on May 21, 2010, cannot exceed 0.1% of the outstanding share capital on the date of the decision of the Board of Directors to proceed with the grant. Given the 240,000 subscription options awarded to the Chairman and Chief Executive Officer by the Board of Directors at its meeting on September 14, 2010, the number of options that may still be awarded to the Company's management (Chairman and Chief Executive Officer) was 2,109,640, i.e., 0.1% of the 2,349,640,931 outstanding shares at year-end, minus the 240,000 options already awarded and representing the same number of shares.

(g) The number of shares that may be awarded as restricted share grants under the 17<sup>th</sup> resolution of the May 16, 2008 ESM may not exceed 0.8% of the share capital on the date when the restricted shares are awarded by the Board of Directors. As the Board of Directors awarded 2,800,000 outstanding TOTAL shares on September 9, 2008, 3,000,000 outstanding TOTAL shares on September 15, 2009, 2,579,500 new TOTAL shares (or outstanding shares in the case of an anticipated final grant) as part of the free share plan for all Group employees on May 21, 2010, and 3,015,000 outstanding TOTAL shares on September 14, 2010, the number of shares that may still be awarded as of December 31, 2010, is 7,402,627 shares, which represents 0.8% of the outstanding 2,349,640,931 shares at year-end, minus the 11,394,500 shares already awarded.

## 1.4. Potential share capital as of December 31, 2010

Securities granting rights to TOTAL shares, through exercise or redemption, are TOTAL share subscription options amounting to 49,267,826 share subscription options as of December 31, 2010, divided into 5,734,444 options<sup>(1)</sup> for the plan awarded by the Board of Directors at its meeting on July 16, 2003, 12,338,847 options<sup>(1)</sup> for the plan awarded by the Board of Directors at its meeting on July 20, 2004, 6,178,856 options<sup>(1)</sup> for the plan awarded by the Board of Directors at its meeting on July 19, 2005, 5,640,886 options for the plan awarded by the Board of Directors at its meeting on July 18, 2006, 5,866,445 options for the plan awarded by the Board of Directors at its meeting on July 17, 2007, 4,349,158 options for the October 9, 2008 plan awarded by the Board of Directors at its meeting on September 9, 2008, 4,371,890 options for the plan awarded by the Board of Directors at its meeting on September 15, 2009, and 4,787,300 options for the plan awarded by the Board of Directors at its meeting on September 14, 2010.

The potential share capital (existing share capital plus securities granting rights to TOTAL shares, through exercise or redemption) represents 102.10% of the share capital as of December 31, 2010, on the basis of 2,349,640,931 TOTAL shares constituting the share capital as of December 31, 2010, and of 49,267,826 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 2,579,225 shares as of December 31, 2010.

## 1.5. Treasury shares

As of December 31, 2010

<b>Percentage of share capital held by TOTAL S.A.</b>	<b>0.52%</b>
Number of shares held in portfolio	12,156,411
Book value of the portfolio (at purchase price) (M€)	477
Market value of portfolio (M€) <sup>(a)</sup>	482
<b>Percentage of capital held by the entire Group<sup>(b)</sup></b>	<b>4.79%</b>
Number of shares held in portfolio	112,487,679
Book value of the portfolio (at purchase price) (M€)	3,503
Market value of portfolio (M€) <sup>(a)</sup>	4,460

(a) Based on a market price of €39.65 per share as of December 31, 2010.  
(b) TOTAL S.A., Total Nucléaire, Financière Valorgest, Sogapar and Fingestval.

## 1.6. Share capital history

(Since January 1, 2008)

### 1.6.1. Fiscal 2008

April 25, 2008	Certification of the subscription to 4,870,386 new shares, par value €2.50, as part of the capital increase reserved for Group employees approved by the Board of Directors on November 6, 2007, raising the share capital by €12,175,965, from €5,988,830,242.50 to €6,001,006,207.50.
July 31, 2008	Reduction of the share capital from €6,001,006,207.50 to €5,926,006,207.50, through the cancelation of 30,000,000 treasury shares, par value €2.50.
January 13, 2009	Certification of the issuance of 1,405,591 new shares, par value €2.50 per share, between January 1 and December 31, 2008, raising the share capital by €3,513,977.50 from €5,926,006,207.50 to €5,929,520,185 (of which 1,178,167 new shares issued through the exercise of the Company's stock options and 227,424 new shares through the exchange of 37,904 shares of Elf Aquitaine stock resulting from the exercise of Elf Aquitaine stock options and eligible for a guaranteed exchange for TOTAL shares).

(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.





## General information

Articles of incorporation and by-laws; other information

### 1.6.2. Fiscal 2009

July 30, 2009	Reduction of the share capital from €5,929,520,185 to €5,867,520,185, through the cancelation of 24,800,000 treasury shares, par value €2.50.
January 12, 2010	Certification of the issuance of 1,414,810 new shares, par value €2.50 per share, between January 1 and December 31, 2009, raising the share capital by €3,537,025 from €5,867,520,185 to €5,871,057,210 (of which 934,780 new shares issued through the exercise of the Company's stock options and 480,030 new shares through the exchange of 80,005 shares of Elf Aquitaine stock resulting from the exercise of Elf Aquitaine stock options and eligible for a guaranteed exchange for TOTAL shares).

### 1.6.3. Fiscal 2010

January 12, 2011	Certification of the issuance of 1,218,047 new shares, par value €2.50, through the exercise of the Company's 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.
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## 2. Articles of incorporation and by-laws; other information

### 2.1. General information concerning the Company

#### 2.1.1. Name

TOTAL S.A.

#### 2.1.2. Headquarters

2, place Jean Millier, La Défense 6, 92400 Courbevoie (France)

#### 2.1.3. Legal form and nationality

A French *société anonyme* (limited liability company)

#### 2.1.4. Trade Registry

542 051 180 RCS Nanterre

#### 2.1.5. EC Registration Number

FR 59 542 051 180

#### 2.1.6. By-laws

On file with Maîtres Gildas Le Gonidec de Kerhalic and Frédéric Lucet, Notaries in Paris

#### 2.1.7. APE Code (NAF)

111Z until January 7, 2008  
741J since January 8, 2008

#### 2.1.8. Term

99 years from March 22, 2000, to expire on March 22, 2099, unless dissolved prior to this date or extended

#### 2.1.9. Fiscal year

From January 1 to December 31 of each year

### 2.2. Summary of the Company's purpose

The direct and indirect purpose of the Company is to search for and extract mining deposits in all countries, particularly hydrocarbons in all forms, and to perform industrial refining, processing and trading in said materials as well as their derivatives and by-products,

as well as all activities relating to production and distribution of all forms of energy, as well as the chemicals sector in all of its forms and to the rubber and health sectors. The complete details of the Company's corporate purpose are set forth in Article 3 of the by-laws.

## 2.3. Provisions of the by-laws governing the administration and management bodies

### 2.3.1. Election of directors and term of office

Directors are elected by the Shareholders' Meeting for a 3-year term up to a maximum number of directors authorized by law (currently 18), subject to the legal provisions that allow the term to be extended until the next Shareholders' Meeting called to approve the financial statements for the previous fiscal year.

In addition, one director representing the employee shareholders is also elected by the Shareholders' Meeting for a 3-year term from a list of at least two candidates pre-selected by the employee shareholders under the conditions provided for by the laws, regulations and by-laws in force. However, his term shall expire automatically once this Director is no longer an employee or a shareholder. The Board of Directors may meet and conduct valid deliberations until the date his replacement is named.

### 2.3.2. Age limit of directors

On the closing date of each fiscal year, the number of individual directors over the age of 70 may not be greater than one-third of the directors in office. If this percentage is exceeded, the oldest Board member is automatically considered to have resigned.

The director permanent representative of a legal entity must be under 70 years old.

### 2.3.3. Age limit of the Chairman and the Chief Executive Officer

The duties of the Chairman of the Board and Chief Executive Officer automatically cease on their 65<sup>th</sup> birthday at the latest.

The Shareholders' Meeting of May 15, 2009, approved an amendment of the by-laws pertaining to the rules relating to the nomination of the Chairman. The amendment allows the Board, as an exception to the applicable 65-year age limit, to appoint as Chairman of the Board for a period of up to two years a director who is more than 65 years old but less than 70 years old.

### 2.3.4. Minimum interest in the Company held by directors

Each director (other than the director representing the employee shareholders) must own at least 1,000 shares of stock during his term of office. If he ceases to own the required number of shares, he may, however, adjust his position subject to the conditions set by law. The director representing employee shareholders must hold, during his term of office, either individually or through a Company Savings Plan (*Fonds Commun de Placement d'Entreprise - FCPE*) governed by Article L. 214-40 of the French Monetary and Finance Code, at least one share or a number of units in said fund equivalent to at least one share.

### 2.3.5. Majority rules for Board meetings

Decisions are adopted by a majority vote of the Directors present or represented. In the event of a tie vote, the Chairman shall cast the deciding vote.

### 2.3.6. Rules of procedure of the Board and Committees of the Board of Directors

See Chapter 5 (Corporate Governance - Report of the Chairman of the Board of Directors) of this Registration Document.

### 2.3.7. Form of Management

The Management of the Company is assumed either by the Chairman of the Board of Directors (who then holds the title of the Chairman and Chief Executive Officer), or by another person appointed by the Board of Directors with the title of Chief Executive Officer. It is the responsibility of the Board of Directors to choose between these two forms of management under the majority rules described above.

On May 21, 2010, the Board of Directors decided to reunify the positions of Chairman and Chief Executive Officer and appointed the Chief Executive Officer in the position of Chairman and Chief Executive Officer.

The management form selected shall remain in effect until a decision to the contrary is made by the Board of Directors.

## 2.4. Rights, privileges and restrictions attached to the shares

In addition to the right to vote, each share entitles the holder to a portion of the corporate assets, distributions of profits and liquidation dividend which is proportional to the number of shares issued, subject to the laws and regulations in force and the by-laws.

With the exception of the double voting right, no privilege is attached to a specific class of shares or to a specific class of shareholders.



## General information

Articles of incorporation and by-laws; other information

### 2.4.1. Double voting rights

Double voting rights, in relation to the portion of share capital they represent, are granted to all fully paid-up registered shares held continuously in the name of the same shareholder for at least two years<sup>(1)</sup>, and to additional registered shares allotted to a shareholder in connection with a capital increase by capitalization of reserves, profits or premiums on the basis of the existing shares which entitle the shareholder to a double voting right.

### 2.4.2. Limitation of voting rights

Article 18 of the Company's by-laws provides that at Shareholders' Meetings, no shareholder may cast, by himself or through his agent, on the basis of the single voting rights attached to the shares he holds directly or indirectly and the shares for which he holds powers, more than 10% of the total number of voting rights attached to the Company's shares. However, in the case of double voting rights, this limit may be extended to 20%.

Moreover, Article 18 of the by-laws also provides that the limitation on voting rights no longer applies, absent any decision of the Shareholders' Meeting, if an individual or a legal entity acting solely or together with one or more individuals or entities acquires at least two-thirds of the Company's shares following a public tender offer for all the Company's shares. In that case, the Board of Directors acknowledges that the limitation no longer applies and carries out the necessary procedure to modify the company's by-laws accordingly.

Once acknowledged, the fact that the limitation no longer applies is final and applies to all Shareholders' Meetings following the public tender offer under which the acquisition of at least two-third of the overall number of shares of the Company was made possible, and not solely to the first meeting following that public tender offer.

Because of the fact that in such circumstances the limitation no longer applies, such limitation on voting rights cannot prevent or delay any takeover of the Company, except in case of a public tender offer where the bidder does not acquire at least two-thirds of the Company's shares.

## 2.5. Amending shareholders' rights

Any amendment to the by-laws must be approved or authorized by the Shareholders' Meeting voting with the quorum and majority required by the laws and regulations governing Extraordinary Shareholders' Meetings.

## 2.6. Shareholders' meetings

### 2.6.1. Notice of meetings

Shareholders' Meetings are convened and conducted under the conditions provided for by law.

### 2.4.3. Fractional rights

Whenever it is necessary to own several shares in order to exercise a right, a number of shares less than the number required does not give the owners any right with respect to the Company; in such case, the shareholders are responsible for aggregating the required number of shares.

### 2.4.4. Statutory allocation of profits

The net profit for the period is equal to the net income minus general expenses and other personnel expenses, all amortization and depreciation of the assets, and all provisions for commercial and industrial contingencies.

From this profit, minus prior losses, if any, the following items are deducted in the order indicated:

- 1) 5% to constitute the legal reserve fund, until said fund reaches 10% of the share capital;
- 2) the amounts set by the Shareholders' Meeting to fund reserves for which it determines the allocation or use; and
- 3) the amounts that the Shareholders' Meeting decides to retain.

The remainder is paid to the shareholders as dividends.

The Board of Directors may pay interim dividends.

The Shareholders' Meeting held to approve the financial statements for the fiscal year may decide to grant shareholders an option, for all or part of the dividend or interim dividends, between payment of the dividend in cash or in shares.

The Shareholders' Meeting may decide at any time, but only on the basis of a proposal by the Board of Directors, to make a full or partial distribution of the amounts in the reserve accounts, either in cash or in Company shares.

Dividends which have not been claimed at the end of a 5-year period are forfeited to the French government.

<sup>(1)</sup> This term is not interrupted and the right acquired is retained in case of a conversion of bearer to bearer pursuant to intestate or testamentary succession, share of community property between spouses or donation to the spouse or relatives entitled to inherit (Article 18 § 6 of by-laws).

## 2.6.2. Admission to meetings

Participation in any form in Shareholders' Meetings is subject to registration or record of participating shares. Shares must either be held in the registered account maintained by the Company (or its securities agent) or recorded in bearer form in a securities account maintained by a financial intermediary. Proof of this registration or record is obtained under a certificate of participation (*attestation de participation*) delivered to the shareholder. This registration or

recording of the shares must be effective no later than a "record date" at 0:00 a.m. (Paris time) three business days before the date of the Shareholders' Meeting. If, after having received such a certificate, shares are sold or transferred prior to this record date, the certificate of participation will be cancelled and the votes sent by mail or proxies granted to the Company for such shares will be cancelled accordingly. If shares are sold or transferred after this record date, the certificate of participation will remain valid and votes cast or proxies granted will be taken into account.

## 2.7. Thresholds to be declared according to the by-laws

Any individual or entity who directly or indirectly acquires a percentage of the share capital, voting rights or rights giving future access to the share capital of the Company which is equal to or greater than 1%, or a multiple of this percentage, is required to notify the Company within fifteen days by registered mail with return receipt requested, and declare the number of securities held. They

are also required to notify the Company in due form and within the time limits stated for the aforementioned thresholds when their direct or indirect holdings fall below each of the aforementioned thresholds.

## 2.8. Changes in the share capital

The Company's share capital may be modified only under the conditions stipulated by the legal and regulatory provisions in force. The provisions

of the by-laws, charter, or internal regulations shall not prevail over the law governing changes in the Company's share capital.

# 3. Other matters

## 3.1. Employee incentives and profit-sharing

On June 26, 2009, a new incentive agreement and a profit-sharing agreement was signed for 2009, 2010 and 2011, concerning TOTAL S.A., CDF Énergie, Elf Exploration Production, Total Exploration Production France, Total Fluides, Total Additifs et Carburants Spéciaux, TIGF, Total Raffinage Marketing, Total Lubrifiants, and Totalgaz. The amount of the special profit-sharing and incentive reserve to be distributed by all of the companies that signed the Group agreements for fiscal year 2010 would total €106.1 million.

Company savings plans give employees of the Group's companies covered by these plans the ability to make discretionary contributions (which the Company may, under certain conditions, supplement) to the plans invested in the shares of the Company (see Chapter 5, Corporate Governance Employees, share ownership of this Registration Document).

The Group made gross additional contributions to various savings plans that totaled €57 million in 2010.

## 3.2. Pension savings plan

Pursuant to French law 2003-775 of August 21, 2003 reforming pensions, an agreement was signed with the unions on September 29, 2004 to set up, as of January 1, 2005, a Collective Retirement Savings Plan (PERCO) replacing the Voluntary Partnerships Plan for Employee Savings (PPESV) created in the

agreement of March 15, 2002. An amendment to this agreement signed on December 20, 2005, allows for an increase in France of the employee and Company contributions and for contribution of bonuses and/or profit-sharing.

## 3.3. Agreements mentioned in Article L. 225-100-3 of the French Commercial Code

There are no agreements mentioned in paragraph 9 or 10 of Article L. 225-100-3 of the French Commercial Code.



### 3.4. Filing of Form 20-F with the United States Securities and Exchange Commission

In order to meet its obligations related to the listing of its shares in the United States, the Company files, along with this Registration Document, an annual report on Form 20-F, in English, with the SEC.

Pursuant to the requirements introduced by Section 302 of the Sarbanes-Oxley Act of July 30, 2002, the Chairman and Chief Executive Officer and the Chief Financial Officer of the Company have conducted, with the assistance of Management, an evaluation

of the effectiveness of the disclosure controls and procedures as defined by U.S. regulations, over the period covered by the Form 20-F. For 2010, the Chairman and Chief Executive Officer and the Chief Financial Officer concluded that the disclosure controls and procedures were effective.

## 4. Documents on display

Documents and information concerning TOTAL S.A., including its charter, by-laws and the Company's statutory and consolidated financial statements for the year ended December 31, 2010 or for previous fiscal years may be consulted at the Company's principal offices pursuant to the legal and regulatory provisions in force.

TOTAL's registration documents filed with the French Financial Markets Authority (*Autorité des marchés financiers*) for each of the past five fiscal years, the first half financial statements, the first half Group presentations of its results and outlook, as well as the

quarterly financial reports, are available on the Company's website ([www.total.com](http://www.total.com), Investor/Regulated Information in France). Furthermore, the annual summary for information publicly disclosed by TOTAL S.A., as provided for by Article L. 451-1-1 of the French Financial and Monetary Code, are also available on the Company's website ([www.total.com](http://www.total.com), heading Investor/Publications).

## 5. Information on holdings

### 5.1. General information

As of December 31, 2010, there were 687 consolidated subsidiaries, of which 596 were fully consolidated and 91 were accounted for under the equity method.

TOTAL S.A.'s scope of consolidation includes at least all companies in which the Company holds a direct or indirect interest, the book value of which on that date is at least equal to 10% of the amount

of TOTAL S.A.'s equity or of the consolidated net assets of the Group, or which has generated at least 10% of the TOTAL S.A.'s net income or of the Group's consolidated net income during the last year.

A list of the principal companies consolidated by TOTAL S.A. is provided in a summary table in Note 35 to the consolidated financial statements of this Registration Document.

## 5.2. TOTAL's interest in Sanofi-Aventis

Following an amendment, signed in November 2003, to the shareholders' agreement concluded in 1999 between TOTAL and L'Oréal, both companies declared that they were not acting in concert regarding Sanofi-Aventis<sup>(1)</sup> as of December 2004, the termination date of the agreement. However, each one of the companies had committed itself for a period of three years, starting from the date of termination of the agreement, to inform the other company of any intention to sell more than 1% of Sanofi-Aventis' share capital. The notification was to be sent at least two months prior to the disposal date. Consequently, this obligation of prior notification agreed between the parties expired in December 2007.

In 2010, TOTAL's holdings in Sanofi-Aventis, held indirectly through its subsidiary Elf Aquitaine, decreased from 7.33% of the share capital and 12.29% of the voting rights (or 96,692,473 shares for 190,899,986 voting rights) as of December 31, 2009<sup>(2)</sup> to 5.51% of the share capital and 9.15% of the voting rights (or 72,186,832 shares for 139,195,845 voting rights) as of December 31, 2010<sup>(3)</sup>.

On May 21, 2010, TOTAL declared in the AMF notice No. 210C0430, that its voting rights in Sanofi-Aventis indirectly fell below the 10%

threshold on May 17, 2010, pursuant to the conversion of Sanofi-Aventis registered shares to bearer shares, which led to a decrease in the Group's voting rights and to the disposal of Sanofi-Aventis registered shares on the market, such that the Group held 5.88% of the share capital and 9.78% of the voting rights of the company.

Over the years 2008 and 2009, TOTAL's interest in Sanofi-Aventis successively changed from 12.70% of the outstanding shares and 19.11% of the voting rights to 11.29% of the outstanding shares and 18.16% of the voting rights, and then from 11.29% of the outstanding shares and 18.16% of the voting rights to 7.33% of the outstanding shares and 12.29% of the voting rights.

The gradual selling of the Sanofi-Aventis shares, over the short or medium term, gives the Group a certain amount of financial flexibility to adapt its financial resources to its growth and dividend policies.

For a description of Sanofi-Aventis, please consult the publications issued by that company.

## 5.3. TOTAL's interest in CEPSA

TOTAL has been a shareholder of the Spanish oil and gas company CEPSA since 1990.

As of December 31, 2010, TOTAL held (through its indirectly-owned subsidiary Odival) 130,668,240 CEPSA shares out of a total of 267,574,941 outstanding shares, representing 48.83% of CEPSA's share capital and voting rights. CEPSA's single other majority shareholder is International Petroleum Investment Company (IPIC), pursuant to the disposal in 2009 of Santander Central Hispano S.A. (SCH)'s and Unión Fenosa's interest in CEPSA to IPIC.

On February 16, 2011, TOTAL announced it had signed an agreement whereby TOTAL will sell its 48.83% share in the capital of CEPSA. This sale will take place pursuant to a public takeover bid over the entire share capital of CEPSA that IPIC has undertaken to file with the Spanish Securities Commission CNMV. IPIC will offer €28 per share of CEPSA and a dividend of €0.50 per share shall be paid to existing shareholders. TOTAL has undertaken irrevocably to tender its shares into the offer and will receive an amount of approximately €3.7 billion. The transaction is conditioned on obtaining all requisite government approvals.

## 5.4. TOTAL's interest in Arkema

Given the expiration, in May 2009, of the lock-up period for Arkema shares and the non-strategic character of the Group's interest in Arkema's share capital, TOTAL decided in the fourth quarter of 2009 to gradually divest its interest in Arkema's share capital.

On March 17, 2010, TOTAL declared in the AMF notice No. 210C0255, that its voting rights in Arkema indirectly fell below the 5% threshold on March 12, 2010, pursuant to the loss of double voting rights following the conversion of Arkema shares to bearer shares and the disposal of Arkema shares on the market, such that the Group held 2.66% of the share capital and 3.97% of the voting rights of the company.

As of December 31, 2010, TOTAL no longer holds Arkema shares, directly or indirectly. As of December 31, 2009, TOTAL held, through its indirect subsidiaries Fingestval and Financière Valorgest, 2,352,493 shares and 4,152,490 voting rights, representing 3.89% of the outstanding shares and 6.42% of the voting rights.

(1) Listed company that has been deconsolidated since July 1, 2010.

(2) Based on 1,318,479,052 Sanofi-Aventis shares to which are attached 1,553,331,156 voting rights as of December 31, 2009.

(3) Based on 1,310,997,785 Sanofi-Aventis shares to which are attached 1,520,994,059 voting rights as of December 31, 2010.





The Consolidated Financial Statements were approved by the Board of Directors on February 10, 2011, and have not been updated with subsequent events.

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# 1. Statutory auditor's report on the Consolidated Financial Statements

*This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.*

*The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.*

*This report also includes information relating to the specific verification of information given in the Group's management report.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

Year ended December 31, 2010

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholder's Annual Meeting, we hereby report to you, for the year ended 31 December 2010, on:

- the audit of the accompanying consolidated financial statements of TOTAL S.A.;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

## I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in the Note "Introduction" to the consolidated financial statements regarding application of the change in accounting policy related to standard IAS 31 "Interests in Joint Ventures".

## II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

As stated in the Note "Introduction" to the consolidated financial statements, some accounting principles applied by TOTAL S.A. involve a significant amount of assumptions and estimates principally related to the application of the successful efforts method for the oil and gas activities, the depreciation of long-lived assets, the provisions for dismantlement, removal and environmental costs, the valuation of retirement obligations and the determination of the current and deferred taxation. Detailed information relating to the application of these accounting principles is given in the notes to the consolidated financial statements.

Our procedures relating to the material assumptions used by the management and the estimates which can result from the application of these accounting principles enabled us to assess their reasonableness.

As stated in the Note "Introduction" to the consolidated financial statements, those estimates may result from assumptions and judgments by nature uncertain. Actual results may differ significantly from forward looking information used.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and, therefore, contribute to the audit opinion we formed which is expressed in the first part of this report.

## III. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information relative to the group, given in the parent company's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense, March 10, 2012011

The statutory auditors

*French original signed by*

KPMG Audit  
A division of KPMG S.A.  
Jay Nirsimloo

ERNST & YOUNG Audit  
Pascal Macioce  
Laurent Vitse



## 2. Consolidated statement of income

### TOTAL

For the year ended December 31,

(M€) <sup>(a)</sup>	2010	2009	2008
Sales <i>(notes 4 and 5)</i>	159,269	131,327	179,976
Excise taxes	(18,793)	(19,174)	(19,645)
Revenues from sales	140,476	112,153	160,331
Purchases net of inventory variation <i>(note 6)</i>	(93,171)	(71,058)	(111,024)
Other operating expenses <i>(note 6)</i>	(19,135)	(18,591)	(19,101)
Exploration costs <i>(note 6)</i>	(864)	(698)	(764)
Depreciation, depletion and amortization of tangible assets and mineral interests	(8,421)	(6,682)	(5,755)
Other income <i>(note 7)</i>	1,396	314	369
Other expense <i>(note 7)</i>	(900)	(600)	(554)
Financial interest on debt	(465)	(530)	(1,000)
Financial income from marketable securities & cash equivalents	131	132	473
Cost of net debt <i>(note 29)</i>	(334)	(398)	(527)
Other financial income <i>(note 8)</i>	442	643	728
Other financial expense <i>(note 8)</i>	(407)	(345)	(325)
Equity in income (loss) of affiliates <i>(note 12)</i>	1,953	1,642	1,721
Income taxes <i>(note 9)</i>	(10,228)	(7,751)	(14,146)
<b>Consolidated net income</b>	<b>10,807</b>	<b>8,629</b>	<b>10,953</b>
Group share	10,571	8,447	10,590
Minority interests	236	182	363
Earnings per share (€)	4.73	3.79	4.74
Fully-diluted earnings per share (€)	4.71	3.78	4.71

(a) Except for per share amounts.

### 3. Consolidated statement of comprehensive income

#### TOTAL

For the year ended December 31,

(M€)	2010	2009	2008
<b>Consolidated net income</b>	<b>10,807</b>	<b>8,629</b>	<b>10,953</b>
<b>Other comprehensive income</b>			
Currency translation adjustment	2,231	(244)	(722)
Available for sale financial assets	(100)	38	(254)
Cash flow hedge	(80)	128	-
Share of other comprehensive income of associates, net amount	302	234	173
Other	(7)	(5)	1
Tax effect	28	(38)	30
<b>Total other comprehensive income (net amount) (note 17)</b>	<b>2,374</b>	<b>113</b>	<b>(772)</b>
<b>Comprehensive income</b>	<b>13,181</b>	<b>8,742</b>	<b>10,181</b>
Group share	12,936	8,500	9,852
Minority interests	245	242	329

## 4. Consolidated balance sheet

### TOTAL

As of December 31,  
(M€)

ASSETS	2010	2009	2008
<b>Non-current assets</b>			
Intangible assets, net (notes 5 and 10)	8,917	7,514	5,341
Property, plant and equipment, net (notes 5 and 11)	54,964	51,590	46,142
Equity affiliates: investments and loans (note 12)	11,516	13,624	14,668
Other investments (note 13)	4,590	1,162	1,165
Hedging instruments of non-current financial debt (note 20)	1,870	1,025	892
Other non-current assets (note 14)	3,655	3,081	3,044
<b>Total non-current assets</b>	<b>85,512</b>	<b>77,996</b>	<b>71,252</b>
<b>Current assets</b>			
Inventories, net (note 15)	15,600	13,867	9,621
Accounts receivable, net (note 16)	18,159	15,719	15,287
Other current assets (note 16)	7,483	8,198	9,642
Current financial assets (note 20)	1,205	311	187
Cash and cash equivalents (note 27)	14,489	11,662	12,321
<b>Total current assets</b>	<b>56,936</b>	<b>49,757</b>	<b>47,058</b>
<b>Assets classified as held for sale</b> (note 34)	<b>1,270</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>143,718</b>	<b>127,753</b>	<b>118,310</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Shareholders' equity</b>			
Common shares	5,874	5,871	5,930
Paid-in surplus and retained earnings	60,538	55,372	52,947
Currency translation adjustment	(2,495)	(5,069)	(4,876)
Treasury shares	(3,503)	(3,622)	(5,009)
<b>Total shareholders' equity - Group share</b> (note 17)	<b>60,414</b>	<b>52,552</b>	<b>48,992</b>
<b>Minority interests</b>	<b>857</b>	<b>987</b>	<b>958</b>
<b>Total shareholders' equity</b>	<b>61,271</b>	<b>53,539</b>	<b>49,950</b>
<b>Non-current liabilities</b>			
Deferred income taxes (note 9)	9,947	8,948	7,973
Employee benefits (note 18)	2,171	2,040	2,011
Provisions and other non-current liabilities (note 19)	9,098	9,381	7,858
<b>Total non-current liabilities</b>	<b>21,216</b>	<b>20,369</b>	<b>17,842</b>
<b>Non-current financial debt</b> (note 20)	<b>20,783</b>	<b>19,437</b>	<b>16,191</b>
<b>Current liabilities</b>			
Accounts payable	18,450	15,383	14,815
Other creditors and accrued liabilities (note 21)	11,989	11,908	11,632
Current borrowings (note 20)	9,653	6,994	7,722
Other current financial liabilities (note 20)	159	123	158
<b>Total current liabilities</b>	<b>40,251</b>	<b>34,408</b>	<b>34,327</b>
<b>Liabilities directly associated with the assets classified as held for sale</b> (note 34)	<b>197</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and shareholders' equity</b>	<b>143,718</b>	<b>127,753</b>	<b>118,310</b>



## 5. Consolidated statement of cash flow

### TOTAL

(note 27)

For the year ended December 31,  
(M€)

	2010	2009	2008
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Consolidated net income	10,807	8,629	10,953
Depreciation, depletion and amortization	9,117	7,107	6,197
Non-current liabilities, valuation allowances, and deferred taxes	527	441	(150)
Impact of coverage of pension benefit plans	(60)	-	(505)
(Gains) losses on disposals of assets	(1,046)	(200)	(257)
Undistributed affiliates' equity earnings	(470)	(378)	(311)
(Increase) decrease in working capital	(496)	(3,316)	2,571
Other changes, net	114	77	171
<b>Cash flow from operating activities</b>	<b>18,493</b>	<b>12,360</b>	<b>18,669</b>
<b>CASH FLOW USED IN INVESTING ACTIVITIES</b>			
Intangible assets and property, plant and equipment additions	(13,812)	(11,849)	(11,861)
Acquisitions of subsidiaries, net of cash acquired	(862)	(160)	(559)
Investments in equity affiliates and other securities	(654)	(400)	(416)
Increase in non-current loans	(945)	(940)	(804)
<b>Total expenditures</b>	<b>(16,273)</b>	<b>(13,349)</b>	<b>(13,640)</b>
Proceeds from disposals of intangible assets and property, plant and equipment	1,534	138	130
Proceeds from disposals of subsidiaries, net of cash sold	310	-	88
Proceeds from disposals of non-current investments	1,608	2,525	1,233
Repayment of non-current loans	864	418	1,134
<b>Total divestments</b>	<b>4,316</b>	<b>3,081</b>	<b>2,585</b>
<b>Cash flow used in investing activities</b>	<b>(11,957)</b>	<b>(10,268)</b>	<b>(11,055)</b>
<b>CASH FLOW USED IN FINANCING ACTIVITIES</b>			
Issuance (repayment) of shares:			
– Parent company shareholders	41	41	262
– Treasury shares	49	22	(1,189)
– Minority shareholders	-	-	(4)
Dividends paid:			
– Parent company shareholders	(5,098)	(5,086)	(4,945)
– Minority shareholders	(152)	(189)	(213)
Other transactions with minority shareholders	(429)	-	-
Net issuance (repayment) of non-current debt	3,789	5,522	3,009
Increase (decrease) in current borrowings	(731)	(3,124)	1,437
Increase (decrease) in current financial assets and liabilities	(817)	(54)	850
<b>Cash flow used in financing activities</b>	<b>(3,348)</b>	<b>(2,868)</b>	<b>(793)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,188</b>	<b>(776)</b>	<b>6,821</b>
Effect of exchange rates	(361)	117	(488)
Cash and cash equivalents at the beginning of the period	11,662	12,321	5,988
<b>Cash and cash equivalents at the end of the period</b>	<b>14,489</b>	<b>11,662</b>	<b>12,321</b>

## 6. 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	Minority interests	Total shareholders' equity
	Number	Amount			Number	Amount			
<b>As of January 1, 2008</b>	<b>2,395,532,097</b>	<b>5,989</b>	<b>48,797</b>	<b>(4,396)</b>	<b>(151,421,232)</b>	<b>(5,532)</b>	<b>44,858</b>	<b>842</b>	<b>45,700</b>
Net income 2008	-	-	10,590	-	-	-	10,590	363	10,953
Other comprehensive income (note 17)	-	-	(258)	(480)	-	-	(738)	(34)	(772)
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>10,332</b>	<b>(480)</b>	<b>-</b>	<b>-</b>	<b>9,852</b>	<b>329</b>	<b>10,181</b>
Dividend	-	-	(4,945)	-	-	-	(4,945)	(213)	(5,158)
Issuance of common shares (note 17)	6,275,977	16	246	-	-	-	262	-	262
Purchase of treasury shares	-	-	-	-	(27,600,000)	(1,339)	(1,339)	-	(1,339)
Sale of treasury shares <sup>(a)</sup>	-	-	(71)	-	5,939,137	221	150	-	150
Share-based payments (note 25)	-	-	154	-	-	-	154	-	154
Other operations with minority interests	-	-	-	-	-	-	-	-	-
Share cancellation (note 17)	(30,000,000)	(75)	(1,566)	-	30,000,000	1,641	-	-	-
<b>Transactions with shareholders</b>	<b>(23,724,023)</b>	<b>(59)</b>	<b>(6,182)</b>	<b>-</b>	<b>8,339,137</b>	<b>523</b>	<b>(5,718)</b>	<b>(213)</b>	<b>(5,931)</b>
<b>As of December 31, 2008</b>	<b>2,371,808,074</b>	<b>5,930</b>	<b>52,947</b>	<b>(4,876)</b>	<b>(143,082,095)</b>	<b>(5,009)</b>	<b>48,992</b>	<b>958</b>	<b>49,950</b>
Net income 2009	-	-	8,447	-	-	-	8,447	182	8,629
Other comprehensive income (note 17)	-	-	246	(193)	-	-	53	60	113
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>8,693</b>	<b>(193)</b>	<b>-</b>	<b>-</b>	<b>8,500</b>	<b>242</b>	<b>8,742</b>
Dividend	-	-	(5,086)	-	-	-	(5,086)	(189)	(5,275)
Issuance of common shares (note 17)	1,414,810	3	38	-	-	-	41	-	41
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Sale of treasury shares <sup>(a)</sup>	-	-	(143)	-	2,874,905	165	22	-	22
Share-based payments (note 25)	-	-	106	-	-	-	106	-	106
Other operations with minority interests	-	-	(23)	-	-	-	(23)	(24)	(47)
Share cancellation (note 17)	(24,800,000)	(62)	(1,160)	-	24,800,000	1,222	-	-	-
<b>Transactions with shareholders</b>	<b>(23,385,190)</b>	<b>(59)</b>	<b>(6,268)</b>	<b>-</b>	<b>27,674,905</b>	<b>1,387</b>	<b>(4,940)</b>	<b>(213)</b>	<b>(5,153)</b>
<b>As of December 31, 2009</b>	<b>2,348,422,884</b>	<b>5,871</b>	<b>55,372</b>	<b>(5,069)</b>	<b>(115,407,190)</b>	<b>(3,622)</b>	<b>52,552</b>	<b>987</b>	<b>53,539</b>
Net income 2010	-	-	10,571	-	-	-	10,571	236	10,807
Other comprehensive income (note 17)	-	-	(216)	2,581	-	-	2,365	9	2,374
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>10,355</b>	<b>2,581</b>	<b>-</b>	<b>-</b>	<b>12,936</b>	<b>245</b>	<b>13,181</b>
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 <sup>(a)</sup>	-	-	(70)	-	2,919,511	119	49	-	49
Share-based payments (note 25)	-	-	140	-	-	-	140	-	140
Other operations with minority interests	-	-	(199)	(7)	-	-	(206)	(223)	(429)
Share cancellation (note 17)	-	-	-	-	-	-	-	-	-
<b>Transactions with shareholders</b>	<b>1,218,047</b>	<b>3</b>	<b>(5,189)</b>	<b>(7)</b>	<b>2,919,511</b>	<b>119</b>	<b>(5,074)</b>	<b>(375)</b>	<b>(5,449)</b>
<b>As of December 31, 2010</b>	<b>2,349,640,931</b>	<b>5,874</b>	<b>60,538</b>	<b>(2,495)</b>	<b>(112,487,679)</b>	<b>(3,503)</b>	<b>60,414</b>	<b>857</b>	<b>61,271</b>

(a) Treasury shares related to the stock option purchase plans and restricted stock grants.

## 7. Notes to the Consolidated Financial Statements

On February 10, 2011, the Board of Directors established and authorized the publication of the Consolidated Financial Statements of TOTAL S.A. for the year ended December 31, 2010, which will be submitted for approval to the shareholders' meeting to be held on May 13, 2011.

### 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, 2010.

The accounting principles applied in the Consolidated Financial Statements as of December 31, 2010 were the same as those that were used as of December 31, 2009 except for amendments and interpretations of IFRS which were mandatory for the periods beginning after January 1, 2010 (and not early adopted). Their adoption has no material impact on the Consolidated Financial Statements as of December 31, 2010.

Among these new standards or interpretations effective for annual periods beginning on or after January 1, 2010, the revised versions of IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements" should be noted. These revised standards introduce new provisions regarding the accounting for business combinations. Their application is prospective.

In addition, as of January 1, 2010, jointly-controlled entities are consolidated under the equity method, as provided for in the alternative method of IAS 31 "Interests in Joint Ventures". Until December 31, 2009, these entities were consolidated under the proportionate consolidation method. This change involves two entities and is not material (see Note 12 to the Consolidated Financial Statements).

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 amortized cost. Financial assets and liabilities are usually measured at fair value.

Accounting policies used by the Group are described below:

#### A) Principles of consolidation

Subsidiaries that are directly controlled by the parent company or indirectly controlled by other consolidated subsidiaries 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 recognising 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 significant intercompany balances, transactions and income are eliminated.

#### B) Business combinations

Business combinations are accounted for using the acquisition method. This method implies the recognition of the acquired identifiable assets, assumed liabilities and any minority interest in the companies acquired by the Group at their fair value.

The acquirer shall recognize goodwill at the acquisition date, being the excess of:

- the consideration transferred, the amount of minority interest 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. Any residual goodwill is recorded as income.

In transactions with minority interests, the difference between the price paid (received) and the book value of minority interests acquired (sold) is recognized directly in equity.

The analysis of goodwill is finalized within one year from the acquisition date.

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 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 “Other income” or “Other expenses”.

#### (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 “Minority interests” (for the minority share) as deemed appropriate.

### D) Sales and revenues from sales

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. 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.

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 “Accounts receivable, net” or “Accounts payable”, as appropriate.

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.

Revenues from sales of electricity are recorded upon transfer of ownership, according to the terms of the related contracts.

Revenues from services are recognized when the services have been rendered.

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.

Oil and gas sales are inclusive of quantities delivered that represent production royalties and taxes, when paid in cash, and outside the United States and Canada.

Certain transactions within the trading activities (contracts involving quantities that are purchased to 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.

### 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 fair value of the options is calculated using the Black-Scholes model at the grant date. The expense is recognized on a straight-line basis between the grant date and vesting date.

For restricted share plans, the expense is calculated using the market price at the grant date after deducting the expected distribution rate during the vesting period.

The cost of employee-reserved capital increases is immediately expensed. A discount reduces the expense in order to account for the nontransferability 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 liability 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

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, restricted share grants and capital increases with a subscription period closing after the end of the fiscal year.

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 economic life of the asset.

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.

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:

- 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.

### 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. If this value is less than the carrying amount, an impairment loss on property, plant and equipment and mineral interests, or on other intangible assets, is recognized either in "Depreciation, depletion and amortization of property, plant and equipment and mineral interests" or in "Other expense", respectively. This impairment loss is first allocated to reduce the carrying amount of any goodwill.

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".

• **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:

- 1) 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".

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.

- 2) Cash flow hedge of the currency risk of the external debt. Changes in fair value are recorded in equity 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". Changes in fair value are recorded in shareholders' equity.

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. These instruments are considered, according to the industry practice, 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 a 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.

Estimated fair values, 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.

- **Financial instruments related to commodity contracts**

The valuation methodology is to mark to market all open positions for both physical and derivative 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.

### Downstream (Refining - Marketing)

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 two months on average.

Crude oil costs include raw material and receiving costs. Refining costs principally include the crude oil costs, production costs (energy, labor, depreciation of producing assets) and allocation of production overhead (taxes, maintenance, insurance, etc.). Start-up costs and general administrative costs are excluded from the cost price of refined products.

### Chemicals

Costs of chemical products inventories consist of raw material costs, direct labor costs and an allocation of production overhead. Start-up costs and general administrative costs are excluded from the cost of inventories of chemicals products.

## 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.

## 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.

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.

## 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 have been applied:

- emission rights granted free of charge are accounted for at zero carrying amount;
- liabilities resulting from potential differences between available quotas and quotas to be delivered at the end of the compliance period are accounted for as liabilities and measured at fair market value;
- spot market transactions are recognized in income at cost; and
- forward transactions are recognized at their fair market value on the face of the balance sheet. Changes in the fair value of such forward transactions are recognized in income.

## U) 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.

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.

## V) 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", as from January 1<sup>st</sup>, 2010.

## W) 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, 2010, were as follows:

### IFRS 9 "Financial Instruments"

In November 2009, the IASB issued standard IFRS 9 "Financial Instruments" that introduces new 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 amortised cost if certain conditions are met. The standard is applicable for annual periods starting on

or after January 1, 2013. 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.

#### Revised IAS 24 “Related Party Disclosures”

In November 2009, the IASB issued revised standard IAS 24 “Related Party Disclosures” that clarifies the definition of a related party and reduces the disclosure requirements for entities controlled by a government. The standard is applicable for annual periods starting on or after January 1, 2011. The application of this standard should not have any material impact on information presented in the notes to the Consolidated Financial Statements.

#### IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”

In November 2009, the IFRIC issued interpretation IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”. The interpretation deals with accounting for debt to equity swaps. It clarifies that equity instruments issued are measured at fair value and that any difference with the carrying amount of the liability is recognised in profit or loss. The interpretation is effective for annual periods starting on or after July 1, 2010 (*i.e.* starting January 1, 2011 for the Group). The application of IFRIC 19 should not have any 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 Downstream and Chemicals 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) Until June 30, 2010, TOTAL's equity share of adjustment items reconciling “Business net income” to Net income attributable to equity holders of Sanofi-Aventis (see Note 3, paragraph on the sales of Sanofi-Aventis shares and loss of significant influence over Sanofi-Aventis)**

### 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 minority 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) 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 2010, 2009 and 2008, main changes in the Group structure and main acquisitions and divestments were as follows:

#### 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 amounts to €862 million. This amount mainly represents the value of mineral interests that have been recognized as intangible assets on the face of the Consolidated Balance Sheet for €646 million and the value of tangible assets that have been recognized on the face of 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.
- 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 brings together Santos (45%, operator), Petronas (35%) and TOTAL (20%).

The acquisition cost amounts to €566 million and it mainly represents the value of mineral interests that have been recognized as intangible assets on the face of 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 (see Note 34 to the Consolidated Financial Statements).

- 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.

##### • Downstream

- TOTAL and ERG announced in January 2010 that they have 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<sup>st</sup>, 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).

##### • 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.

##### • 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 minority 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 minority interests acquired was recognized directly as a decrease in equity.

- During 2010, TOTAL progressively sold 1.88% of Sanofi-Aventis' 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 ceases to have a significant influence over Sanofi-Aventis and no longer consolidates this investment under the equity method. The investment in Sanofi-Aventis is accounted for as a financial asset available for sale in the line "Other investments" of the balance sheet at its fair value, *i.e.* at the stock price.

Net income as of December 31, 2010 includes a €135 million gain relating to this change in the accounting treatment.

#### 2009

##### • Upstream

- In December 2009, TOTAL signed an agreement with Chesapeake Energy Corporation whereby Total acquired a 25% share in Chesapeake's Barnett shale gas portfolio located in the United States (State of Texas). The acquisition cost of these assets amounted to €1,562 million and it represented the value of mineral interests that have been recognized as intangible assets on the face of the Consolidated Balance Sheet for €1,449 million and the value of tangible assets that have been recognized on the face of the Consolidated Balance Sheet for €113 million. As no cash payment has occurred in 2009, a corresponding debt has been recognized in the sections "Provisions and other non-current liabilities" and "Other creditors and accrued liabilities" for €818 million and €744 million respectively.



- **Corporate**

- During 2009, TOTAL progressively sold 3.99% of Sanofi-Aventis' share capital, thus reducing its interest to 7.39%. Sanofi-Aventis is accounted for by the equity method in TOTAL's Consolidated Financial Statements for the year ended December 31, 2009.

## 2008

- **Upstream**

- Pursuant to the tender offer described in the prospectus on May 13, 2008 and renewed by the notices on June 19, July 4 and July 16, 2008, TOTAL acquired 100% of Synenco Energy Inc's Class A ordinary shares. Synenco's main asset is a 60% interest in the Northern Lights project in the Athabasca region of the Canadian province of Alberta.

The acquisition cost, net of cash acquired (€161 million) for all shares amounted to €352 million. This cost essentially represented the value of the company's mineral interests that have been recognized as intangible assets on the face of the Consolidated Balance Sheet for €221 million.

Synenco Energy Inc. is fully consolidated in TOTAL's Consolidated Financial Statements. Its contribution to the consolidated net income for fiscal year 2008 was not material.

- In August 2008, TOTAL acquired the Dutch company Goal Petroleum BV. The acquisition cost amounted to €349 million. This cost essentially represented the value of the company's mineral interests that have been recognized as intangible assets on the face of the Consolidated Balance Sheet for €292 million.

Goal Petroleum BV is fully consolidated in TOTAL's Consolidated Financial Statements. Its contribution to the consolidated net income for fiscal year 2008 was not material.

- Pursuant to the agreements signed between the partners in November 2008, the Group's participation in the Kashagan field decreased from 18.52% to 16.81%.

- **Corporate**

- During 2008, TOTAL progressively sold 1.68% of Sanofi-Aventis' share capital, thus reducing its interest to 11.38%. Sanofi-Aventis is accounted for by the equity method in TOTAL's Consolidated Financial Statements for the year ended December 31, 2008.



## 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. The Group's activities are conducted through three business segments: Upstream, Downstream and Chemicals.

- the Upstream segment includes the activities of the Exploration & Production division and the Gas & Power division;
- the Downstream segment includes activities of the Refining & Marketing division and the Trading & Shipping division; and
- the Chemicals segment includes Base Chemicals and Specialties.

The Corporate segment includes the operating and financial activities of the holding companies (including the investment in Sanofi-Aventis).

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.

### A) Information by business segment

#### For the year ended December 31, 2010

(M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	18,527	123,245	17,490	7	-	159,269
Intersegment sales	22,540	4,693	981	186	(28,400)	-
Excise taxes	-	(18,793)	-	-	-	(18,793)
<b>Revenues from sales</b>	<b>41,067</b>	<b>109,145</b>	<b>18,471</b>	<b>193</b>	<b>(28,400)</b>	<b>140,476</b>
Operating expenses	(18,271)	(105,660)	(16,974)	(665)	28,400	(113,170)
Depreciation, depletion and amortization of tangible assets and mineral interests	(5,346)	(2,503)	(533)	(39)	-	(8,421)
<b>Operating income</b>	<b>17,450</b>	<b>982</b>	<b>964</b>	<b>(511)</b>	<b>-</b>	<b>18,885</b>
Equity in income (loss) of affiliates and other items	1,533	141	215	595	-	2,484
Tax on net operating income	(10,131)	(201)	(267)	263	-	(10,336)
<b>Net operating income</b>	<b>8,852</b>	<b>922</b>	<b>912</b>	<b>347</b>	<b>-</b>	<b>11,033</b>
Net cost of net debt	-	-	-	-	-	(226)
Minority interests	-	-	-	-	-	(236)
<b>Net income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,571</b>

#### For the year ended

#### December 31, 2010 (adjustments<sup>(a)</sup>)

(M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	-	-	-	-	-	-
Intersegment sales	-	-	-	-	-	-
Excise taxes	-	-	-	-	-	-
<b>Revenues from sales</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operating expenses	-	923	92	-	-	1,015
Depreciation, depletion and amortization of tangible assets and mineral interests	(203)	(1,192)	(21)	-	-	(1,416)
<b>Operating income<sup>(b)</sup></b>	<b>(203)</b>	<b>(269)</b>	<b>71</b>	<b>-</b>	<b>-</b>	<b>(401)</b>
Equity in income (loss) of affiliates and other items <sup>(c)</sup>	183	(126)	(16)	227	-	268
Tax on net operating income	275	149	-	(6)	-	418
<b>Net operating income<sup>(b)</sup></b>	<b>255</b>	<b>(246)</b>	<b>55</b>	<b>221</b>	<b>-</b>	<b>285</b>
Net cost of net debt	-	-	-	-	-	-
Minority interests	-	-	-	-	-	(2)
<b>Net income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>283</b>

(a) Adjustments include special items, inventory valuation effect and, until June 30, 2010, equity share of adjustments related to Sanofi-Aventis.

(b) Of which inventory valuation effect

	Upstream	Downstream	Chemicals	Corporate
- on operating income	-	863	130	-
- on net operating income	-	640	113	-

(c) Of which equity share of adjustments related to Sanofi-Aventis.

For the year ended December 31, 2010 (adjusted)

(M€ <sup>(a)</sup> )	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	18,527	123,245	17,490	7	-	159,269
Intersegment sales	22,540	4,693	981	186	(28,400)	-
Excise taxes	-	(18,793)	-	-	-	(18,793)
<b>Revenues from sales</b>	<b>41,067</b>	<b>109,145</b>	<b>18,471</b>	<b>193</b>	<b>(28,400)</b>	<b>140,476</b>
Operating expenses	(18,271)	(106,583)	(17,066)	(665)	28,400	(114,185)
Depreciation, depletion and amortization of tangible assets and mineral interests	(5,143)	(1,311)	(512)	(39)	-	(7,005)
<b>Adjusted operating income</b>	<b>17,653</b>	<b>1,251</b>	<b>893</b>	<b>(511)</b>	<b>-</b>	<b>19,286</b>
Equity in income (loss) of affiliates and other items	1,350	267	231	368	-	2,216
Tax on net operating income	(10,406)	(350)	(267)	269	-	(10,754)
<b>Adjusted net operating income</b>	<b>8,597</b>	<b>1,168</b>	<b>857</b>	<b>126</b>	<b>-</b>	<b>10,748</b>
Net cost of net debt	-	-	-	-	-	(226)
Minority interests	-	-	-	-	-	(234)
<b>Adjusted net income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,288</b>
<b>Adjusted fully-diluted earnings per share (€)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.58</b>

(a) Except for earnings per share.

For the year ended December 31, 2010

(M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Total expenditures	13,208	2,343	641	81	-	16,273
Total divestments	2,067	499	347	1,403	-	4,316
Cash flow from operating activities	15,573	1,441	934	545	-	18,493
<b>Balance sheet as of December 31, 2010</b>						
Property, plant and equipment, intangible assets, net	50,565	8,675	4,388	253	-	63,881
Investments in equity affiliates	5,002	2,782	1,349	-	-	9,133
Loans to equity affiliates and other non-current assets	4,184	1,366	979	4,099	-	10,628
Working capital	(363)	9,154	2,223	(211)	-	10,803
Provisions and other non-current liabilities	(16,076)	(2,328)	(1,631)	(1,181)	-	(21,216)
Assets and liabilities classified as held for sale	660	-	413	-	-	1,073
<b>Capital Employed (balance sheet)</b>	<b>43,972</b>	<b>19,649</b>	<b>7,721</b>	<b>2,960</b>	<b>-</b>	<b>74,302</b>
Less inventory valuation effect	-	(4,088)	(409)	1,061	-	(3,436)
<b>Capital Employed (Business segment information)</b>	<b>43,972</b>	<b>15,561</b>	<b>7,312</b>	<b>4,021</b>	<b>-</b>	<b>70,866</b>
<b>ROACE as a percentage</b>	<b>21%</b>	<b>8%</b>	<b>12%</b>	<b>-</b>	<b>-</b>	<b>16%</b>

For the year ended December 31, 2009

(M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	16,072	100,518	14,726	11	-	131,327
Intersegment sales	15,958	3,786	735	156	(20,635)	-
Excise taxes	-	(19,174)	-	-	-	(19,174)
<b>Revenues from sales</b>	<b>32,030</b>	<b>85,130</b>	<b>15,461</b>	<b>167</b>	<b>(20,635)</b>	<b>112,153</b>
Operating expenses	(14,752)	(81,281)	(14,293)	(656)	20,635	(90,347)
Depreciation, depletion and amortization of tangible assets and mineral interests	(4,420)	(1,612)	(615)	(35)	-	(6,682)
<b>Operating income</b>	<b>12,858</b>	<b>2,237</b>	<b>553</b>	<b>(524)</b>	<b>-</b>	<b>15,124</b>
Equity in income (loss) of affiliates and other items	846	169	(58)	697	-	1,654
Tax on net operating income	(7,486)	(633)	(92)	326	-	(7,885)
<b>Net operating income</b>	<b>6,218</b>	<b>1,773</b>	<b>403</b>	<b>499</b>	<b>-</b>	<b>8,893</b>
Net cost of net debt	-	-	-	-	-	(264)
Minority interests	-	-	-	-	-	(182)
<b>Net income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,447</b>

For the year ended  
December 31, 2009 (adjustments<sup>(a)</sup>)

(M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	-	-	-	-	-	-
Intersegment sales	-	-	-	-	-	-
Excise taxes	-	-	-	-	-	-
<b>Revenues from sales</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operating expenses	(17)	1,558	344	-	-	1,885
Depreciation, depletion and amortization of tangible assets and mineral interests	(4)	(347)	(40)	-	-	(391)
<b>Operating income<sup>(b)</sup></b>	<b>(21)</b>	<b>1,211</b>	<b>304</b>	<b>-</b>	<b>-</b>	<b>1,494</b>
Equity in income (loss) of affiliates and other items <sup>(c)</sup>	(160)	22	(123)	(117)	-	(378)
Tax on net operating income	17	(413)	(50)	(3)	-	(449)
<b>Net operating income<sup>(b)</sup></b>	<b>(164)</b>	<b>820</b>	<b>131</b>	<b>(120)</b>	<b>-</b>	<b>667</b>
Net cost of net debt	-	-	-	-	-	-
Minority interests	-	-	-	-	-	(4)
<b>Net income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>663</b>

(a) Adjustments include special items, inventory valuation effect and equity share of adjustments related to Sanofi-Aventis.

(b) Of which inventory valuation effect

	Upstream	Downstream	Chemicals	Corporate
- on operating income	-	1,816	389	-
- on net operating income	-	1,285	254	-

(c) Of which equity share of adjustments related to Sanofi-Aventis

	-	-	-	(300)
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For the year ended December 31, 2009 (adjusted)

(M€ <sup>(a)</sup> )	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	16,072	100,518	14,726	11	-	131,327
Intersegment sales	15,958	3,786	735	156	(20,635)	-
Excise taxes	-	(19,174)	-	-	-	(19,174)
<b>Revenues from sales</b>	<b>32,030</b>	<b>85,130</b>	<b>15,461</b>	<b>167</b>	<b>(20,635)</b>	<b>112,153</b>
Operating expenses	(14,735)	(82,839)	(14,637)	(656)	20,635	(92,232)
Depreciation, depletion and amortization of tangible assets and mineral interests	(4,416)	(1,265)	(575)	(35)	-	(6,291)
<b>Adjusted operating income</b>	<b>12,879</b>	<b>1,026</b>	<b>249</b>	<b>(524)</b>	<b>-</b>	<b>13,630</b>
Equity in income (loss) of affiliates and other items	1,006	147	65	814	-	2,032
Tax on net operating income	(7,503)	(220)	(42)	329	-	(7,436)
<b>Adjusted net operating income</b>	<b>6,382</b>	<b>953</b>	<b>272</b>	<b>619</b>	<b>-</b>	<b>8,226</b>
Net cost of net debt	-	-	-	-	-	(264)
Minority interests	-	-	-	-	-	(178)
<b>Adjusted net income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,784</b>
<b>Adjusted fully-diluted earnings per share (€)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.48</b>

(a) Except for earnings per share.

For the year ended December 31, 2009

(M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Total expenditures	9,855	2,771	631	92	-	13,349
Total divestments	398	133	47	2,503	-	3,081
Cash flow from operating activities	10,200	1,164	1,082	(86)	-	12,360
<b>Balance sheet as of December 31, 2009</b>						
Property, plant and equipment, intangible assets, net	43,997	9,588	5,248	271	-	59,104
Investments in equity affiliates	4,260	2,110	652	4,235	-	11,257
Loans to equity affiliates and other non-current assets	3,844	1,369	850	547	-	6,610
Working capital	660	7,624	2,151	58	-	10,493
Provisions and other non-current liabilities	(15,364)	(2,190)	(1,721)	(1,094)	-	(20,369)
Assets and liabilities classified as held for sale	-	-	-	-	-	-
<b>Capital Employed (balance sheet)</b>	<b>37,397</b>	<b>18,501</b>	<b>7,180</b>	<b>4,017</b>	<b>-</b>	<b>67,095</b>
Less inventory valuation effect	-	(3,202)	(282)	840	-	(2,644)
<b>Capital Employed (Business segment information)</b>	<b>37,397</b>	<b>15,299</b>	<b>6,898</b>	<b>4,857</b>	<b>-</b>	<b>64,451</b>
<b>ROACE as a percentage</b>	<b>18%</b>	<b>7%</b>	<b>4%</b>	<b>-</b>	<b>-</b>	<b>13%</b>

## For the year ended December 31, 2008

(M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	24,256	135,524	20,150	46	-	179,976
Intersegment sales	25,132	5,574	1,252	120	(32,078)	-
Excise taxes	-	(19,645)	-	-	-	(19,645)
<b>Revenues from sales</b>	<b>49,388</b>	<b>121,453</b>	<b>21,402</b>	<b>166</b>	<b>(32,078)</b>	<b>160,331</b>
Operating expenses	(21,915)	(119,425)	(20,942)	(685)	32,078	(130,889)
Depreciation, depletion and amortization of tangible assets and mineral interests	(4,005)	(1,202)	(518)	(30)	-	(5,755)
<b>Operating income</b>	<b>23,468</b>	<b>826</b>	<b>(58)</b>	<b>(549)</b>	<b>-</b>	<b>23,687</b>
Equity in income (loss) of affiliates and other items	1,541	(158)	(34)	590	-	1,939
Tax on net operating income	(14,563)	(143)	76	315	-	(14,315)
<b>Net operating income</b>	<b>10,446</b>	<b>525</b>	<b>(16)</b>	<b>356</b>	<b>-</b>	<b>11,311</b>
Net cost of net debt	-	-	-	-	-	(358)
Minority interests	-	-	-	-	-	(363)
<b>Net income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,590</b>

For the year ended  
December 31, 2008 (adjustments<sup>(a)</sup>)

(M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	-	-	-	-	-	-
Intersegment sales	-	-	-	-	-	-
Excise taxes	-	-	-	-	-	-
<b>Revenues from sales</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operating expenses	-	(2,776)	(925)	-	-	(3,701)
Depreciation, depletion and amortization of tangible assets and mineral interest	(171)	-	(6)	-	-	(177)
<b>Operating income<sup>(b)</sup></b>	<b>(171)</b>	<b>(2,776)</b>	<b>(931)</b>	<b>-</b>	<b>-</b>	<b>(3,878)</b>
Equity in income (loss) of affiliates and other items <sup>(c)</sup>	(164)	(195)	(82)	(345)	-	(786)
Tax on net operating income	57	927	329	(2)	-	1,311
<b>Net operating income<sup>(b)</sup></b>	<b>(278)</b>	<b>(2,044)</b>	<b>(684)</b>	<b>(347)</b>	<b>-</b>	<b>(3,353)</b>
Net cost of net debt	-	-	-	-	-	-
Minority interests	-	-	-	-	-	23
<b>Net income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,330)</b>

(a) Adjustments include special items, inventory valuation effect and equity share of adjustments related to Sanofi-Aventis.

(b) Of which inventory valuation effect

	Upstream	Downstream	Chemicals	Corporate
- on operating income	-	(2,776)	(727)	-
- on net operating income	-	(1,971)	(504)	-

(c) Of which equity share of adjustments related to Sanofi-Aventis

**For the year ended December 31, 2008 (adjusted)**

(M€ <sup>(a)</sup> )	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	24,256	135,524	20,150	46	-	179,976
Intersegment sales	25,132	5,574	1,252	120	(32,078)	-
Excise taxes	-	(19,645)	-	-	-	(19,645)
<b>Revenues from sales</b>	<b>49,388</b>	<b>121,453</b>	<b>21,402</b>	<b>166</b>	<b>(32,078)</b>	<b>160,331</b>
Operating expenses	(21,915)	(116,649)	(20,017)	(685)	32,078	(127,188)
Depreciation, depletion and amortization of tangible assets and mineral interests	(3,834)	(1,202)	(512)	(30)	-	(5,578)
<b>Adjusted operating income</b>	<b>23,639</b>	<b>3,602</b>	<b>873</b>	<b>(549)</b>	<b>-</b>	<b>27,565</b>
Equity in income (loss) of affiliates and other items	1,705	37	48	935	-	2,725
Tax on net operating income	(14,620)	(1,070)	(253)	317	-	(15,626)
<b>Adjusted net operating income</b>	<b>10,724</b>	<b>2,569</b>	<b>668</b>	<b>703</b>	<b>-</b>	<b>14,664</b>
Net cost of net debt	-	-	-	-	-	(358)
Minority interests	-	-	-	-	-	(386)
<b>Adjusted net income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,920</b>
<b>Adjusted fully-diluted earnings per share (€)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.20</b>

(a) Except for earnings per share.

**For the year ended December 31, 2008**

(M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Total expenditures	10,017	2,418	1,074	131	-	13,640
Total divestments	1,130	216	53	1,186	-	2,585
Cash flow from operating activities	13,765	3,111	920	873	-	18,669
<b>Balance sheet as of December 31, 2008</b>						
Property, plant and equipment, intangible assets, net	37,090	8,823	5,323	247	-	51,483
Investments in equity affiliates	3,892	1,958	677	6,134	-	12,661
Loans to equity affiliates and other non-current assets	3,739	1,170	762	545	-	6,216
Working capital	570	5,317	2,348	(132)	-	8,103
Provisions and other non-current liabilities	(12,610)	(2,191)	(1,903)	(1,138)	-	(17,842)
Assets and liabilities classified as held for sale	-	-	-	-	-	-
<b>Capital Employed (balance sheet)</b>	<b>32,681</b>	<b>15,077</b>	<b>7,207</b>	<b>5,656</b>	<b>-</b>	<b>60,621</b>
Less inventory valuation effect	-	(1,454)	(46)	387	-	(1,113)
<b>Capital Employed (Business segment information)</b>	<b>32,681</b>	<b>13 623</b>	<b>7,161</b>	<b>6,043</b>	<b>-</b>	<b>59,508</b>
<b>ROACE as a percentage</b>	<b>36%</b>	<b>20%</b>	<b>9%</b>	<b>-</b>	<b>-</b>	<b>26%</b>



## B) Reconciliation between business segment information and the Consolidated Statement of Income

The table below presents the impact of adjustment items on the Consolidated Statement of Income:

For the year ended December 31, 2010 (M€)	Adjusted	Adjustments <sup>(a)</sup>	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)
<b>Consolidated net income</b>	<b>10,522</b>	<b>285</b>	<b>10,807</b>
Group share	10,288	283	10,571
Minority interests	234	2	236

(a) Adjustments include special items, inventory valuation effect and, until June 30, 2010, equity share of adjustments related to Sanofi-Aventis.

For the year ended December 31, 2009 (M€)	Adjusted	Adjustments <sup>(a)</sup>	Consolidated statement of income
Sales	131,327	-	131,327
Excise taxes	(19,174)	-	(19,174)
Revenues from sales	112,153	-	112,153
Purchases, net of inventory variation	(73,263)	2,205	(71,058)
Other operating expenses	(18,271)	(320)	(18,591)
Exploration costs	(698)	-	(698)
Depreciation, depletion and amortization of tangible assets and mineral interests	(6,291)	(391)	(6,682)
Other income	131	183	314
Other expense	(315)	(285)	(600)
Financial interest on debt	(530)	-	(530)
Financial income from marketable securities & cash equivalents	132	-	132
Cost of net debt	(398)	-	(398)
Other financial income	643	-	643
Other financial expense	(345)	-	(345)
Equity in income (loss) of affiliates	1,918	(276)	1,642
Income taxes	(7,302)	(449)	(7,751)
<b>Consolidated net income</b>	<b>7,962</b>	<b>667</b>	<b>8,629</b>
Group share	7,784	663	8,447
Minority interests	178	4	182

(a) Adjustments include special items, inventory valuation effect and equity share of adjustments related to Sanofi-Aventis.



**For the year ended December 31, 2008**  
(M€)

	Adjusted	Adjustments <sup>(a)</sup>	Consolidated statement of income
Sales	179,976	-	179,976
Excise taxes	(19,645)	-	(19,645)
Revenues from sales	160,331	-	160,331
Purchases, net of inventory variation	(107,521)	(3,503)	(111,024)
Other operating expenses	(18,903)	(198)	(19,101)
Exploration costs	(764)	-	(764)
Depreciation, depletion and amortization of tangible assets and mineral interests	(5,578)	(177)	(5,755)
Other income	153	216	369
Other expense	(147)	(407)	(554)
Financial interest on debt	(1,000)	-	(1,000)
Financial income from marketable securities & cash equivalents	473	-	473
Cost of net debt	(527)	-	(527)
Other financial income	728	-	728
Other financial expense	(325)	-	(325)
Equity in income (loss) of affiliates	2,316	(595)	1,721
Income taxes	(15,457)	1,311	(14,146)
<b>Consolidated net income</b>	<b>14,306</b>	<b>(3,353)</b>	<b>10,953</b>
Group share	13,920	(3,330)	10,590
Minority interests	386	(23)	363

(a) Adjustments include special items, inventory valuation effect and equity share of adjustments related to Sanofi-Aventis.

**C) 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, 2010**  
(M€)

	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	863	130	-	993
Restructuring charges	-	-	-	-	-
Asset impairment charges	(203)	(1,192)	(21)	-	(1,416)
Other items	-	60	(38)	-	22
<b>Total</b>	<b>(203)</b>	<b>(269)</b>	<b>71</b>	<b>-</b>	<b>(401)</b>

**Adjustments to net income, Group share**

**For the year ended December 31, 2010**  
(M€)

	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	635	113	-	748
TOTAL's equity share of adjustments related to Sanofi-Aventis	-	-	-	(81)	(81)
Restructuring charges	-	(12)	(41)	-	(53)
Asset impairment charges	(297)	(913)	(14)	-	(1,224)
Gains (losses) on disposals of assets	589	122	33	302	1,046
Other items	(37)	(83)	(33)	-	(153)
<b>Total</b>	<b>255</b>	<b>(251)</b>	<b>58</b>	<b>221</b>	<b>283</b>

**Adjustments to operating income**

For the year ended December 31, 2009

(M€)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	1,816	389	-	2,205
Restructuring charges	-	-	-	-	-
Asset impairment charges	(4)	(347)	(40)	-	(391)
Other items	(17)	(258)	(45)	-	(320)
<b>Total</b>	<b>(21)</b>	<b>1,211</b>	<b>304</b>	<b>-</b>	<b>1,494</b>

**Adjustments to net income, Group share**

For the year ended December 31, 2009

(M€)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	1,279	254	-	1,533
TOTAL's equity share of adjustments related to Sanofi-Aventis	-	-	-	(300)	(300)
Restructuring charges	-	(27)	(102)	-	(129)
Asset impairment charges	(52)	(253)	(28)	-	(333)
Gains (losses) on disposals of assets	-	-	-	179	179
Other items	(112)	(182)	7	-	(287)
<b>Total</b>	<b>(164)</b>	<b>817</b>	<b>131</b>	<b>(121)</b>	<b>663</b>

**Adjustments to operating income**

For the year ended December 31, 2008

(M€)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	(2,776)	(727)	-	(3,503)
Restructuring charges	-	-	-	-	-
Asset impairment charges	(171)	-	(6)	-	(177)
Other items	-	-	(198)	-	(198)
<b>Total</b>	<b>(171)</b>	<b>(2,776)</b>	<b>(931)</b>	<b>-</b>	<b>(3,878)</b>

**Adjustments to net income, Group share**

For the year ended December 31, 2008

(M€)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	(1,949)	(503)	-	(2,452)
TOTAL's equity share of adjustments related to Sanofi-Aventis	-	-	-	(393)	(393)
Restructuring charges	-	(47)	(22)	-	(69)
Asset impairment charges	(172)	(26)	(7)	-	(205)
Gains (losses) on disposals of assets	130	-	-	84	214
Other items	(236)	-	(151)	(38)	(425)
<b>Total</b>	<b>(278)</b>	<b>(2,022)</b>	<b>(683)</b>	<b>(347)</b>	<b>(3,330)</b>

**D) Additional information on impairments**

In the Upstream, Downstream and Chemicals segments, impairments of assets have been recognized for the year ended December 31, 2010, 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. These items are identified in paragraph 4C 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 CGUs 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";
- 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;
- 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 after 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 2008, 2009 and 2010;

- 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 12% in 2010.

The CGUs of the Upstream segment affected by these impairments are oil fields and investments in associates accounted for by the equity method. For the year ended December 31, 2010, the Group has recognized impairments with an impact of €203 million in operating income and €297 million in net income, Group share, mainly including an impairment of assets related to its project to build an upgrader in Edmonton, the Group giving up this project as part of its agreements with Suncor.

The CGUs of the Downstream segment are affiliates or groups of affiliates (or industrial assets) organized mostly by country for the refining activities and by relevant geographical area for the marketing activities. In 2010, the economic environment of refining activities remained unfavorable, with a worldwide context of surplus in refining capacities compared to the demand for petroleum products. This surplus is more and more based in Europe, where the demand has been decreasing whereas in emerging countries (in Middle East and Asia) the consumption growth is strong. Considering the specificities of industrial tools, this remaining context of deteriorated margins had a particularly negative impact on the results of the refining CGUs in France and in the United Kingdom and lead to strong operational losses despite the efforts made to improve operations. Moreover in the last few months some

operators have announced site closures or tried to dispose of some sites although no material transaction has occurred in 2010. These factors have triggered off the recognition of impairments of assets in Europe, especially within the CGUs Refining France and United Kingdom, reducing the operating income by €1,192 million and the net income, Group share by €913 million. Sensitivity analysis performed on other European refining CGUs, using different actualization rates and margins, have not led to additional impairment charge.

The CGUs of the Chemicals segment are worldwide business units, including activities or products with common strategic, commercial and industrial characteristics.

For the year ended December 31, 2009, impairments of assets have been recognized in the Upstream, Downstream and Chemicals segments with an impact of €413 million in operating income and €382 million in net income, Group share. These impairments have been disclosed as adjustments to operating income for €391 million and adjustments to net income, Group share for €333 million.

For the year ended December 31, 2008, impairments of assets have been recognized in the Upstream, Downstream and Chemicals segments with an impact of €216 million in operating income and €244 million in net income, Group share. These impairments have been disclosed as adjustments to operating income for €177 million and adjustments to net income, Group share for €205 million.

For the years ended December 31, 2010 and 2009, no reversal of impairment has been recognized. For the year ended December 31, 2008, reversals of impairment losses have been recognized in the Upstream segment with an impact of €41 million in operating income and €29 million in net income, Group share.

## 5) Information by geographical area

(M€)	France	Rest of Europe	North America	Africa	Rest of the world	Total
<b>For the year ended December 31, 2010</b>						
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
<b>For the year ended December 31, 2009</b>						
Non-Group sales	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
<b>For the year ended December 31, 2008</b>						
Non-Group sales	43,616	82,761	14,002	12,482	27,115	179,976
Property, plant and equipment, intangible assets, net	7,260	13,485	5,182	15,460	10,096	51,483
Capital expenditures	1,997	2,962	1,255	4,500	2,926	13,640

## 6) Operating expenses

For the year ended December 31,  
(M€)

	2010	2009	2008
Purchases, net of inventory variation <sup>(a)</sup>	(93,171)	(71,058)	(111,024)
Exploration costs	(864)	(698)	(764)
Other operating expenses <sup>(b)</sup>	(19,135)	(18,591)	(19,101)
of which non-current operating liabilities (allowances) reversals	387	515	459
of which current operating liabilities (allowances) reversals	(101)	(43)	(29)
<b>Operating expenses</b>	<b>(113,170)</b>	<b>(90,347)</b>	<b>(130,889)</b>

(a) Includes taxes paid on oil and gas production in the Upstream segment, namely royalties.

(b) 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").

## 7) Other income and other expense

For the year ended December 31,  
(M€)

	2010	2009	2008
Gains (losses) on disposal of assets	1,117	200	257
Foreign exchange gains	-	-	112
Other	279	114	-
<b>Other income</b>	<b>1,396</b>	<b>314</b>	<b>369</b>
Foreign exchange losses	-	(32)	-
Amortization of other intangible assets (excl. mineral interests)	(267)	(142)	(162)
Other	(633)	(426)	(392)
<b>Other expense</b>	<b>(900)</b>	<b>(600)</b>	<b>(554)</b>

### Other income

In 2010, gains and losses on disposal of assets are 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-Aventis (see Note 3 to the Consolidated Financial Statements).

In 2009, gains and losses on disposal of assets were mainly related to the disposal of shares of Sanofi-Aventis.

In 2008, gains and losses on disposal of assets were mainly related to sales of assets in the Upstream segment, as well as the disposal of shares of Sanofi-Aventis.

### Other expense

In 2010, the heading "Other" is mainly comprised of €248 million of restructuring charges in the Downstream and Chemicals segments.

In 2009, the heading "Other" was mainly comprised of €190 million of restructuring charges in the Downstream and Chemicals segments.

In 2008, the heading "Other" was mainly comprised of:

- €107 million of restructuring charges in the Upstream, Downstream and Chemicals segments; and
- €48 million of changes in provisions related to various antitrust investigations as described in Note 32 to the Consolidated Financial Statements "Other risks and contingent liabilities".

## 8) Other financial income and expense

As of December 31,  
(M€)

	2010	2009	2008
Dividend income on non-consolidated subsidiaries	255	210	238
Capitalized financial expenses	113	117	271
Other	74	316	219
<b>Other financial income</b>	<b>442</b>	<b>643</b>	<b>728</b>
Accretion of asset retirement obligations	(338)	(283)	(229)
Other	(69)	(62)	(96)
<b>Other financial expense</b>	<b>(407)</b>	<b>(345)</b>	<b>(325)</b>

## 9) Income taxes

Since 1966, the Group has been taxed in accordance with the consolidated income tax treatment approved on a renewable basis by the French Ministry of Economy, Finance and Industry. The renewal of this approval has been requested for the 2011-2013 period. It is being reviewed by the French Department of Budget, Public Accounts, Civil Service and State Reform.

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 €26,458 million as of December 31, 2010. The determination of the tax effect relating to such reinvested income is not practicable.

In addition, no deferred tax is recognized on unremitted earnings (approximately €21,147 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€)

	2010	2009	2008
Current income taxes	(9,934)	(7,213)	(14,117)
Deferred income taxes	(294)	(538)	(29)
<b>Total income taxes</b>	<b>(10,228)</b>	<b>(7,751)</b>	<b>(14,146)</b>

Before netting deferred tax assets and liabilities by fiscal entity, the components of deferred tax balances are as follows:

As of December 31,  
(M€)

	2010	2009	2008
Net operating losses and tax carry forwards	1,145	1,114	1,031
Employee benefits	535	517	519
Other temporary non-deductible provisions	2,757	2,184	2,075
<b>Gross deferred tax assets</b>	<b>4,437</b>	<b>3,815</b>	<b>3,625</b>
Valuation allowance	(576)	(484)	(475)
<b>Net deferred tax assets</b>	<b>3,861</b>	<b>3,331</b>	<b>3,150</b>
Excess tax over book depreciation	(10,966)	(9,791)	(8,836)
Other temporary tax deductions	(1,339)	(1,179)	(1,171)
<b>Gross deferred tax liability</b>	<b>(12,305)</b>	<b>(10,970)</b>	<b>(10,007)</b>
<b>Net deferred tax liability</b>	<b>(8,444)</b>	<b>(7,639)</b>	<b>(6,857)</b>

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€)

	2010	2009	2008
Deferred tax assets, non-current (note 14)	1,378	1,164	1,010
Deferred tax assets, current (note 16)	151	214	206
Deferred tax liabilities, non-current	(9,947)	(8,948)	(7,973)
Deferred tax liabilities, current	(26)	(69)	(100)
<b>Net amount</b>	<b>(8,444)</b>	<b>(7,639)</b>	<b>(6,857)</b>



The net deferred tax variation in the balance sheet is analyzed as follows:

As of December 31,  
(M€)

	2010	2009	2008
<b>Opening balance</b>	<b>(7,639)</b>	<b>(6,857)</b>	<b>(7,251)</b>
Deferred tax on income	(294)	(538)	(29)
Deferred tax on shareholders' equity <sup>(a)</sup>	28	(38)	30
Changes in scope of consolidation	(59)	(1)	(1)
Currency translation adjustment	(480)	(205)	394
<b>Closing balance</b>	<b>(8,444)</b>	<b>(7,639)</b>	<b>(6,857)</b>

(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).

## Reconciliation between provision for income taxes and pre-tax income

For the year ended December 31,  
(M€)

	2010	2009	2008
Consolidated net income	10,807	8,629	10,953
Provision for income taxes	10,228	7,751	14,146
<b>Pre-tax income</b>	<b>21,035</b>	<b>16,380</b>	<b>25,099</b>
French statutory tax rate	34.43%	34.43%	34.43%
<b>Theoretical tax charge</b>	<b>(7,242)</b>	<b>(5,640)</b>	<b>(8,642)</b>
Difference between French and foreign income tax rates	(4,921)	(3,214)	(6,326)
Tax effect of equity in income (loss) of affiliates	672	565	593
Permanent differences	1,375	597	315
Adjustments on prior years income taxes	(45)	(47)	12
Adjustments on deferred tax related to changes in tax rates	2	(1)	(31)
Changes in valuation allowance of deferred tax assets	(65)	(6)	(63)
Other	(4)	(5)	(4)
<b>Net provision for income taxes</b>	<b>(10,228)</b>	<b>(7,751)</b>	<b>(14,146)</b>

The French statutory tax rate includes the standard corporate tax rate (33.33%) and additional applicable taxes that bring the overall tax rate to 34.43% in 2010 (identical to 2009 and 2008).

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 and within the consolidated income tax treatment.

## Net operating losses and tax credit carryforwards

Deferred tax assets related to net operating losses and tax carryforwards expire in the following years:

As of December 31,  
(M€)

	2010		2009		2008	
	Basis	Tax	Basis	Tax	Basis	Tax
2009	-	-	-	-	233	115
2010	-	-	258	126	167	79
2011	225	110	170	83	93	42
2012	177	80	121	52	61	19
2013 <sup>(a)</sup>	146	59	133	43	1,765	587
2014 <sup>(b)</sup>	1,807	602	1,804	599	-	-
2015 and after	190	62	-	-	-	-
Unlimited	774	232	661	211	560	189
<b>Total</b>	<b>3,319</b>	<b>1,145</b>	<b>3,147</b>	<b>1,114</b>	<b>2,879</b>	<b>1,031</b>

(a) Net operating losses and tax credit carryforwards in 2013 and after for 2008.

(b) Net operating losses and tax credit carryforwards in 2014 and after for 2009.

## 10) Intangible assets

As of December 31, 2010 (M€)	Cost	Amortization and impairment	Net
Goodwill	1,498	(596)	902
Proved and unproved mineral interests	10,099	(2,712)	7,387
Other intangible assets	2,803	(2,175)	628
<b>Total intangible assets</b>	<b>14,400</b>	<b>(5,483)</b>	<b>8,917</b>

As of December 31, 2009 (M€)	Cost	Amortization and impairment	Net
Goodwill	1,776	(614)	1,162
Proved and unproved mineral interests	8,204	(2,421)	5,783
Other intangible assets	2,712	(2,143)	569
<b>Total intangible assets</b>	<b>12,692</b>	<b>(5,178)</b>	<b>7,514</b>

As of December 31, 2008 (M€)	Cost	Amortization and impairment	Net
Goodwill	1,690	(616)	1,074
Proved and unproved mineral interests	6,010	(2,268)	3,742
Other intangible assets	2,519	(1,994)	525
<b>Total intangible assets</b>	<b>10,219</b>	<b>(4,878)</b>	<b>5,341</b>

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,
2010	7,514	2,466	(62)	(553)	491	(939)	8,917
2009	5,341	629	(64)	(345)	2	1,951	7,514
2008	4,650	404	(3)	(259)	(93)	642	5,341

In 2010, the heading "Other" mainly includes 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 (see Note 34 to the Consolidated Financial Statements), partially compensated by the acquisition of UTS for €646 million (see Note 3 to the Consolidated Financial Statements).

In 2009, the heading "Other" mainly included Chesapeake's Barnett Shale mineral interests for €1,449 million (see Note 3 to the Consolidated Financial Statements).

In 2008, the heading "Other" mainly included the impact of "proved and unproved mineral interests" from Synenco Energy Inc. for €221 million and from Goal Petroleum B.V. for €292 million.

A summary of changes in the carrying amount of goodwill by business segment for the year ended December 31, 2010 is as follows:

(M€)	Net goodwill as of January 1, 2010	Increases	Impairments	Other	Net goodwill as of December 31, 2010
Upstream	78	-	-	-	78
Downstream	202	22	(88)	(54)	82
Chemicals	857	-	-	(140)	717
Corporate	25	-	-	-	25
<b>Total</b>	<b>1,162</b>	<b>22</b>	<b>(88)</b>	<b>(194)</b>	<b>902</b>

The heading "Other" mainly corresponds to the sale of Mapa Spontex and the reclassification of the goodwill of resins businesses subject to a disposal plan in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations".

## 11) Property, plant and equipment

As of December 31, 2010 (M€)	Cost	Depreciation and impairment	Net
<b>Upstream properties</b>			
Proved properties	77,183	(50,582)	26,601
Unproved properties	347	(1)	346
Work in progress	14,712	(37)	14,675
<b>Subtotal</b>	<b>92,242</b>	<b>(50,620)</b>	<b>41,622</b>
<b>Other property, plant and equipment</b>			
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
<b>Subtotal</b>	<b>39,678</b>	<b>(26,336)</b>	<b>13,342</b>
<b>Total property, plant and equipment</b>	<b>131,920</b>	<b>(76,956)</b>	<b>54,964</b>

As of December 31, 2009 (M€)	Cost	Depreciation and impairment	Net
<b>Upstream properties</b>			
Proved properties	71,082	(44,718)	26,364
Unproved properties	182	(1)	181
Work in progress	10,351	(51)	10,300
<b>Subtotal</b>	<b>81,615</b>	<b>(44,770)</b>	<b>36,845</b>
<b>Other property, plant and equipment</b>			
Land	1,458	(435)	1,023
Machinery, plant and equipment (including transportation equipment)	22,927	(15,900)	7,027
Buildings	6,142	(3,707)	2,435
Work in progress	2,774	(155)	2,619
Other	6,506	(4,865)	1,641
<b>Subtotal</b>	<b>39,807</b>	<b>(25,062)</b>	<b>14,745</b>
<b>Total property, plant and equipment</b>	<b>121,422</b>	<b>(69,832)</b>	<b>51,590</b>

As of December 31, 2008 (M€)	Cost	Depreciation and impairment	Net
<b>Upstream properties</b>			
Proved properties	61,727	(39,315)	22,412
Unproved properties	106	(1)	105
Work in progress	9,586	-	9,586
<b>Subtotal</b>	<b>71,419</b>	<b>(39,316)</b>	<b>32,103</b>
<b>Other property, plant and equipment</b>			
Land	1,446	(429)	1,017
Machinery, plant and equipment (including transportation equipment)	21,734	(14,857)	6,877
Buildings	5,739	(3,441)	2,298
Work in progress	2,226	(10)	2,216
Other	6,258	(4,627)	1,631
<b>Subtotal</b>	<b>37,403</b>	<b>(23,364)</b>	<b>14,039</b>
<b>Total property, plant and equipment</b>	<b>108,822</b>	<b>(62,680)</b>	<b>46,142</b>

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,
<b>2010</b>	<b>51,590</b>	<b>11,346</b>	<b>(1,269)</b>	<b>(8,564)</b>	<b>2,974</b>	<b>(1,113)</b>	<b>54,964</b>
2009	46,142	11,212	(65)	(6,765)	397	669	51,590
2008	41,467	11,442	(102)	(5,941)	(1,151)	427	46,142

In 2010, the heading “Disposals” mainly includes 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” includes the impact of impairments of assets recognized for €1,416 million (see Note 4C to the Consolidated Financial Statements).

In 2010, the heading “Other” mainly corresponds 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” (see Note 34 to the Consolidated Financial Statements), partially compensated by the acquisition of UTS for €217 million (see Note 3 to the Consolidated Financial Statements).

In 2009, the heading “Other” mainly included changes in net property, plant and equipment related to asset retirement obligations and Chesapeake’s Barnett shale tangible assets for €113 million (see Note 3 to the Consolidated Financial Statements).

In 2008, the heading “Other” mainly included changes in net property, plant and equipment related to asset retirement obligations.

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, 2010 (M€)	Cost	Depreciation and impairment	Net
Machinery, plant and equipment	480	(332)	148
Buildings	54	(24)	30
Other	-	-	-
<b>Total</b>	<b>534</b>	<b>(356)</b>	<b>178</b>

As of December 31, 2009 (M€)	Cost	Depreciation and impairment	Net
Machinery, plant and equipment	548	(343)	205
Buildings	60	(30)	30
Other	-	-	-
<b>Total</b>	<b>608</b>	<b>(373)</b>	<b>235</b>

As of December 31, 2008 (M€)	Cost	Depreciation and impairment	Net
Machinery, plant and equipment	558	(316)	242
Buildings	35	(28)	7
Other	-	-	-
<b>Total</b>	<b>593</b>	<b>(344)</b>	<b>249</b>

## 12) Equity affiliates: investments and loans

As from January 1<sup>st</sup>, 2010, jointly-controlled entities are consolidated under the equity method, as provided for in the alternative method of IAS 31 “Interests in joint ventures” (see Note 1 “Accounting policies” paragraphs A and V to the Consolidated Financial Statements). Until December 31, 2009, these entities were consolidated using the proportionate method.

As of December 31,	2010	2009	2008	2010	2009	2008
Equity value (M€)	% owned			Equity value		
NLNG	15.00%	15.00%	15.00%	1,108	1,136	1,135
PetroCedeño - EM	30.32%	30.32%	30.32%	1,136	874	760
CEPSA (Upstream share)	48.83%	48.83%	48.83%	340	385	403
Angola LNG Ltd.	13.60%	13.60%	13.60%	710	490	326
Qatargas	10.00%	10.00%	10.00%	85	83	251
Société du Terminal Méthanier de Fos Cavaou	28.03%	28.79%	30.30%	125	124	114
Dolphin Energy Ltd (Del) Abu Dhabi	24.50%	24.50%	24.50%	172	118	85
Qatar Liquefied Gas Company Limited II (Train B)	16.70%	16.70%	16.70%	184	143	82
Shtokman Development AG <sup>(a)</sup>	25.00%	25.00%	25.00%	214	162	35
AMYRIS <sup>(b)</sup>	22.03%	-	-	101	-	-
Other	-	-	-	749	745	700
<b>Total associates</b>				<b>4,924</b>	<b>4,260</b>	<b>3,891</b>
Other	-	-	-	78	-	-
<b>Total jointly-controlled entities</b>				<b>78</b>	<b>-</b>	<b>-</b>
<b>Total Upstream</b>				<b>5,002</b>	<b>4,260</b>	<b>3,891</b>
CEPSA (Downstream share)	48.83%	48.83%	48.83%	2,151	1,927	1,810
Saudi Aramco Total Refining & Petrochemicals (Downstream share) <sup>(a)</sup>	37.50%	37.50%	37.50%	47	60	75
Wepec	22.41%	22.41%	22.41%	-	-	-
Other	-	-	-	159	123	73
<b>Total associates</b>				<b>2,357</b>	<b>2,110</b>	<b>1,958</b>
SARA <sup>(d)</sup>	50.00%	-	-	134	-	-
TotalErg <sup>(b)</sup>	49.00%	-	-	289	-	-
Other	-	-	-	2	-	-
<b>Total jointly-controlled entities</b>				<b>425</b>	<b>-</b>	<b>-</b>
<b>Total Downstream</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,782</b>	<b>2,110</b>	<b>1,958</b>
CEPSA (Chemicals share)	48.83%	48.83%	48.83%	411	396	424
Qatar Petrochemical Company Ltd.	20.00%	20.00%	20.00%	221	205	192
Saudi Aramco Total Refining & Petrochemicals (Chemicals share) <sup>(a)</sup>	37.50%	37.50%	37.50%	4	5	6
Other	-	-	-	68	46	55
<b>Total associates</b>				<b>704</b>	<b>652</b>	<b>677</b>
Samsung Total Petrochemicals <sup>(d)</sup>	50.00%	-	-	645	-	-
<b>Total jointly-controlled entities</b>				<b>645</b>	<b>-</b>	<b>-</b>
<b>Total Chemicals</b>				<b>1,349</b>	<b>652</b>	<b>677</b>
Sanofi-Aventis <sup>(c)</sup>	-	7.39%	11.38%	-	4,235	6,137
<b>Total associates</b>				<b>-</b>	<b>4,235</b>	<b>6,137</b>
<b>Total jointly-controlled entities</b>				<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Corporate</b>				<b>-</b>	<b>4,235</b>	<b>6,137</b>
<b>Total investments</b>				<b>9,133</b>	<b>11,257</b>	<b>12,663</b>
Loans				2,383	2,367	2,005
<b>Total investments and loans</b>				<b>11,516</b>	<b>13,624</b>	<b>14,668</b>

(a) Investment accounted for by the equity method as from 2008.

(b) Investment accounted for by the equity method as from 2010.

(c) End of the accounting for by the equity method of Sanofi-Aventis as of July 1<sup>st</sup>, 2010 (see Note 3 to the Consolidated Financial Statements).

(d) Change in the consolidation method as of January 1<sup>st</sup>, 2010.

Equity in income (loss) (M€)	As of December 31,			For the year ended December 31,		
	2010	2009	2008	2010	2009	2008
	% owned			Equity in income (loss)		
NLNG	15.00%	15.00%	15.00%	207	227	554
PetroCedeño - EM	30.32%	30.32%	30.32%	195	166	193
CEPSA (Upstream share)	48.83%	48.83%	48.83%	57	23	50
Angola LNG Ltd.	13.60%	13.60%	13.60%	8	9	10
Qatargas	10.00%	10.00%	10.00%	136	114	126
Société du Terminal Méthanier de Fos Cavaou	28.03%	28.79%	30.30%	-	-	(5)
Dolphin Energy Ltd (Del) Abu Dhabi	24.50%	24.50%	24.50%	121	94	83
Qatar Liquefied Gas Company Limited II (Train B)	16.70%	16.70%	16.70%	288	8	(11)
Shtokman Development AG <sup>(a)</sup>	25.00%	25.00%	25.00%	(5)	4	-
AMYRIS <sup>(b)</sup>	22.03%	-	-	(3)	-	-
Other	-	-	-	177	214	178
<b>Total associates</b>				<b>1,181</b>	<b>859</b>	<b>1,178</b>
Other	-	-	-	6	-	-
<b>Total jointly-controlled entities</b>				<b>6</b>	<b>-</b>	<b>-</b>
<b>Total Upstream</b>				<b>1,187</b>	<b>859</b>	<b>1,178</b>
CEPSA (Downstream share)	48.83%	48.83%	48.83%	172	149	76
Saudi Aramco Total Refining & Petrochemicals (Downstream share) <sup>(a)</sup>	37.50%	37.50%	37.50%	(19)	(12)	-
Wepec	22.41%	22.41%	22.41%	29	-	(110)
Other	-	-	-	47	81	(13)
<b>Total associates</b>				<b>229</b>	<b>218</b>	<b>(47)</b>
SARA <sup>(d)</sup>	50.00%	-	-	31	-	-
TotalErg <sup>(b)</sup>	49.00%	-	-	(11)	-	-
Other	-	-	-	2	-	-
<b>Total jointly-controlled entities</b>				<b>22</b>	<b>-</b>	<b>-</b>
<b>Total Downstream</b>				<b>251</b>	<b>218</b>	<b>(47)</b>
CEPSA (Chemicals share)	48.83%	48.83%	48.83%	78	10	10
Qatar Petrochemical Company Ltd.	20.00%	20.00%	20.00%	84	74	66
Saudi Aramco Total Refining & Petrochemicals (Chemicals share) <sup>(a)</sup>	37.50%	37.50%	37.50%	(1)	(1)	-
Other	-	-	-	41	(4)	(1)
<b>Total associates</b>				<b>202</b>	<b>79</b>	<b>75</b>
Samsung Total Petrochemicals <sup>(d)</sup>	50.00%	-	-	104	-	-
<b>Total jointly-controlled entities</b>				<b>104</b>	<b>-</b>	<b>-</b>
<b>Total Chemicals</b>				<b>306</b>	<b>79</b>	<b>75</b>
Sanofi-Aventis <sup>(c)</sup>	-	7.39%	11.38%	209	486	515
<b>Total associates</b>				<b>209</b>	<b>486</b>	<b>515</b>
<b>Total jointly-controlled entities</b>				<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Corporate</b>				<b>209</b>	<b>486</b>	<b>515</b>
<b>Total investments</b>				<b>1,953</b>	<b>1,642</b>	<b>1,721</b>

(a) Investment accounted for by the equity method as from 2008.

(b) Investment accounted for by the equity method as from 2010.

(c) End of the accounting for by the equity method of Sanofi-Aventis as of July 1<sup>st</sup>, 2010 (see Note 3 to the Consolidated Financial Statements).

(d) Change in the consolidation method as of January 1<sup>st</sup>, 2010.

The market value of the Group's share in CEPSA amounts to €2,389 million as of December 31, 2010 for an equity value of €2,902 million. The recoverable amount of CEPSA determined by reference to the value of discounted future cash flows being greater than the equity value, no impairment loss has been accounted for.



In Group share, the main financial items of the equity affiliates are as follows:

As of December 31, (M€)	2010		2009		2008	
	Associates	Jointly-controlled entities	Associates	Jointly-controlled entities	Associates	Jointly-controlled entities
Assets	19,192	2,770	22,681	-	23,173	-
Shareholders' equity	7,985	1,148	11,257	-	12,663	-
Liabilities	11,207	1,622	11,424	-	10,510	-

For the year ended December 31, (M€)	2010		2009		2008	
	Associates	Jointly-controlled entities	Associates	Jointly-controlled entities	Associates	Jointly-controlled entities
Revenues from sales	16,529	2,575	14,434	-	19,982	-
Pre-tax income	2,389	166	2,168	-	2,412	-
Income tax	(568)	(34)	(526)	-	(691)	-
<b>Net income</b>	<b>1,821</b>	<b>132</b>	<b>1,642</b>	<b>-</b>	<b>1,721</b>	<b>-</b>

### 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, 2010 (M€)	Carrying amount	Unrealized gain (loss)	Balance sheet value
Sanofi-Aventis <sup>(a)</sup>	3,510	(56)	3,454
Areva <sup>(b)</sup>	69	63	132
Arkema	-	-	-
Chicago Mercantile Exchange Group <sup>(c)</sup>	1	9	10
Olympia Energy Fund - energy investment fund <sup>(d)</sup>	37	(3)	34
Other publicly traded equity securities	2	(1)	1
<b>Total publicly traded equity securities<sup>(e)</sup></b>	<b>3,619</b>	<b>12</b>	<b>3,631</b>
BBPP	60	-	60
BTC Limited	141	-	141
Other equity securities	758	-	758
<b>Total other equity securities<sup>(e)</sup></b>	<b>959</b>	<b>-</b>	<b>959</b>
<b>Other investments</b>	<b>4,578</b>	<b>12</b>	<b>4,590</b>

As of December 31, 2009 (M€)	Carrying amount	Unrealized gain (loss)	Balance sheet value
Areva <sup>(b)</sup>	69	58	127
Arkema	15	47	62
Chicago Mercantile Exchange Group <sup>(c)</sup>	1	9	10
Olympia Energy Fund - energy investment fund <sup>(d)</sup>	35	(2)	33
Other publicly traded equity securities	-	-	-
<b>Total publicly traded equity securities<sup>(e)</sup></b>	<b>120</b>	<b>112</b>	<b>232</b>
BBPP	72	-	72
BTC Limited	144	-	144
Other equity securities	714	-	714
<b>Total other equity securities<sup>(e)</sup></b>	<b>930</b>	<b>-</b>	<b>930</b>
<b>Other investments</b>	<b>1,050</b>	<b>112</b>	<b>1,162</b>

As of December 31, 2008 (M€)	Carrying amount	Unrealized gain (loss)	Balance sheet value
Areva <sup>(b)</sup>	69	59	128
Arkema	16	15	31
Chicago Mercantile Exchange Group <sup>(c)</sup>	1	5	6
Olympia Energy Fund - energy investment fund <sup>(d)</sup>	36	(5)	31
Other publicly traded equity securities	-	-	-
<b>Total publicly traded equity securities<sup>(e)</sup></b>	<b>122</b>	<b>74</b>	<b>196</b>
BBPP	75	-	75
BTC Limited	161	-	161
Other equity securities	733	-	733
<b>Total other equity securities<sup>(e)</sup></b>	<b>969</b>	<b>-</b>	<b>969</b>
<b>Other investments</b>	<b>1,091</b>	<b>74</b>	<b>1,165</b>

(a) End of the accounting for by the equity method of Sanofi-Aventis as of July 1<sup>st</sup>, 2010 (see Note 3 to the Consolidated Financial Statements).

(b) Unrealized gain based on the investment certificate.

(c) The Nymex Holdings Inc. securities have been traded during the acquisition process running from June 11 to August 22, 2008 through which Chicago Mercantile Exchange Group acquired all the Nymex Holdings Inc. securities.

(d) Securities acquired in 2008.

(e) Including cumulative impairments of €597 million in 2010, €599 million in 2009 and €608 million in 2008.

## 14) Other non-current assets

As of December 31, 2010 (M€)	Gross value	Valuation allowance	Net value
Deferred income tax assets	1,378	-	1,378
Loans and advances <sup>(a)</sup>	2,060	(464)	1,596
Other	681	-	681
<b>Total</b>	<b>4,119</b>	<b>(464)</b>	<b>3,655</b>

As of December 31, 2009 (M€)	Gross value	Valuation allowance	Net value
Deferred income tax assets	1,164	-	1,164
Loans and advances <sup>(a)</sup>	1,871	(587)	1,284
Other	633	-	633
<b>Total</b>	<b>3,668</b>	<b>(587)</b>	<b>3,081</b>

As of December 31, 2008 (M€)	Gross value	Valuation allowance	Net value
Deferred income tax assets	1,010	-	1,010
Loans and advances <sup>(a)</sup>	1,932	(529)	1,403
Other	631	-	631
<b>Total</b>	<b>3,573</b>	<b>(529)</b>	<b>3,044</b>

(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, (M€)	Valuation allowance as of January 1,	Increases	Decreases	Currency translation adjustment and other variations	Valuation allowance as of December 31,
<b>2010</b>	<b>(587)</b>	<b>(33)</b>	<b>220</b>	<b>(64)</b>	<b>(464)</b>
2009	(529)	(19)	29	(68)	(587)
2008	(527)	(33)	52	(21)	(529)

## 15) Inventories

## As of December 31, 2010

(M€)	Gross value	Valuation allowance	Net value
Crude oil and natural gas	4,990	-	4,990
Refined products	7,794	(28)	7,766
Chemicals products	1,350	(99)	1,251
Other inventories	1,911	(318)	1,593
<b>Total</b>	<b>16,045</b>	<b>(445)</b>	<b>15,600</b>

## As of December 31, 2009

(M€)	Gross value	Valuation allowance	Net value
Crude oil and natural gas	4,581	-	4,581
Refined products	6,647	(18)	6,629
Chemicals products	1,234	(113)	1,121
Other inventories	1,822	(286)	1,536
<b>Total</b>	<b>14,284</b>	<b>(417)</b>	<b>13,867</b>

## As of December 31, 2008

(M€)	Gross value	Valuation allowance	Net value
Crude oil and natural gas	2,772	(326)	2,446
Refined products	4,954	(416)	4,538
Chemicals products	1,419	(105)	1,314
Other inventories	1,591	(268)	1,323
<b>Total</b>	<b>10,736</b>	<b>(1,115)</b>	<b>9,621</b>

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,
<b>2010</b>	<b>(417)</b>	<b>(39)</b>	<b>11</b>	<b>(445)</b>
2009	(1,115)	700	(2)	(417)
2008	(325)	(740)	(50)	(1,115)

## 16) Accounts receivable and other current assets

As of December 31, 2010

(M€)	Gross value	Valuation allowance	Net value
<b>Accounts receivable</b>	<b>18,635</b>	<b>(476)</b>	<b>18,159</b>
Recoverable taxes	2,227	-	2,227
Other operating receivables	4,543	(136)	4,407
Deferred income tax	151	-	151
Prepaid expenses	657	-	657
Other current assets	41	-	41
<b>Other current assets</b>	<b>7,619</b>	<b>(136)</b>	<b>7,483</b>

As of December 31, 2009

(M€)	Gross value	Valuation allowance	Net value
<b>Accounts receivable</b>	<b>16,187</b>	<b>(468)</b>	<b>15,719</b>
Recoverable taxes	2,156	-	2,156
Other operating receivables	5,214	(69)	5,145
Deferred income tax	214	-	214
Prepaid expenses	638	-	638
Other current assets	45	-	45
<b>Other current assets</b>	<b>8,267</b>	<b>(69)</b>	<b>8,198</b>

As of December 31, 2008

(M€)	Gross value	Valuation allowance	Net value
<b>Accounts receivable</b>	<b>15,747</b>	<b>(460)</b>	<b>15,287</b>
Recoverable taxes	2,510	-	2,510
Other operating receivables	6,227	(19)	6,208
Deferred income tax	206	-	206
Prepaid expenses	650	-	650
Other current assets	68	-	68
<b>Other current assets</b>	<b>9,661</b>	<b>(19)</b>	<b>9,642</b>

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,
<b>Accounts receivable</b>				
<b>2010</b>	<b>(468)</b>	<b>(31)</b>	<b>23</b>	<b>(476)</b>
2009	(460)	(17)	9	(468)
2008	(482)	9	13	(460)
<b>Other current assets</b>				
<b>2010</b>	<b>(69)</b>	<b>(66)</b>	<b>(1)</b>	<b>(136)</b>
2009	(19)	(14)	(36)	(69)
2008	(27)	7	1	(19)

As of December 31, 2010, the net portion of the overdue receivables included in "Accounts receivable" and "Other current assets" is €3,141 million, of which €1,885 million has expired for less than 90 days, €292 million has expired between 90 days and 6 months, €299 million has expired between 6 and 12 months and €665 million has expired for more than 12 months.

As of December 31, 2009, the net portion of the overdue receivables included in "Accounts receivable" and "Other current assets" is €3,610 million, of which €2,116 million has expired

for less than 90 days, €486 million has expired between 90 days and 6 months, €246 million has expired between 6 and 12 months and €762 million has expired for more than 12 months.

As of December 31, 2008, the net portion of the overdue receivables included in "Accounts receivable" and "Other current assets" was €3,744 million, of which €2,420 million had expired for less than 90 days, €729 million had expired between 90 days and 6 months, €54 million had expired between 6 and 12 months and €541 million had expired for more than 12 months.

## 17) Shareholders' equity

### Number of TOTAL shares

The Company's common shares, par value €2.50, as of December 31, 2010 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 (Statuts), 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 3,439,391,697 shares as of December 31, 2010 compared to 3,381,921,458 shares as of December 31, 2009 and 3,413,204,025 as of December 31, 2008.

### Variation of the share capital

<b>As of January 1, 2008</b>	<b>2,395,532,097</b>
Shares issued in connection with: Capital increase reserved for employees	4,870,386
Exercise of TOTAL share subscription options	1,178,167
Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	227,424
Cancellation of shares <sup>(a)</sup>	(30,000,000)
<b>As of January 1, 2009</b>	<b>2,371,808,074</b>
Shares issued in connection with: Exercise of TOTAL share subscription options	934,780
Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	480,030
Cancellation of shares <sup>(b)</sup>	(24,800,000)
<b>As of January 1, 2010</b>	<b>2,348,422,884</b>
Shares issued in connection with: Exercise of TOTAL share subscription options	1,218,047
<b>As of December 31, 2010<sup>(c)</sup></b>	<b>2,349,640,931</b>

(a) Decided by the Board of Directors on July 31, 2008.

(b) Decided by the Board of Directors on July 30, 2009.

(c) Including 112,487,679 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:

	2010	2009	2008
<b>Number of shares as of January 1,</b>	<b>2,348,422,884</b>	<b>2,371,808,074</b>	<b>2,395,532,097</b>
<i>Number of shares issued during the year (pro rated)</i>			
Exercise of TOTAL share subscription options	412,114	221,393	742,588
Exercise of TOTAL share purchase options	984,800	93,827	2,426,827
Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	-	393,623	86,162
TOTAL restricted shares	416,420	1,164,389	1,112,393
Global free TOTAL share plan <sup>(a)</sup>	15	-	-
Capital increase reserved for employees	-	-	3,246,924
TOTAL shares held by TOTAL S.A. or by its subsidiaries and deducted from shareholders' equity	(115,407,190)	(143,082,095)	(168,290,440)
<b>Weighted-average number of shares</b>	<b>2,234,829,043</b>	<b>2,230,599,211</b>	<b>2,234,856,551</b>
<i>Dilutive effect</i>			
TOTAL share subscription and purchase options	1,758,006	1,711,961	6,784,200
TOTAL restricted shares	6,031,963	4,920,599	4,172,944
Global free TOTAL share plan <sup>(a)</sup>	1,504,071	-	-
Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	-	60,428	460,935
Capital increase reserved for employees	371,493	-	383,912
<b>Weighted-average number of diluted shares</b>	<b>2,244,494,576</b>	<b>2,237,292,199</b>	<b>2,246,658,542</b>

(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

Pursuant to the authorization granted by the shareholders' meeting held on May 11, 2007, the Board of Directors, during its November 6, 2007 meeting, implemented a first capital increase reserved for employees within the limit of 12 million shares, at a price of €44.40 per share, with dividend rights as of January 1, 2007. The subscription period ran from March 10, 2008 to March 28, 2008. 4,870,386 shares were subscribed by employees pursuant to the capital increase.

At the shareholders' meeting held on May 21, 2010, 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 26 months from the date of the meeting, by an amount not exceeding 1.5% of the share capital outstanding on the date of the meeting of the Board of Directors at which a decision to proceed with an issuance is made reserving subscriptions for such issuance to the Group employees participating in a company savings plan. It is being specified that the amount of any such capital increase reserved for Group employees is counted against the aggregate maximum nominal amount of share capital increases authorized by the shareholders' meeting held on May 21, 2010 for issuing new ordinary shares or other securities granting immediate or future access to the Company's share capital with preferential subscription rights (€2.5 billion in nominal value).

Pursuant to this delegation of authorization, the Board of Directors, during its October 28, 2010 meeting, decided to proceed with a capital increase reserved for employees in 2011 within the limit of 12 million shares with dividend rights as of January 1, 2010 and delegated to the Chairman and CEO all powers to determine the opening and closing of the subscription period and the subscription price.

## Share cancellation

Pursuant to the authorization granted by the shareholders' meeting held on May 11, 2007 authorizing reduction of capital by cancellation of shares held by the Company within the limit of 10% of the outstanding capital every 24 months, the Board of Directors decided on July 30, 2009 to cancel 24,800,000 shares acquired in 2008 at an average price of €49.28 per share.

## Treasury shares (TOTAL shares held by TOTAL S.A.)

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 restricted shares plans for Group employees;
- 6,143,951 shares intended to be allocated to new TOTAL share purchase option plans or to new restricted shares plans.

These shares are deducted from the consolidated shareholders' equity.

As of December 31, 2009, TOTAL S.A. held 15,075,922 of its own shares, representing 0,64% of its share capital, detailed as follows:

- 6,017,499 shares allocated to covering TOTAL share purchase option plans for Group employees and executive officers;
- 5,799,400 shares allocated to TOTAL restricted shares plans for Group employees; and
- 3,259,023 shares intended to be allocated to new TOTAL share purchase option plans or to new restricted shares plans.

These shares were deducted from the consolidated shareholders' equity.

As of December 31, 2008, TOTAL S.A. held 42,750,827 of its own shares, representing 1.80% of its share capital, detailed as follows:

- 12,627,522 shares allocated to covering TOTAL share purchase option plans for Group employees;
- 5,323,305 shares allocated to TOTAL restricted shares plans for Group employees; and
- 24,800,000 shares purchased for cancellation between January and October 2008 pursuant to the authorization granted by the shareholders' meetings held on May 11, 2007 and May 16, 2008. The Board of Directors on July 30, 2009 decided to cancel these 24,800,000 shares acquired at an average price of €49.28 per share.

These shares were deducted from the consolidated shareholders' equity.

## TOTAL shares held by Group subsidiaries

As of December 31, 2010, 2009 and 2008, TOTAL S.A. held indirectly through its subsidiaries 100,331,268 of its own shares, representing 4.27% of its share capital as of December 31, 2010, 4.27% of its share capital as of December 31, 2009 and 4.23% of its share capital as of December 31, 2008 detailed as follows:

- 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).

These shares are deducted from the consolidated shareholders' equity.

## Dividend

TOTAL S.A. paid on June 1, 2010 the balance of the dividend of €1.14 per share for the 2009 fiscal year (the ex-dividend date was May 27, 2010). In addition, TOTAL S.A. paid on November 17, 2010 an interim dividend of €1.14 per share for the fiscal year 2010 (the ex-dividend date was November 12, 2010).

A resolution will be submitted at the shareholders' meeting on May 13, 2011 to pay a dividend of €2.28 per share for the 2010 fiscal year, *i.e.* a balance of €1.14 per share to be distributed after deducting the interim dividend of €1.14 already paid.

## Paid-in surplus

In accordance with French law, the paid-in surplus corresponds to share premiums 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 unless the unrestricted reserves of the parent company are distributed prior to this item.

As of December 31, 2010, paid-in surplus amounted to €27,208 million (€27,171 million as of December 31, 2009 and €28,284 million as of December 31, 2008).

## 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 €514 million as of December 31, 2010 (€514 million as of December 31, 2009).

## 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€)	2010	2009	2008
<b>Currency translation adjustment</b>	<b>2,231</b>	<b>(244)</b>	<b>(722)</b>
Unrealized gain/(loss) of the period	2,234	(243)	(722)
Less gain/(loss) included in net income	3	1	-
<b>Available for sale financial assets</b>	<b>(100)</b>	<b>38</b>	<b>(254)</b>
Unrealized gain/(loss) of the period	(50)	38	(254)
Less gain/(loss) included in net income	50	-	-
<b>Cash flow hedge</b>	<b>(80)</b>	<b>128</b>	<b>-</b>
Unrealized gain/(loss) of the period	(195)	349	-
Less gain/(loss) included in net income	(115)	221	-
<b>Share of other comprehensive income of equity affiliates, net amount</b>	<b>302</b>	<b>234</b>	<b>173</b>
<b>Other</b>	<b>(7)</b>	<b>(5)</b>	<b>1</b>
Unrealized gain/(loss) of the period	(7)	(5)	1
Less gain/(loss) included in net income	-	-	-
<b>Tax effect</b>	<b>28</b>	<b>(38)</b>	<b>30</b>
<b>Total other comprehensive income, net amount</b>	<b>2,374</b>	<b>113</b>	<b>(772)</b>

Tax effects relating to each component of other comprehensive income are as follows:

For the year ended December 31, (M€)	2010			2009			2008		
	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount
Currency translation adjustment	2,231	-	2,231	(244)	-	(244)	(722)	-	(722)
Available for sale financial assets	(100)	2	(98)	38	4	42	(254)	30	(224)
Cash flow hedge	(80)	26	(54)	128	(42)	86	-	-	-
Share of other comprehensive income of equity affiliates, net amount	302	-	302	234	-	234	173	-	173
Other	(7)	-	(7)	(5)	-	(5)	1	-	1
<b>Total other comprehensive income</b>	<b>2,346</b>	<b>28</b>	<b>2,374</b>	<b>151</b>	<b>(38)</b>	<b>113</b>	<b>(802)</b>	<b>30</b>	<b>(772)</b>

## 18) Employee benefits obligations

Liabilities for employee benefits obligations consist of the following:

As of December 31,

(M€)	2010	2009	2008
Pension benefits liabilities	1,268	1,236	1,187
Other benefits liabilities	605	592	608
Restructuring reserves (early retirement plans)	298	212	216
<b>Total</b>	<b>2,171</b>	<b>2,040</b>	<b>2,011</b>

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.



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		
	2010	2009	2008	2010	2009	2008
<b>Change in benefit obligation</b>						
Benefit obligation at beginning of year	8,169	7,405	8,129	547	544	583
Service cost	159	134	143	11	10	14
Interest cost	441	428	416	29	30	24
Curtailments	(4)	(5)	(3)	(3)	(1)	-
Settlements	(60)	(3)	(5)	-	-	(4)
Special termination benefits	-	-	-	1	-	-
Plan participants' contributions	11	10	12	-	-	-
Benefits paid	(471)	(484)	(463)	(33)	(33)	(37)
Plan amendments	28	118	12	1	(2)	(12)
Actuarial losses (gains)	330	446	(248)	57	-	(27)
Foreign currency translation and other	137	120	(588)	13	(1)	3
<b>Benefit obligation at year-end</b>	<b>8,740</b>	<b>8,169</b>	<b>7,405</b>	<b>623</b>	<b>547</b>	<b>544</b>
<b>Change in fair value of plan assets</b>						
Fair value of plan assets at beginning of year	(6,286)	(5,764)	(6,604)	-	-	-
Expected return on plan assets	(396)	(343)	(402)	-	-	-
Actuarial losses (gains)	(163)	(317)	1,099	-	-	-
Settlements	56	2	2	-	-	-
Plan participants' contributions	(11)	(10)	(12)	-	-	-
Employer contributions <sup>(a)</sup>	(269)	(126)	(855)	-	-	-
Benefits paid	394	396	375	-	-	-
Foreign currency translation and other	(134)	(124)	633	-	-	-
<b>Fair value of plan assets at year-end</b>	<b>(6,809)</b>	<b>(6,286)</b>	<b>(5,764)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unfunded status</b>	<b>1,931</b>	<b>1,883</b>	<b>1,641</b>	<b>623</b>	<b>547</b>	<b>544</b>
Unrecognized prior service cost	(105)	(153)	(48)	10	15	21
Unrecognized actuarial (losses) gains	(1,170)	(1,045)	(953)	(28)	30	43
Asset ceiling	9	9	5	-	-	-
<b>Net recognized amount</b>	<b>665</b>	<b>694</b>	<b>645</b>	<b>605</b>	<b>592</b>	<b>608</b>
Pension benefits and other benefits liabilities	1,268	1,236	1,187	605	592	608
Other non-current assets	(603)	(542)	(542)	-	-	-

(a) In 2010, the Group covered certain employee pension benefit plans through insurance companies for an amount of €90 million (€757 million in 2008).

As of December 31, 2010, the fair value of pension benefits and other pension benefits which are entirely or partially funded amounted to €7,727 million and the present value of the unfunded benefits amounted to €1,636 million (against €7,206 million and €1,510 million respectively as of December 31, 2009 and €6,515 million and €1,434 million respectively as of December 31, 2008).

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€)	2010	2009	2008	2007
Experience actuarial (gains) losses related to the defined benefit obligation	(54)	(108)	12	80
Experience actuarial (gains) losses related to the fair value of plan assets	(163)	(317)	1,099	140

**As of December 31,**

(M€)	2010	2009	2008	2007	2006
<b>Pension benefits</b>					
Benefit obligation	8,740	8,169	7,405	8,129	8,742
Fair value of plan assets	(6,809)	(6,286)	(5,764)	(6,604)	(6,401)
<b>Unfunded status</b>	<b>1,931</b>	<b>1,883</b>	<b>1,641</b>	<b>1,525</b>	<b>2,341</b>
<b>Other benefits</b>					
Benefits obligation	623	547	544	583	648
Fair value of plan assets	-	-	-	-	-
<b>Unfunded status</b>	<b>623</b>	<b>547</b>	<b>544</b>	<b>583</b>	<b>648</b>

The Group expects to contribute €251 million to its pension plans in 2011.

**Estimated future payments**

(M€)	Pension benefits	Other benefits
2011	487	38
2012	478	38
2013	477	38
2014	477	39
2015	497	40
2016-2020	2,628	203

**Asset allocation**

As of December 31,	Pension benefits		
	2010	2009	2008
Equity securities	34%	31%	25%
Debt securities	60%	62%	56%
Monetary	3%	3%	16%
Real estate	3%	4%	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 corresponds to the rate of prime corporate bonds according to a benchmark per country of different market data on the closing date.

**Assumptions used**

**to determine benefits obligations**

As of December 31,	Pension benefits			Other benefits		
	2010	2009	2008	2010	2009	2008
Discount rate (weighted average for all regions)	5.01%	5.41%	5.93%	5.00%	5.60%	6.00%
<i>Of which Euro zone</i>	4.58%	5.12%	5.72%	4.55%	5.18%	5.74%
<i>Of which United States</i>	5.49%	6.00%	6.23%	5.42%	5.99%	6.21%
<i>Of which United Kingdom</i>	5.50%	5.50%	6.00%	-	-	6.00%
Average expected rate of salary increase	4.55%	4.50%	4.56%	-	-	-
Expected rate of healthcare inflation						
– initial rate	-	-	-	4.82%	4.91%	4.88%
– ultimate rate	-	-	-	3.75%	3.79%	3.64%

**Assumptions used**

**to determine the net periodic benefit cost (income)**

For the year ended December 31,	Pension benefits			Other benefits		
	2010	2009	2008	2010	2009	2008
Discount rate (weighted average for all regions)	5.41%	5.93%	5.50%	5.60%	6.00%	5.50%
Of which Euro zone	5.12%	5.72%	5.15%	5.18%	5.74%	5.14%
Of which United States	6.00%	6.23%	6.00%	5.99%	6.21%	5.98%
Of which United Kingdom	5.50%	6.00%	5.75%	-	6.00%	5.75%
Average expected rate of salary increase	4.50%	4.56%	4.29%	-	-	-
Expected return on plan assets	6.39%	6.14%	6.60%	-	-	-
Expected rate of healthcare inflation						
– initial rate	-	-	-	4.91%	4.88%	5.16%
– ultimate rate	-	-	-	3.79%	3.64%	3.64%

A 0.5% increase or decrease in discount rates - all other things being equal - would have the following approximate impact:

(M€)	0.5% increase	0.5% decrease
Benefit obligation as of December 31, 2010		574
2011 net periodic benefit cost (income)	(19)	52

A 0.5% increase or decrease in expected return on plan assets rate - all other things being equal - would have an impact of €30 million on 2011 net periodic benefit cost (income).

The components of the net periodic benefit cost (income) in 2010, 2009 and 2008 are:

For the year ended December 31, (M€)	Pension benefits			Other benefits		
	2010	2009	2008	2010	2009	2008
Service cost	159	134	143	11	10	14
Interest cost	441	428	416	29	30	24
Expected return on plan assets	(396)	(343)	(402)	-	-	-
Amortization of prior service cost	74	13	34	(5)	(7)	(10)
Amortization of actuarial losses (gains)	66	50	22	(4)	(6)	(2)
Asset ceiling	(3)	4	1	-	-	-
Curtailements	(3)	(4)	(3)	(3)	(1)	-
Settlements	7	(1)	(2)	-	-	(3)
Special termination benefits	-	-	-	1	-	-
<b>Net periodic benefit cost (income)</b>	<b>345</b>	<b>281</b>	<b>209</b>	<b>29</b>	<b>26</b>	<b>23</b>

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, 2010		(52)
2010 net periodic benefit cost (income)	5	(4)

## 19) Provisions and other non-current liabilities

As of December 31,  
(M€)

	2010	2009	2008
Litigations and accrued penalty claims	485	423	546
Provisions for environmental contingencies	644	623	558
Asset retirement obligations	5,917	5,469	4,500
Other non-current provisions	1,116	1,331	1,804
Other non-current liabilities	936	1,535	450
<b>Total</b>	<b>9,098</b>	<b>9,381</b>	<b>7,858</b>

In 2010, litigation reserves mainly include 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 include:

- 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 Downstream and Chemicals 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 include debts (whose maturity is more than one year) related to fixed assets acquisitions.

In 2009, litigation reserves mainly include a provision covering risks concerning antitrust investigations related to Arkema amounting to €43 million as of December 31, 2009. Other risks and commitments that give rise to contingent liabilities are described in Note 32 to the Consolidated Financial Statements.

In 2009, other non-current provisions mainly include:

- the contingency reserve related to the Toulouse-AZF plant explosion (civil liability) for €40 million as of December 31, 2009;
- provisions related to restructuring activities in the Downstream and Chemicals segments for €130 million as of December 31, 2009; and
- the contingency reserve related to the Buncefield depot explosion (civil liability) for €295 million as of December 31, 2009.

In 2009, 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 €818 million debt related to Chesapeake acquisition (see Note 3 to the Consolidated Financial Statements).

In 2008, litigation reserves mainly included a provision covering risks concerning antitrust investigations related to Arkema amounting to €85 million as of December 31, 2008. Other risks and commitments that give rise to contingent liabilities are described in Note 32 to the Consolidated Financial Statements.

In 2008, other non-current provisions mainly included the contingency reserve related to the Toulouse-AZF plant explosion (civil liability) for €256 million as of December 31, 2008.

### 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,
<b>2010</b>	<b>9,381</b>	<b>1,052</b>	<b>(971)</b>	<b>497</b>	<b>(861)</b>	<b>9,098</b>
2009	7,858	1,254	(1,413)	202	1,480	9,381
2008	6,843	1,424	(864)	(460)	915	7,858

## Allowances

In 2010, allowances of the period (€1,052 million) mainly include:

- 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.

In 2009, allowances of the period (€1,254 million) mainly included:

- asset retirement obligations for €283 million (accretion);
- environmental contingencies for €147 million in the Downstream and Chemicals segments;
- the contingency reserve related to the Buncefield depot explosion (civil liability) for €223 million; and
- provisions related to restructuring of activities for €121 million.

In 2008, allowances of the period (€1,424 million) mainly included:

- asset retirement obligations for €229 million (accretion);
- the contingency reserve related to the Toulouse-AZF plant explosion (civil liability) for €140 million;
- environmental contingencies for €89 million;
- an allowance of €48 million for litigation reserves in connection with antitrust investigations, as described in Note 32 to the Consolidated Financial Statements “Other risks and contingent liabilities”; and
- provisions related to restructuring of activities for €27 million.

## Reversals

In 2010, reversals of the period (€971 million) mainly relate 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.

In 2009, reversals of the period (€1,413 million) were mainly related to the following incurred expenses:

- provisions for asset retirement obligations for €191 million;
- €52 million for litigation reserves in connection with antitrust investigations;
- environmental contingencies written back for €86 million;
- the contingency reserve related to the Toulouse-AZF plant explosion (civil liability), written back for €216 million;
- the contingency reserve related to the Buncefield depot explosion (civil liability), written back for €375 million; and
- provisions for restructuring and social plans written back for €28 million.

In 2008, reversals of the period (€864 million) were mainly related to the following incurred expenses:

- provisions for asset retirement obligations for €280 million;
- €163 million for litigation reserves in connection with antitrust investigations;
- environmental contingencies written back for €96 million;
- the contingency reserve related to the Toulouse-AZF plant explosion (civil liability), written back for €18 million; and
- provisions for restructuring and social plans written back for €10 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,
2010	5,469	338	79	175	(214)	316	(246)	5,917
2009	4,500	283	447	179	(191)	232	19	5,469
2008	4,206	229	563	188	(280)	(414)	8	4,500

## 20) Financial debt and related financial instruments

### A) Non-current financial debt and related financial instruments

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) <sup>(a)</sup>	-	(1,870)	(1,870)
<b>Non-current financial debt - net of hedging instruments</b>	<b>287</b>	<b>18,626</b>	<b>18,913</b>
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
<b>Non-current financial debt - net of hedging instruments</b>	<b>287</b>	<b>18,626</b>	<b>18,913</b>

(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, 2009

(M€)

(Assets)/Liabilities	Secured	Unsecured	Total
Non-current financial debt	312	19,125	19,437
<i>of which hedging instruments of non-current financial debt (liabilities)</i>	-	241	241
Hedging instruments of non-current financial debt (assets) <sup>(a)</sup>	-	(1,025)	(1,025)
<b>Non-current financial debt - net of hedging instruments</b>	<b>312</b>	<b>18,100</b>	<b>18,412</b>
Bonds after fair value hedge	-	15,884	15,884
Fixed rate bonds and bonds after cash flow hedge	-	1,700	1,700
Bank and other, floating rate	60	379	439
Bank and other, fixed rate	50	79	129
Financial lease obligations	202	58	260
<b>Non-current financial debt - net of hedging instruments</b>	<b>312</b>	<b>18,100</b>	<b>18,412</b>

(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, 2008

(M€)

(Assets)/Liabilities	Secured	Unsecured	Total
Non-current financial debt	895	15,296	16,191
<i>of which hedging instruments of non-current financial debt (liabilities)</i>	-	440	440
Hedging instruments of non-current financial debt (assets) <sup>(a)</sup>	-	(892)	(892)
<b>Non-current financial debt - net of hedging instruments</b>	<b>895</b>	<b>14,404</b>	<b>15,299</b>
Bonds after fair value hedge	-	13,380	13,380
Fixed rate bonds and bonds after cash flow hedge	-	287	287
Bank and other, floating rate	553	665	1,218
Bank and other, fixed rate	140	6	146
Financial lease obligations	202	66	268
<b>Non-current financial debt - net of hedging instruments</b>	<b>895</b>	<b>14,404</b>	<b>15,299</b>

(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, 2010, after taking into account currency and interest rates swaps, is detailed as follows:

Bonds after fair value hedge	Year of issue	Fair value after hedging as of December 31, 2010	Fair value after hedging as of December 31, 2009	Fair value after hedging as of December 31, 2008	Currency	Maturity	Initial rate before hedging instruments
(M€)							
<b>Parent company</b>							
Bond	1997	-	-	124	FRF	2009	6.200%
Bond	1998	-	-	119	FRF	2009	5.125%
Bond	1998	125	116	121	FRF	2013	5.000%
Bond	2000	-	61	63	EUR	2010	5.650%
Current portion (less than one year)		-	(61)	(243)			
<b>Total parent company</b>		<b>125</b>	<b>116</b>	<b>184</b>			
<b>Elf Aquitaine S.A.</b>							
Bond	1999	-	-	1,003	EUR	2009	4.500%
Current portion (less than one year)		-	-	(1,003)			
<b>Total Elf Aquitaine S.A.</b>		<b>-</b>	<b>-</b>	<b>-</b>			
<b>TOTAL CAPITAL</b>							
Bond	2002	15	14	14	USD	2012	5.890%
Bond	2003	-	-	52	AUD	2009	6.250%
Bond	2003	-	-	154	CHF	2009	2.385%
Bond	2003	-	160	166	CHF	2010	2.385%
Bond	2003	22	21	22	USD	2013	4.500%
Bond	2003-2004	-	-	395	USD	2009	3.500%
Bond	2004	-	-	57	AUD	2009	6.000%
Bond	2004	-	-	28	AUD	2009	6.000%
Bond	2004	-	53	55	CAD	2010	4.000%
Bond	2004	-	113	117	CHF	2010	2.385%
Bond	2004	-	438	454	EUR	2010	3.750%
Bond	2004	-	322	334	GBP	2010	4.875%
Bond	2004	-	128	132	GBP	2010	4.875%
Bond	2004	-	185	191	GBP	2010	4.875%
Bond	2004	57	53	55	AUD	2011	5.750%
Bond	2004	116	107	111	CAD	2011	4.875%
Bond	2004	235	203	216	USD	2011	4.125%
Bond	2004	75	69	72	USD	2011	4.125%
Bond	2004	125	116	120	CHF	2012	2.375%
Bond	2004	51	47	49	NZD	2014	6.750%
Bond	2005	-	-	36	USD	2009	3.500%
Bond	2005	57	53	55	AUD	2011	5.750%
Bond	2005	60	56	58	CAD	2011	4.000%
Bond	2005	120	112	116	CHF	2011	1.625%
Bond	2005	226	226	226	CHF	2011	1.625%
Bond	2005	139	144	144	USD	2011	4.125%
Bond	2005	63	63	63	AUD	2012	5.750%
Bond	2005	194	180	187	CHF	2012	2.135%
Bond	2005	65	65	65	CHF	2012	2.135%
Bond	2005	97	97	98	CHF	2012	2.375%
Bond	2005	391	363	376	EUR	2012	3.250%
Bond	2005	57	57	57	NZD	2012	6.500%
Bond	2006	-	75	75	GBP	2010	4.875%
Bond	2006	-	50	50	EUR	2010	3.750%
Bond	2006	-	50	50	EUR	2010	3.750%
Bond	2006	-	100	102	EUR	2010	3.750%
Bond	2006	42	42	42	EUR	2011	EURIBOR 3 months +0.040%
Bond	2006	300	300	300	EUR	2011	3.875%
Bond	2006	150	150	150	EUR	2011	3.875%
Bond	2006	300	300	300	EUR	2011	3.875%
Bond	2006	120	120	120	USD	2011	5.000%
Bond	2006	300	300	300	EUR	2011	3.875%
Bond	2006	472	472	473	USD	2011	5.000%
Bond	2006	62	62	62	AUD	2012	5.625%

Bonds after fair value hedge  (M€)	Year of issue	Fair value after hedging as of December 31, 2010	Fair value after hedging as of December 31, 2009	Fair value after hedging as of December 31, 2008	Currency	Maturity	Initial rate before hedging instruments
<b>TOTAL CAPITAL (continued)</b>							
Bond	2006	72	72	72	CAD	2012	4.125%
Bond	2006	100	100	100	EUR	2012	3.250%
Bond	2006	74	74	74	GBP	2012	4.625%
Bond	2006	100	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	64	CHF	2016	2.385%
Bond	2006	129	129	129	CHF	2018	3.135%
Bond	2007	-	60	60	CHF	2010	2.385%
Bond	2007	-	74	74	GBP	2010	4.875%
Bond	2007	77	77	77	USD	2011	5.000%
Bond	2007	370	370	370	USD	2012	5.000%
Bond	2007	222	222	222	USD	2012	5.000%
Bond	2007	61	61	61	AUD	2012	6.500%
Bond	2007	72	72	72	CAD	2012	4.125%
Bond	2007	71	71	71	GBP	2012	4.625%
Bond	2007	300	300	300	EUR	2013	4.125%
Bond	2007	73	73	74	GBP	2013	5.500%
Bond	2007	306	306	306	GBP	2013	5.500%
Bond	2007	72	72	73	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	-	63	63	GBP	2010	4.875%
Bond	2008	-	66	66	GBP	2010	4.875%
Bond	2008	92	92	92	AUD	2011	7.500%
Bond	2008	100	100	100	EUR	2011	3.875%
Bond	2008	150	150	151	EUR	2011	3.875%
Bond	2008	50	50	50	EUR	2011	3.875%
Bond	2008	50	50	50	EUR	2011	3.875%
Bond	2008	60	60	60	JPY	2011	EURIBOR 6 months +0.018%
Bond	2008	102	102	102	USD	2011	3.750%
Bond	2008	62	62	62	CHF	2012	2.135%
Bond	2008	124	124	124	CHF	2012	3.635%
Bond	2008	46	46	46	CHF	2012	2.385%
Bond	2008	92	92	92	CHF	2012	2.385%
Bond	2008	64	64	64	CHF	2012	2.385%
Bond	2008	50	50	50	EUR	2012	3.250%
Bond	2008	63	63	63	GBP	2012	4.625%
Bond	2008	63	63	63	GBP	2012	4.625%
Bond	2008	63	63	64	GBP	2012	4.625%
Bond	2008	62	62	62	NOK	2012	6.000%
Bond	2008	69	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	127	128	CHF	2013	3.135%
Bond	2008	62	62	63	CHF	2013	3.135%
Bond	2008	200	200	200	EUR	2013	4.125%
Bond	2008	100	100	100	EUR	2013	4.125%
Bond	2008	1,000	1,000	1,002	EUR	2013	4.750%

Bonds after fair value hedge	Year of issue	Fair value after hedging as of December 31, 2010	Fair value after hedging as of December 31, 2009	Fair value after hedging as of December 31, 2008	Currency	Maturity	Initial rate before hedging instruments
(M€)							
<b>TOTAL CAPITAL (continued)</b>							
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	194	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	62	CHF	2015	3.135%
Bond	2008	62	62	62	CHF	2018	3.135%
Bond	2009	56	56	-	AUD	2013	5.500%
Bond	2009	54	54	-	AUD	2013	5.500%
Bond	2009	236	236	-	CHF	2013	2.500%
Bond	2009	77	77	-	USD	2013	4.000%
Bond	2009	131	131	-	CHF	2014	2.625%
Bond	2009	997	998	-	EUR	2014	3.500%
Bond	2009	150	150	-	EUR	2014	3.500%
Bond	2009	40	40	-	HKD	2014	3.240%
Bond	2009	103	96	-	AUD	2015	6.000%
Bond	2009	550	550	-	EUR	2015	3.625%
Bond	2009	684	684	-	USD	2015	3.125%
Bond	2009	224	208	-	USD	2015	3.125%
Bond	2009	99	99	-	CHF	2016	2.385%
Bond	2009	115	115	-	GBP	2017	4.250%
Bond	2009	225	225	-	GBP	2017	4.250%
Bond	2009	448	448	-	EUR	2019	4.875%
Bond	2009	69	69	-	HKD	2019	4.180%
Bond	2009	374	347	-	USD	2021	4.250%
Bond	2010	102	-	-	AUD	2014	5.750%
Bond	2010	108	-	-	CAD	2014	2.500%
Bond	2010	53	-	-	NZD	2014	4.750%
Bond	2010	187	-	-	USD	2015	2.875%
Bond	2010	935	-	-	USD	2015	3.000%
Bond	2010	748	-	-	USD	2016	2.300%
Bond	2010	68	-	-	AUD	2015	6.000%
Bond	2010	69	-	-	AUD	2015	6.000%
Bond	2010	64	-	-	AUD	2015	6.000%
Bond	2010	476	-	-	EUR	2022	3.125%
Current portion (less than one year)		(3,450)	(1,937)	(722)			
<b>Total TOTAL CAPITAL</b>		<b>15,143</b>	<b>15,615</b>	<b>13,093</b>			
<b>Other consolidated subsidiaries</b>		<b>223</b>	<b>153</b>	<b>103</b>			
<b>Total bonds after fair value hedge</b>		<b>15,491</b>	<b>15,884</b>	<b>13,380</b>			

Fixed rate bonds and bonds after cash flow hedge (M€)	Year of issue	Amount after hedging as of December 31, 2010	Amount after hedging as of December 31, 2009	Amount after hedging as of December 31, 2008	Currency	Maturity	Initial rate before hedging instruments
<b>TOTAL CAPITAL<sup>(a)</sup></b>							
Bond	2005	293	292	287	GBP	2012	4.625%
Bond	2009	691	602	-	EUR	2019	4.875%
Bond	2009	917	806	-	EUR	2024	5.125%
Bond	2010	935	-	-	USD	2020	4.450%
<b>Total fixed rate bonds and bonds after cash flow hedge</b>		<b>2,836</b>	<b>1,700</b>	<b>287</b>			

(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.

### Loan repayment schedule (excluding current portion)

As of December 31, 2010 (M€)	Non-current financial debt	of which hedging instruments of non-current financial debt (liabilities)	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%
<b>Total</b>	<b>20,783</b>	<b>178</b>	<b>(1,870)</b>	<b>18,913</b>	<b>100%</b>

As of December 31, 2009 (M€)	Non-current financial debt	of which hedging instruments of non-current financial debt (liabilities)	Hedging instruments of non-current financial debt (assets)	Non-current financial debt - net of hedging instruments	%
2011	3,857	42	(199)	3,658	20%
2012	3,468	48	(191)	3,277	18%
2013	3,781	95	(236)	3,545	19%
2014	2,199	6	(90)	2,109	11%
2015 and beyond	6,132	50	(309)	5,823	32%
<b>Total</b>	<b>19,437</b>	<b>241</b>	<b>(1,025)</b>	<b>18,412</b>	<b>100%</b>

As of December 31, 2008 (M€)	Non-current financial debt	of which hedging instruments of non-current financial debt (liabilities)	Hedging instruments of non-current financial debt (assets)	Non-current financial debt - net of hedging instruments	%
2010	3,160	170	(168)	2,992	20%
2011	3,803	24	(145)	3,658	24%
2012	3,503	115	(179)	3,324	22%
2013	3,430	127	(198)	3,232	21%
2014 and beyond	2,295	4	(202)	2,093	13%
<b>Total</b>	<b>16,191</b>	<b>440</b>	<b>(892)</b>	<b>15,299</b>	<b>100%</b>

### 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€)	2010	%	2009	%	2008	%
U.S. Dollar	7,248	39%	3,962	21%	3,990	26%
Euro	11,417	60%	14,110	77%	10,685	70%
Other currencies	248	1%	340	2%	624	4%
<b>Total</b>	<b>18,913</b>	<b>100%</b>	<b>18,412</b>	<b>100%</b>	<b>15,299</b>	<b>100%</b>



As of December 31,  
(M€)

	2010	%	2009	%	2008	%
Fixed rate	3,177	17%	2,064	11%	633	4%
Floating rate	15,736	83%	16,348	89%	14,666	96%
<b>Total</b>	<b>18,913</b>	<b>100%</b>	<b>18,412</b>	<b>100%</b>	<b>15,299</b>	<b>100%</b>

## 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€)

(Assets)/Liabilities	2010	2009	2008
Current financial debt <sup>(a)</sup>	5,867	4,761	5,586
Current portion of non-current financial debt	3,786	2,233	2,136
<b>Current borrowings (note 28)</b>	<b>9,653</b>	<b>6,994</b>	<b>7,722</b>
Current portion of hedging instruments of debt (liabilities)	12	97	12
Other current financial instruments (liabilities)	147	26	146
<b>Other current financial liabilities (note 28)</b>	<b>159</b>	<b>123</b>	<b>158</b>
Current deposits beyond three months	(869)	(55)	(1)
Current portion of hedging instruments of debt (assets)	(292)	(197)	(100)
Other current financial instruments (assets)	(44)	(59)	(86)
<b>Current financial assets (note 28)</b>	<b>(1,205)</b>	<b>(311)</b>	<b>(187)</b>
<b>Current borrowings and related financial assets and liabilities, net</b>	<b>8,607</b>	<b>6,806</b>	<b>7,693</b>

(a) 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. Shareholders' equity as of December 31, 2010 is calculated after distribution of a dividend of €2.28 per share of which €1.14 per share was paid on November 17, 2010.

The net-debt-to-equity ratio is calculated as follows:

As of December 31,  
(M€)

(Assets)/Liabilities	2010	2009	2008
Current borrowings	9,653	6,994	7,722
Other current financial liabilities	159	123	158
Current financial assets	(1,205)	(311)	(187)
Non-current financial debt	20,783	19,437	16,191
Hedging instruments on non-current financial debt	(1,870)	(1,025)	(892)
Cash and cash equivalents	(14,489)	(11,662)	(12,321)
<b>Net financial debt</b>	<b>13,031</b>	<b>13,556</b>	<b>10,671</b>
Shareholders' equity - Group share	60,414	52,552	48,992
Estimated dividend payable	(2,553)	(2,546)	(2,540)
Minority interest	857	987	958
<b>Total shareholders' equity</b>	<b>58,718</b>	<b>50,993</b>	<b>47,410</b>
<b>Net-debt-to-equity ratio</b>	<b>22.2%</b>	<b>26.6%</b>	<b>22.5%</b>

## 21) Other creditors and accrued liabilities

As of December 31,  
(M€)

	2010	2009	2008
Accruals and deferred income	184	223	151
Payable to States (including taxes and duties)	7,235	6,024	6,256
Payroll	996	955	928
Other operating liabilities	3,574	4,706	4,297
<b>Total</b>	<b>11,989</b>	<b>11,908</b>	<b>11,632</b>

As of December 31, 2009, the heading “Other operating liabilities” mainly included €744 million related to Chesapeake acquisition (see Note 3 to the Consolidated Financial Statements).

## 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, 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
<b>Total minimum payments</b>	<b>2,948</b>	<b>241</b>
Less financial expenses	-	(43)
<b>Nominal value of contracts</b>		<b>198</b>
Less current portion of finance lease contracts		(23)
<b>Outstanding liability of finance lease contracts</b>		<b>175</b>

For the year ended December 31, 2009

(M€)	Operating leases	Finance leases
2010	523	42
2011	377	43
2012	299	42
2013	243	41
2014	203	39
2015 and beyond	894	128
<b>Total minimum payments</b>	<b>2,539</b>	<b>335</b>
Less financial expenses	-	(53)
<b>Nominal value of contracts</b>		<b>282</b>
Less current portion of finance lease contracts		(22)
<b>Outstanding liability of finance lease contracts</b>		<b>260</b>



For the year ended December 31, 2008

(M€)	Operating leases	Finance leases
2009	429	47
2010	306	42
2011	243	42
2012	208	42
2013	166	40
2014 and beyond	675	148
<b>Total minimum payments</b>	<b>2,027</b>	<b>361</b>
Less financial expenses	-	(70)
<b>Nominal value of contracts</b>		<b>291</b>
Less current portion of finance lease contracts		(23)
<b>Outstanding liability of finance lease contracts</b>		<b>268</b>

Net rental expense incurred under operating leases for the year ended December 31, 2010 is €605 million (against €613 million in 2009 and €426 million in 2008).

## 23) Commitments and contingencies

As of December 31, 2010

(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 ( <i>note 20</i> )	18,738	-	12,392	6,346
Current portion of non-current debt obligations net of hedging instruments ( <i>note 20</i> )	3,483	3,483	-	-
Finance lease obligations ( <i>note 22</i> )	198	23	129	46
Asset retirement obligations ( <i>note 19</i> )	5,917	177	872	4,868
<b>Contractual obligations recorded in the balance sheet</b>	<b>28,336</b>	<b>3,683</b>	<b>13,393</b>	<b>11,260</b>
Operating lease obligations ( <i>note 22</i> )	2,948	582	1,261	1,105
Purchase obligations	61,293	6,347	14,427	40,519
<b>Contractual obligations not recorded in the balance sheet</b>	<b>64,241</b>	<b>6,929</b>	<b>15,688</b>	<b>41,624</b>
<b>Total of contractual obligations</b>	<b>92,577</b>	<b>10,612</b>	<b>29,081</b>	<b>52,884</b>
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
<b>Total of other commitments given</b>	<b>13,293</b>	<b>6,409</b>	<b>930</b>	<b>5,954</b>
Mortgages and liens received	429	2	114	313
Other commitments received	6,387	3,878	679	1,830
<b>Total of commitments received</b>	<b>6,816</b>	<b>3,880</b>	<b>793</b>	<b>2,143</b>



## As of December 31, 2009

(M€)

## Maturity and installments

	Total	Less than 1 year	Between 1 and 5 years	More than 5 year
Non-current debt obligations net of hedging instruments ( <i>note 20</i> )	18,152	-	12,443	5,709
Current portion of non-current debt obligations net of hedging instruments ( <i>note 20</i> )	2,111	2,111	-	-
Finance lease obligations ( <i>note 22</i> )	282	22	146	114
Asset retirement obligations ( <i>note 19</i> )	5,469	235	972	4,262
<b>Contractual obligations recorded in the balance sheet</b>	<b>26,014</b>	<b>2,368</b>	<b>13,561</b>	<b>10,085</b>
Operating lease obligations ( <i>note 22</i> )	2,539	523	1,122	894
Purchase obligations	49,808	4,542	9,919	35,347
<b>Contractual obligations not recorded in the balance sheet</b>	<b>52,347</b>	<b>5,065</b>	<b>11,041</b>	<b>36,241</b>
<b>Total of contractual obligations</b>	<b>78,361</b>	<b>7,433</b>	<b>24,602</b>	<b>46,326</b>
Guarantees given for excise taxes	1,765	1,617	69	79
Guarantees given against borrowings	2,882	1,383	709	790
Indemnities related to sales of businesses	36	-	1	35
Guarantees of current liabilities	203	160	38	5
Guarantees to customers/suppliers	2,770	1,917	70	783
Letters of credit	1,499	1,485	2	12
Other operating commitments	765	582	103	80
<b>Total of other commitments given</b>	<b>9,920</b>	<b>7,144</b>	<b>992</b>	<b>1,784</b>
Mortgages and liens received	330	5	106	219
Other commitments received	5,637	3,187	481	1,969
<b>Total of commitments received</b>	<b>5,967</b>	<b>3,192</b>	<b>587</b>	<b>2,188</b>

## As of December 31, 2008

(M€)

## Maturity and installments

	Total	Less than 1 year	Between 1 and 5 years	More than 5 year
Non-current debt obligations net of hedging instruments ( <i>note 20</i> )	15,031	-	13,064	1,967
Current portion of non-current debt obligations net of hedging instruments ( <i>note 20</i> )	2,025	2,025	-	-
Finance lease obligations ( <i>note 22</i> )	291	23	142	126
Asset retirement obligations ( <i>note 19</i> )	4,500	154	653	3,693
<b>Contractual obligations recorded in the balance sheet</b>	<b>21,847</b>	<b>2,202</b>	<b>13,859</b>	<b>5,786</b>
Operating lease obligations ( <i>note 22</i> )	2,027	429	923	675
Purchase obligations	60,226	4,420	13,127	42,679
<b>Contractual obligations not recorded in the balance sheet</b>	<b>62,253</b>	<b>4,849</b>	<b>14,050</b>	<b>43,354</b>
<b>Total of contractual obligations</b>	<b>84,100</b>	<b>7,051</b>	<b>27,909</b>	<b>49,140</b>
Guarantees given for excise taxes	1,720	1,590	58	72
Guarantees given against borrowings	2,870	1,119	519	1,232
Indemnities related to sales of businesses	39	3	1	35
Guarantees of current liabilities	315	119	164	32
Guarantees to customers/suppliers	2,866	68	148	2,650
Letters of credit	1,080	1,024	17	39
Other operating commitments	648	246	132	270
<b>Total of other commitments given</b>	<b>9,538</b>	<b>4,169</b>	<b>1,039</b>	<b>4,330</b>
Mortgages and liens received	321	72	110	139
Other commitments received	4,218	2,440	234	1,544
<b>Total of commitments received</b>	<b>4,539</b>	<b>2,512</b>	<b>344</b>	<b>1,683</b>

## 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 €175 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 €23 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 Downstream 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, 2010, 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 €1,335 million. In turn, certain partners involved in this project have given commitments that could, in the case of Total S.A.’s guarantees being called for the maximum amount, reduce the Group’s exposure by up to €427 million, recorded under “Other commitments received”.

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 €2,385 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, 2010, this guarantee is of up to €1,271 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 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.

## 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€)

	2010	2009	2008
<b>Balance sheet</b>			
<i>Receivables</i>			
Debtors and other debtors	432	293	244
Loans (excl. loans to equity affiliates)	315	438	354
<i>Payables</i>			
Creditors and other creditors	497	386	136
Debts	28	42	50

**For the year ended December 31,**  
(M€)

	2010	2009	2008
<b>Statement of income</b>			
Sales	3,194	2,183	3,082
Purchases	5,576	2,958	4,061
Financial expense	69	1	-
Financial income	74	68	114

### Compensation for the administration and management bodies

The aggregate amount paid directly or indirectly by the French and foreign affiliates of the Company as compensation to the executive officers of TOTAL (the members of the Management Committee and the Treasurer) and to the members of the Board of Directors who are employees of the Group, is detailed as follows:

**For the year ended December 31,**  
(M€)

	2010	2009	2008
Number of people	26	27	30
Direct or indirect compensation	20.8	19.4	20.4
Pension expenses <sup>(a)</sup>	12.2	10.6	11.9
Other long-term benefits	-	-	-
Termination benefits	-	-	-
Share-based payments expense (IFRS 2) <sup>(b)</sup>	10.0	11.2	16.6

(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 €113.8 million provisioned as of December 31, 2010 (against €96.6 million as of December 31, 2009 and €98.0 million as of December 31, 2008).

(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 E 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 €0.96 million in 2010 (€0.97 million in 2009 and €0.83 million in 2008).

## 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	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		
Grant Date <sup>(a)</sup>	07/16/2003	07/20/2004	07/19/2005	07/18/2006	07/17/2007	10/09/2008	09/15/2009	09/14/2010		
Exercise price until										
May 23, 2006 included <sup>(b)</sup>	33.30	39.85	49.73	-	-	-	-	-	-	-
Exercise price since May 24, 2006 <sup>(b)</sup>	32.84	39.30	49.04	50.60	60.10	42.90	39.90	38.20	-	-
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		
<b>Number of options<sup>(c)</sup></b>										
<b>Outstanding as of January 1, 2008</b>	<b>8,368,378</b>	<b>13,197,236</b>	<b>6,243,438</b>	<b>5,711,060</b>	<b>5,920,105</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,440,217</b>	<b>44.23</b>
Awarded	-	-	-	-	-	4,449,810	-	-	4,449,810	42.90
Canceled	(25,184)	(118,140)	(34,032)	(53,304)	(34,660)	(6,000)	-	-	(271,320)	44.88
Exercised	(841,846)	(311,919)	(17,702)	(6,700)	-	-	-	-	(1,178,167)	34.89
<b>Outstanding as of January 1, 2009</b>	<b>7,501,348</b>	<b>12,767,177</b>	<b>6,191,704</b>	<b>5,651,056</b>	<b>5,885,445</b>	<b>4,443,810</b>	<b>-</b>	<b>-</b>	<b>42,440,540</b>	<b>44.35</b>
Awarded	-	-	-	-	-	-	4,387,620	-	4,387,620	39.90
Canceled	(8,020)	(18,387)	(6,264)	(5,370)	(13,780)	(2,180)	(10,610)	-	(64,611)	45.04
Exercised	(681,699)	(253,081)	-	-	-	-	-	-	(934,780)	34.59
<b>Outstanding as of January 1, 2010</b>	<b>6,811,629</b>	<b>12,495,709</b>	<b>6,185,440</b>	<b>5,645,686</b>	<b>5,871,665</b>	<b>4,441,630</b>	<b>4,377,010</b>	<b>-</b>	<b>45,828,769</b>	<b>44.12</b>
Awarded	-	-	-	-	-	-	-	4,788,420	4,788,420	38.20
Canceled <sup>(d)</sup>	(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
<b>Outstanding as of December 31, 2010</b>	<b>5,734,444</b>	<b>12,338,847</b>	<b>6,178,856</b>	<b>5,640,886</b>	<b>5,866,445</b>	<b>4,349,158</b>	<b>4,371,890</b>	<b>4,787,300</b>	<b>49,267,826</b>	<b>43.80</b>

(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%.

Options are exercisable, subject to a continued 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, 2008, 2009 and 2010 plans, the four-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 two-year period from the date of the grant.

The continued employment condition states that the termination of the employment contract will result in the employee losing the right to exercise the options.

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;
- 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 of the Return On Equity (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 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 of the Return On Average Capital Employed (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%.

For the 2009 plan, the Board of Directors decided that for each beneficiary, other than the Chief Executive Officer, of more than 25,000 options, one third of the options granted in excess of this number will be finally granted subject to a performance condition. This condition states that the final number of options finally granted is based on the average ROE of the Group as published by TOTAL. The average ROE is calculated based on the Group's consolidated balance sheet and statement of income for fiscal years 2009 and 2010. 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, the Board of Directors decided that, for the Chief Executive Officer, the number of share subscription options finally granted 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 as published by TOTAL. The average ROE is calculated based on the Group's consolidated balance sheet and statement of income for fiscal years 2009 and 2010. 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 2009 and 2010. 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%.

For the 2008 plan, the Board of Directors decided that for each beneficiary of more than 25,000 options, one third of the options in excess of this number will be finally granted subject to a performance condition. This condition states that the number of subscription options finally granted is based on the ROE of the Group. The ROE is calculated based on the consolidated accounts published by TOTAL for the fiscal year preceding the final grant. The acquisition rate:

- is equal to zero if the ROE is less than or equal to 10%;
- varies on a straight-line basis between 0% and 80% if the ROE is more than 10% and less than 18%;
- varies on a straight-line basis between 80% and 100% if the ROE is more than or equal to 18% and less than 30%; and
- is equal to 100% if the ROE is more than or equal to 30%.

Due to the application of the performance condition, the acquisition rate was 60% for the 2008 plan.

As a consequence, 88,532 options were canceled.

## B) TOTAL share purchase option plans

	2000 Plan <sup>(a)</sup>	2001 Plan <sup>(b)</sup>	2002 Plan <sup>(c)</sup>	Total	Weighted average exercise price
Date of the shareholders' meeting	05/21/1997	05/17/2001	05/17/2001		
Grant date <sup>(d)</sup>	07/11/2000	07/10/2001	07/09/2002		
Exercise price until May 23, 2006 included <sup>(e)</sup>	40.68	42.05	39.58	-	-
Exercise price since May 24, 2006 <sup>(e)</sup>	40.11	41.47	39.03	-	-
Expiry date	07/11/2008	07/10/2009	07/09/2010		
<b>Number of options<sup>(f)</sup></b>					
<b>Outstanding as of January 1, 2008</b>	<b>3,142,188</b>	<b>5,150,258</b>	<b>7,063,183</b>	<b>15,355,629</b>	<b>40.07</b>
Awarded	-	-	-	-	-
Canceled	(480,475)	(3,652)	(13,392)	(497,519)	40.09
Exercised	(2,661,713)	(455,180)	(598,934)	(3,715,827)	40.10
<b>Outstanding as of January 1, 2009</b>	<b>-</b>	<b>4,691,426</b>	<b>6,450,857</b>	<b>11,142,283</b>	<b>40.06</b>
Awarded	-	-	-	-	-
Canceled	-	(4,650,446)	(7,920)	(4,658,366)	41.47
Exercised	-	(40,980)	(507,676)	(548,656)	39.21
<b>Outstanding as of January 1, 2010</b>	<b>-</b>	<b>-</b>	<b>5,935,261</b>	<b>5,935,261</b>	<b>39.03</b>
Awarded	-	-	-	-	-
Canceled <sup>(g)</sup>	-	-	(4,671,989)	(4,671,989)	39.03
Exercised	-	-	(1,263,272)	(1,263,272)	39.03
<b>Outstanding as of December 31, 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- (a) Options were exercisable, subject to a continued employment condition, after a 4-year vesting period from the date of the Board meeting awarding the options and expired eight years after this date. The underlying shares may not be transferred during the 5-year period from the date of the grant. This plan expired on July 11, 2008.
- (b) Options were exercisable, subject to a continued employment condition, after a 3.5-year vesting period from the date of the Board meeting awarding the options and expired eight 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 10, 2009.
- (c) 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 eight 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.
- (d) The grant date is the date of the Board meeting awarding the options.
- (e) 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 multiplied by an adjustment factor equal to 0.986147 effective as of May 24, 2006.
- (f) 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.
- (g) 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.

## C) Exchange guarantee granted to the holders of Elf Aquitaine share subscription options

Pursuant to the public exchange offer for Elf Aquitaine shares which was made in 1999, the Group made a commitment to guarantee the holders of Elf Aquitaine share subscription options, at the end of the period referred to in Article 163 bis C of the French Tax Code (CGI), and until the end of the period for the exercise of the options, the possibility to exchange their future Elf Aquitaine shares for TOTAL shares, on the basis of the exchange ratio of the offer (nineteen TOTAL shares for thirteen Elf Aquitaine shares).

In order to take into account the spin-off of S.D.A. (Société de Développement Arkema) by Elf Aquitaine, the spin-off of Arkema by TOTAL S.A. and the four-for-one TOTAL stock split, the Board of Directors of TOTAL S.A., in accordance with the terms of the share

exchange undertaking, approved on March 14, 2006 to adjust the exchange ratio described above (see pages 24 and 25 of the "Prospectus for the purpose of listing Arkema shares on Euronext Paris in connection with the allocation of Arkema shares to TOTAL S.A. shareholders"). Following the approval by Elf Aquitaine shareholders' meeting on May 10, 2006 of the spin-off of S.D.A. by Elf Aquitaine, the approval by TOTAL S.A. shareholders' meeting on May 12, 2006 of the spin-off of Arkema by TOTAL S.A. and the four-for-one TOTAL stock split, the exchange ratio was adjusted to six TOTAL shares for one Elf Aquitaine share on May 22, 2006.

This exchange guarantee expired on September 12, 2009, due to the expiry of the Elf Aquitaine share subscription option plan No. 2 of 1999. Subsequently, no Elf Aquitaine shares are covered by the exchange guarantee.



## D) TOTAL restricted share grants

	2005 Plan	2006 Plan	2007 Plan	2008 Plan	2009 Plan	2010 Plan	Total
Date of the shareholders' meeting	05/17/2005	05/17/2005	05/17/2005	05/16/2008	05/16/2008	05/16/2008	
Grant date <sup>(a)</sup>	07/19/2005	07/18/2006	07/17/2007	10/09/2008	09/15/2009	09/14/2010	
Final grant date (end of the vesting period)	07/20/2007	07/19/2008	07/18/2009	10/10/2010	09/16/2011	09/15/2012	
Transfer possible from	07/20/2009	07/19/2010	07/18/2011	10/10/2012	09/16/2013	09/15/2014	
<b>Number of restricted shares</b>							
<b>Outstanding as of January 1, 2008</b>	-	2,263,956	2,363,057	-	-	-	4,627,013
Awarded	-	-	-	2,791,968	-	-	2,791,968
Canceled	2,840	(43,822)	(29,504)	(19,220)	-	-	(89,706)
Finally granted <sup>(b)(c)</sup>	(2,840)	(2,220,134)	(336)	-	-	-	(2,223,310)
<b>Outstanding as of January 1, 2009</b>	-	-	2,333,217	2,772,748	-	-	5,105,965
Awarded	-	-	-	-	2,972,018	-	2,972,018
Canceled	1,928	2,922	(12,418)	(9,672)	(5,982)	-	(23,222)
Finally granted <sup>(b)(c)</sup>	(1,928)	(2,922)	(2,320,799)	(600)	-	-	(2,326,249)
<b>Outstanding as of January 1, 2010</b>	-	-	-	2,762,476	2,966,036	-	5,728,512
Awarded	-	-	-	-	-	3,010,011	3,010,011
Canceled <sup>(d)</sup>	1,024	3,034	552	(1,113,462)	(9,796)	(8,738)	(1,127,386)
Finally granted <sup>(b)(c)</sup>	(1,024)	(3,034)	(552)	(1,649,014)	(1,904)	(636)	(1,656,164)
<b>Outstanding as of December 31, 2010</b>	-	-	-	-	2,954,336	3,000,637	5,954,973

(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) Restricted shares finally granted following the death of their beneficiaries (2007 plan for fiscal year 2008, 2008 plan for fiscal year 2009, 2009 plan for fiscal year 2010).

(c) Including restricted 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%.

The restricted 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 restricted shares finally granted will not be permitted until the end of a 2-year mandatory holding period from the date of the final grant.

The continued employment condition states that the termination of the employment contract during the vesting period will also terminate the grantee's right to a restricted share grant.

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%.

For the 2009 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 states that the number of shares finally granted 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 2009 and 2010. 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%.

For the 2008 plan, the Board of Directors decided that, for each beneficiary, the shares will be finally granted subject to a performance condition. This performance condition states that the number of restricted shares finally granted is based on the ROE of the Group. The ROE is calculated based on the consolidated accounts published by TOTAL for the fiscal year preceding the final grant. This acquisition rate:

- is equal to zero if the ROE is less than or equal to 10%;
- varies on a straight-line basis between 0% and 80% if the ROE is greater than 10% and less than 18%;
- varies on a straight-line basis between 80% and 100% if the ROE is greater than or equal to 18% and less than 30%; and
- is equal to 100% if the ROE is greater than or equal to 30%.

Due to the application of the performance condition, the acquisition rate was 60% for the 2008 plan.

As a consequence, entitlement rights to 1,094,914 shares were canceled.



## E) Global free TOTAL share plan

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 employees, that is more than 100,000 employees in 124 countries. On June 30, 2010, entitlement 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. The shares are not subject to any performance

condition. 1,508,850 shares were awarded to employees from countries with a 2+2 scheme (2-year vesting period followed by 2-year of mandatory holding period) and 1,070 650 shares were awarded to employees in countries with a 4+0 scheme (4-year vesting period and no mandatory holding period), representing a total of 2,579,500 shares. Following the vesting period, the shares awarded will be new shares.

	2010 Plan (2+2)	2010 Plan (4+0)	Total
Date of the shareholders' meeting	05/16/2008	05/16/2008	-
Grant date <sup>(a)</sup>	06/30/2010	06/30/2010	-
Final grant date (end of the vesting period)	07/01/2012	07/01/2014	-
Transfer possible from	07/01/2014	07/01/2014	-
<b>Number of free shares</b>			
<b>Outstanding as of January 1, 2008</b>	-	-	-
Awarded	-	-	-
Canceled	-	-	-
Finally granted	-	-	-
<b>Outstanding as of January 1, 2009</b>	-	-	-
Awarded	-	-	-
Canceled	-	-	-
Finally granted	-	-	-
<b>Outstanding as of January 1, 2010</b>	-	-	-
Awarded	1,508,850	1,070,650	2,579,500
Canceled	(125)	(75)	(200)
Finally granted <sup>(b)</sup>	(75)	-	(75)
<b>Outstanding as of December 31, 2010</b>	<b>1,508,650</b>	<b>1,070,575</b>	<b>2,579,225</b>

(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.

## F) Share-based payment expense

Share-based payment expense before tax for the year 2010 amounts to €140 million and can be broken down as follows:

- €31 million for TOTAL share subscription plans; and
- €109 million for TOTAL restricted shares plans.

Share-based payment expense before tax for the year 2009 amounts to €106 million and can be broken down as follows:

- €38 million for TOTAL share subscription plans; and
- €68 million for TOTAL restricted shares plans.

Share-based payment expense before tax for the year 2008 amounted to €154 million and can be broken down as follows:

- €61 million for TOTAL share subscription plans;
- €105 million for TOTAL restricted shares plans; and
- €(12) million for the adjustment to the expense booked in 2007 related to TOTAL capital increase reserved for employees (see Note 17 to the Consolidated Financial Statements).

The fair value of the options granted in 2010, 2009 and 2008 has been measured according to the Black-Scholes method and based on the following assumptions:

<b>For the year ended December 31,</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Risk free interest rate (%) <sup>(a)</sup>	2.1	2.9	4.3
Expected dividends (%) <sup>(b)</sup>	5.9	4.8	8.4
Expected volatility (%) <sup>(c)</sup>	25.0	31.0	32.7
Vesting period (years)	2	2	2
Exercise period (years)	8	8	8
Fair value of the granted options (€ per option)	5.8	8.4	5.0

(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.

At the shareholders' meeting held on May 21, 2010, 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 26 months from the date of the meeting, by an amount not exceeding 1.5% of the share capital outstanding on the date of the meeting of the Board of Directors at which a decision to proceed with an issuance is made reserving subscriptions for such issuance to the Group employees participating in a company savings plan. It is being specified that the amount of any such capital increase reserved for Group employees was counted against the aggregate maximum nominal amount of share capital increases authorized by the

shareholders' meeting held on May 21, 2010 for issuing new ordinary shares or other securities granting immediate or future access to the Company's share capital with preferential subscription rights (€2.5 billion in nominal value).

Pursuant to this delegation of authorization, the Board of Directors, during its October 28, 2010 meeting, implemented a capital increase reserved for employees within the limit of 12 million shares, with dividend rights as of the January 1, 2010 and delegated all power to the Chairman and CEO to determine the opening and closing of subscription period and the subscription price.

## 26) Payroll and staff

<b>For the year ended December 31,</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Personnel expenses (M€)</b>			
Wages and salaries (including social charges)	6,246	6,177	6,014
<b>Group employees</b>			
<i>France</i>			
Management	10,852	10,906	10,688
Other	24,317	25,501	26,413
<i>International</i>			
Management	15,146	15,243	14,709
Other	42,540	44,737	45,149
<b>Total</b>	<b>92,855</b>	<b>96,387</b>	<b>96,959</b>

The number of employees includes only employees of fully consolidated subsidiaries.

The decrease in the number of employees between December 31, 2009 and December 31, 2010 is mainly explained by the sale of the consumer specialty chemicals business Mapa Spontex (see Note 3 to the Consolidated Financial Statements).

## 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€)	2010	2009	2008
Interests paid	(470)	(678)	(958)
Interests received	132	148	505
Income tax paid	(6,990)	(6,202)	(10,631)
Dividends received	1,722	1,456	1,590

Changes in working capital are detailed as follows:

For the year ended December 31,

(M€)	2010	2009	2008
Inventories	(1,896)	(4,217)	4,020
Accounts receivable	(2,712)	(344)	3,222
Other current assets	911	1,505	(982)
Accounts payable	2,482	571	(3,056)
Other creditors and accrued liabilities	719	(831)	(633)
<b>Net amount</b>	<b>(496)</b>	<b>(3,316)</b>	<b>2,571</b>

### 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€)	2010	2009	2008
Issuance of non-current debt	3,995	6,309	5,513
Repayment of non-current debt	(206)	(787)	(2,504)
<b>Net amount</b>	<b>3,789</b>	<b>5,522</b>	<b>3,009</b>

### C) Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

For the year ended December 31,

(M€)	2010	2009	2008
Cash	4,679	2,448	1,836
Cash equivalents	9,810	9,214	10,485
<b>Total</b>	<b>14,489</b>	<b>11,662</b>	<b>12,321</b>

Cash equivalents are mainly composed of deposits less than three months deposited in government institutions or deposit banks selected in accordance with strict criteria.

## 28) Financial assets and liabilities analysis per instruments class and strategy

The financial assets and liabilities disclosed on the face of the balance sheet are detailed as follows:

As of December 31, 2010 (M€)	Financial instruments related to financing and trading activities							Other financial instruments	Total	Fair value
	Amortized cost	Fair value								
		Available for sale <sup>(a)</sup>	Held for trading	Financial debt <sup>(b)</sup>	Hedging of financial debt	Cash flow hedge	Net investment hedge and other			
<b>Assets/(Liabilities)</b>										
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	
<b>Total financial assets</b>	<b>4,848</b>	<b>4,590</b>	<b>537</b>	<b>-</b>	<b>2,106</b>	<b>56</b>	<b>6</b>	<b>36,556</b>	<b>48,699</b>	
<b>Total non-financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95,019</b>	<b>-</b>	
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143,718</b>	<b>-</b>	
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)	
<b>Total financial liabilities</b>	<b>(9,102)</b>	<b>-</b>	<b>(706)</b>	<b>(21,156)</b>	<b>(190)</b>	<b>-</b>	<b>-</b>	<b>(21,465)</b>	<b>(53,008)</b>	
<b>Total non-financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(91,099)</b>	<b>-</b>	
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(143,718)</b>	<b>-</b>	

(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).



As of December 31, 2009 (M€)	Financial instruments related to financing and trading activities							Other financial instruments	Total	Fair value
	Amortized cost	Fair value								
		Available for sale <sup>(a)</sup>	Held for trading	Financial debt <sup>(b)</sup>	Hedging of financial debt	Cash flow hedge	Net investment hedge and other			
<b>Assets/(Liabilities)</b>										
Equity affiliates: loans	2,367	-	-	-	-	-	-	2,367	2,367	
Other investments	-	1,162	-	-	-	-	-	1,162	1,162	
Hedging instruments of non-current financial debt	-	-	-	889	136	-	-	1,025	1,025	
Other non-current assets	1,284	-	-	-	-	-	-	1,284	1,284	
Accounts receivable, net	-	-	-	-	-	-	15,719	15,719	15,719	
Other operating receivables	-	-	1,029	-	-	-	4,116	5,145	5,145	
Current financial assets	55	-	53	-	197	-	6	311	311	
Cash and cash equivalents	-	-	-	-	-	-	11,662	11,662	11,662	
<b>Total financial assets</b>	<b>3,706</b>	<b>1,162</b>	<b>1,082</b>	<b>-</b>	<b>1,086</b>	<b>136</b>	<b>6</b>	<b>31,497</b>	<b>38,675</b>	
<b>Total non-financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89,078</b>	<b>-</b>	
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127,753</b>	<b>-</b>	
Non-current financial debt	(2,089)	-	-	(17,107)	(241)	-	-	(19,437)	(19,905)	
Accounts payable	-	-	-	-	-	-	(15,383)	(15,383)	(15,383)	
Other operating liabilities	-	-	(923)	-	-	-	(3,783)	(4,706)	(4,706)	
Current borrowings	(4,849)	-	-	(2,145)	-	-	-	(6,994)	(6,994)	
Other current financial liabilities	-	-	(25)	-	(97)	-	(1)	(123)	(123)	
<b>Total financial liabilities</b>	<b>(6,938)</b>	<b>-</b>	<b>(948)</b>	<b>(19,252)</b>	<b>(338)</b>	<b>-</b>	<b>(1)</b>	<b>(19,166)</b>	<b>(47,111)</b>	
<b>Total non-financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(81,110)</b>	<b>-</b>	
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(127,753)</b>	<b>-</b>	

(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).

As of December 31, 2008 (M€)	Financial instruments related to financing and trading activities							Other financial instruments	Total	Fair value
	Amortized cost	Fair value								
		Available for sale <sup>(a)</sup>	Held for trading	Financial debt <sup>(b)</sup>	Hedging of financial debt	Cash flow hedge	Net investment hedge and other			
<b>Assets/(Liabilities)</b>										
Equity affiliates: loans	2,005	-	-	-	-	-	-	2,005	2,005	
Other investments	-	1,165	-	-	-	-	-	1,165	1,165	
Hedging instruments of non-current financial debt	-	-	-	892	-	-	-	892	892	
Other non-current assets	1,403	-	-	-	-	-	-	1,403	1,403	
Accounts receivable, net	-	-	-	-	-	-	15,287	15,287	15,287	
Other operating receivables	-	-	1,664	-	-	-	4,544	6,208	6,208	
Current financial assets	1	-	86	-	100	-	-	187	187	
Cash and cash equivalents	-	-	-	-	-	-	12,321	12,321	12,321	
<b>Total financial assets</b>	<b>3,409</b>	<b>1,165</b>	<b>1,750</b>	<b>-</b>	<b>992</b>	<b>-</b>	<b>32,152</b>	<b>39,468</b>	<b>39,468</b>	
<b>Total non-financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,842</b>	<b>-</b>	
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>118,310</b>	<b>-</b>	
Non-current financial debt	(701)	-	-	(15,050)	(440)	-	-	(16,191)	(16,191)	
Accounts payable	-	-	-	-	-	-	(14,815)	(14,815)	(14,815)	
Other operating liabilities	-	-	(1,033)	-	-	-	(3,264)	(4,297)	(4,297)	
Current borrowings	(5,721)	-	-	(2,001)	-	-	-	(7,722)	(7,722)	
Other current financial liabilities	-	-	(146)	-	(12)	-	-	(158)	(158)	
<b>Total financial liabilities</b>	<b>(6,422)</b>	<b>-</b>	<b>(1,179)</b>	<b>(17,051)</b>	<b>(452)</b>	<b>-</b>	<b>(18,079)</b>	<b>(43,183)</b>	<b>(43,183)</b>	
<b>Total non-financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(75,127)</b>	<b>-</b>	
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(118,310)</b>	<b>-</b>	

(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).

## 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€)

	2010	2009	2008
Assets available for sale (investments):			
– dividend income on non-consolidated subsidiaries	255	210	238
– gains (losses) on disposal of assets	60	6	15
– other	(17)	(18)	(15)
Loans and receivables	90	41	100
<b>Impact on net operating income</b>	<b>388</b>	<b>239</b>	<b>338</b>

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€)	2010	2009	2008
Loans and receivables	133	158	547
Financing liabilities and associated hedging instruments	(469)	(563)	(996)
Fair value hedge (ineffective portion)	4	33	(4)
Assets and liabilities held for trading	(2)	(26)	(74)
<b>Impact on the cost of net debt</b>	<b>(334)</b>	<b>(398)</b>	<b>(527)</b>

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”.

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€)	2010	2009	2008
Revaluation at market value of bonds	(1,164)	(183)	(66)
Swap hedging of bonds	1,168	216	62
<b>Ineffective portion of the fair value hedge</b>	<b>4</b>	<b>33</b>	<b>(4)</b>

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.

### 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,
<b>2010</b>	<b>25</b>	<b>(268)</b>	<b>-</b>	<b>(243)</b>
2009	124	(99)	-	25
2008	29	95	-	124

As of December 31, 2010, the fair value of the open instruments amounts to €6 million compared to €5 million in 2009 and zero in 2008.



## Cash flow hedge

The impact on the statement of income and on equity of the bond hedging instruments qualified as cash flow hedges is detailed as follows:

For the year ended December 31,

(M€)	2010	2009	2008
Profit (Loss) recorded in equity during the period	(80)	128	-
Recycled amount from equity to the income statement during the period	(115)	221	-

As of December 31, 2010 and 2009, the ineffective portion of these financial instruments is equal to zero.

## 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, 2010 (M€)	Fair value	Notional value <sup>(a)</sup>						
		Total	2011	2012	2013	2014	2015	2016 and after
<b>Assets/(Liabilities)</b>								
<b>Fair value hedge</b>								
Swaps hedging fixed-rates bonds (liabilities)	(178)	2,244	-	-	-	-	-	-
Swaps hedging fixed-rates bonds (assets)	1,814	13,939	-	-	-	-	-	-
<b>Total swaps hedging fixed-rates bonds (assets and liabilities)</b>	<b>1,636</b>	<b>16,183</b>	<b>-</b>	<b>2,967</b>	<b>3,461</b>	<b>2,421</b>	<b>3,328</b>	<b>4,006</b>
<b>Swaps hedging fixed-rates bonds (current portion)</b>								
fixed-rates bonds (current portion) (liabilities)	(12)	592	-	-	-	-	-	-
Swaps hedging fixed-rates bonds (current portion) (assets)	292	2,815	-	-	-	-	-	-
<b>Total swaps hedging fixed-rates bonds (current portion) (assets and liabilities)</b>	<b>280</b>	<b>3,407</b>	<b>3,407</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flow hedge</b>								
Swaps hedging fixed-rates bonds (liabilities)	-	-	-	-	-	-	-	-
Swaps hedging fixed-rates bonds (assets)	56	1,957	-	-	-	-	-	-
<b>Total swaps hedging fixed-rates bonds (assets and liabilities)</b>	<b>56</b>	<b>1,957</b>	<b>-</b>	<b>295</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,662</b>
Swaps hedging fixed-rates bonds (current portion) (liabilities)	-	-	-	-	-	-	-	-
Swaps hedging fixed-rates bonds (current portion) (assets)	-	-	-	-	-	-	-	-
<b>Total swaps hedging fixed-rates bonds (current portion) (assets and liabilities)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net investment hedge</b>								
Currency swaps and forward exchange contracts (assets)	6	381	-	-	-	-	-	-
Currency swaps and forward exchange contracts (liabilities)	-	-	-	-	-	-	-	-
<b>Total swaps hedging net investments</b>	<b>6</b>	<b>381</b>	<b>381</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Held for trading</b>								
Other interest rate swaps (assets)	1	6,463	-	-	-	-	-	-
Other interest rate swaps (liabilities)	(3)	11,395	-	-	-	-	-	-
<b>Total other interest rate swaps (assets and liabilities)</b>	<b>(2)</b>	<b>17,858</b>	<b>17,667</b>	<b>189</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>
Currency swaps and forward exchange contracts (assets)	37	1,532	-	-	-	-	-	-
Currency swaps and forward exchange contracts (liabilities)	(144)	6,757	-	-	-	-	-	-
<b>Total currency swaps and forward exchange contracts (assets and liabilities)</b>	<b>(107)</b>	<b>8,289</b>	<b>8,102</b>	<b>-</b>	<b>25</b>	<b>49</b>	<b>31</b>	<b>82</b>

(a) These amounts set the levels of notional commitment and are not indicative of a contingent gain or loss.



As of December 31, 2009 (M€)	Fair value	Notional value <sup>(a)</sup>					
		Total	2010	2011	2012	2013	2014
<b>Assets/(Liabilities)</b>							
<b>Fair value hedge</b>							
Swaps hedging fixed-rates bonds (liabilities)	(241)	4,615	-	-	-	-	-
Swaps hedging fixed-rates bonds (assets)	889	11,076	-	-	-	-	-
<b>Total swaps hedging fixed-rates bonds (assets and liabilities)</b>	<b>648</b>	<b>15,691</b>	<b>-</b>	<b>3,345</b>	<b>2,914</b>	<b>3,450</b>	<b>1,884</b>
Swaps hedging fixed-rates bonds (current portion) (liabilities)	(97)	912	-	-	-	-	-
Swaps hedging fixed-rates bonds (current portion) (assets)	197	1,084	-	-	-	-	-
<b>Total swaps hedging fixed-rates bonds (current portion) (assets and liabilities)</b>	<b>100</b>	<b>1,996</b>	<b>1,996</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flow hedge</b>							
Swaps hedging fixed-rates bonds (liabilities)	-	-	-	-	-	-	-
Swaps hedging fixed-rates bonds (assets)	136	1,837	-	295	-	-	1,542
<b>Total swaps hedging fixed-rates bonds (assets and liabilities)</b>	<b>136</b>	<b>1,837</b>	<b>-</b>	<b>295</b>	<b>-</b>	<b>-</b>	<b>1,542</b>
Swaps hedging fixed-rates bonds (current portion) (liabilities)	-	-	-	-	-	-	-
Swaps hedging fixed-rates bonds (current portion) (assets)	-	-	-	-	-	-	-
<b>Total swaps hedging fixed-rates bonds (current portion) (assets and liabilities)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net investment hedge</b>							
Currency swaps and forward exchange contracts (assets)	6	701	-	-	-	-	-
Currency swaps and forward exchange contracts (liabilities)	(1)	224	-	-	-	-	-
<b>Total swaps hedging net investments</b>	<b>5</b>	<b>925</b>	<b>925</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Held for trading</b>							
Other interest rate swaps (assets)	-	1,459	-	-	-	-	-
Other interest rate swaps (liabilities)	(1)	10,865	-	-	-	-	-
<b>Total other interest rate swaps (assets and liabilities)</b>	<b>(1)</b>	<b>12,324</b>	<b>12,208</b>	<b>114</b>	<b>-</b>	<b>-</b>	<b>2</b>
Currency swaps and forward exchange contracts (assets)	53	4,017	-	-	-	-	-
Currency swaps and forward exchange contracts (liabilities)	(24)	3,456	-	-	-	-	-
<b>Total currency swaps and forward exchange contracts (assets and liabilities)</b>	<b>29</b>	<b>7,473</b>	<b>7,224</b>	<b>-</b>	<b>52</b>	<b>50</b>	<b>100</b>

(a) These amounts set the levels of notional commitment and are not indicative of a contingent gain or loss.

As of December 31, 2008 (M€)	Fair value	Notional value <sup>(a)</sup>					
		Total	2009	2010	2011	2012	2013
<b>Assets/(Liabilities)</b>							
<b>Fair value hedge</b>							
Swaps hedging fixed-rates bonds (liabilities)	(440)	9,309	-	-	-	-	-
Swaps hedging fixed-rates bonds (assets)	892	4,195	-	-	-	-	-
<b>Total swaps hedging fixed-rates bonds (assets and liabilities)</b>	<b>452</b>	<b>13,504</b>	<b>-</b>	<b>2,048</b>	<b>3,373</b>	<b>3,233</b>	<b>3,032</b>
Swaps hedging fixed-rates bonds (current portion) (liabilities)	(12)	92	-	-	-	-	-
Swaps hedging fixed-rates bonds (current portion) (assets)	100	1,871	-	-	-	-	-
<b>Total swaps hedging fixed-rates bonds (current portion) (assets and liabilities)</b>	<b>88</b>	<b>1,963</b>	<b>1,963</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net investment hedge</b>							
<b>Currency swaps and forward exchange contracts (liabilities)</b>	<b>-</b>	<b>1,347</b>	<b>1,347</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Held for trading</b>							
Other interest rate swaps (assets)	-	2,853	-	-	-	-	-
Other interest rate swaps (liabilities)	(4)	5,712	-	-	-	-	-
<b>Total other interest rate swaps (assets and liabilities)</b>	<b>(4)</b>	<b>8,565</b>	<b>8,559</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>2</b>
Currency swaps and forward exchange contracts (assets)	86	5,458	-	-	-	-	-
Currency swaps and forward exchange contracts (liabilities)	(142)	2,167	-	-	-	-	-
<b>Total currency swaps and forward exchange contracts (assets and liabilities)</b>	<b>(56)</b>	<b>7,625</b>	<b>6,595</b>	<b>483</b>	<b>114</b>	<b>67</b>	<b>290</b>

(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, 2010 (M€)	Quoted prices in active market 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	-	1,916	-	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
<b>Total</b>	<b>3,631</b>	<b>1,869</b>	<b>-</b>	<b>5,500</b>
<b>As of December 31, 2009 (M€)</b>	<b>Quoted prices in active market for identical assets (level 1)</b>	<b>Prices based on observable data (level 2)</b>	<b>Prices based on non observable data (level 3)</b>	<b>Total</b>
Fair value hedge instruments	-	748	-	748
Cash flow hedge instruments	-	136	-	136
Net investment hedge instruments	-	5	-	5
Assets and liabilities held for trading	-	28	-	28
Assets available for sale	232	-	-	232
<b>Total</b>	<b>232</b>	<b>917</b>	<b>-</b>	<b>1,149</b>

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, 2010

(M€)

Assets/(Liabilities)	Carrying amount	Fair value <sup>(b)</sup>
<b>Crude oil, petroleum products and freight rates activities</b>		
Petroleum products and crude oil swaps	(2)	(2)
Freight rate swaps	-	-
Forwards <sup>(a)</sup>	5	5
Options	51	51
Futures	(12)	(12)
Options on futures	(4)	(4)
<b>Total crude oil, petroleum products and freight rates</b>	<b>38</b>	<b>38</b>
<b>Gas &amp; Power activities</b>		
Swaps	(1)	(1)
Forwards <sup>(a)</sup>	(102)	(102)
Options	5	5
Futures	-	-
<b>Total Gas &amp; Power</b>	<b>(98)</b>	<b>(98)</b>
<b>Total</b>	<b>(60)</b>	<b>(60)</b>
<b>Total of fair value non recognized in the balance sheet</b>		<b>-</b>

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 on the face of the balance sheet, this fair value is set to zero.

As of December 31, 2009

(M€)

Assets/(Liabilities)	Carrying amount	Fair value <sup>(b)</sup>
<b>Crude oil, petroleum products and freight rates activities</b>		
Petroleum products and crude oil swaps	(29)	(29)
Freight rate swaps	-	-
Forwards <sup>(a)</sup>	(9)	(9)
Options	21	21
Futures	(17)	(17)
Options on futures	6	6
<b>Total crude oil, petroleum products and freight rates</b>	<b>(28)</b>	<b>(28)</b>
<b>Gas &amp; Power activities</b>		
Swaps	52	52
Forwards <sup>(a)</sup>	78	78
Options	4	4
Futures	-	-
<b>Total Gas &amp; Power</b>	<b>134</b>	<b>134</b>
<b>Total</b>	<b>106</b>	<b>106</b>
<b>Total of fair value non recognized in the balance sheet</b>		<b>-</b>

(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 on the face of the balance sheet, this fair value is set to zero.

As of December 31, 2008

(M€)

Assets/(Liabilities)	Carrying amount	Fair value <sup>(b)</sup>
<b>Crude oil, petroleum products and freight rates activities</b>		
Petroleum products and crude oil swaps	141	141
Freight rate swaps	8	8
Forwards <sup>(a)</sup>	(120)	(120)
Options	-	-
Futures	17	17
Options on futures	(7)	(7)
<b>Total crude oil, petroleum products and freight rates</b>	<b>39</b>	<b>39</b>
<b>Gas &amp; Power activities</b>		
Swaps	(48)	(48)
Forwards <sup>(a)</sup>	659	659
Options	-	-
Futures	(19)	(19)
<b>Total Gas &amp; Power</b>	<b>592</b>	<b>592</b>
<b>Total</b>	<b>631</b>	<b>631</b>
<b>Total of fair value non recognized in the balance sheet</b>		<b>-</b>

(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 on the face of 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,
<b>Crude oil, petroleum products and freight rates activities</b>					
<b>2010</b>	<b>(28)</b>	<b>1,556</b>	<b>(1,488)</b>	<b>(2)</b>	<b>38</b>
2009	39	1,713	(1,779)	(1)	(28)
2008	18	1,734	(1,715)	2	39
<b>Gas &amp; Power activities</b>					
<b>2010</b>	<b>134</b>	<b>410</b>	<b>(648)</b>	<b>6</b>	<b>(98)</b>
2009	592	327	(824)	39	134
2008	232	787	(310)	(117)	592

The fair value hierarchy for financial instruments related to commodity contracts is as follows:

As of December 31, 2010 (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
Crude oil, petroleum products and freight rates activities	(10)	48	-	38
Gas & Power activities	50	(148)	-	(98)
<b>Total</b>	<b>40</b>	<b>(100)</b>	<b>-</b>	<b>(60)</b>
<b>As of December 31, 2009 (M€)</b>				
Crude oil, petroleum products and freight rates activities	(45)	17	-	(28)
Gas & Power activities	140	(6)	-	134
<b>Total</b>	<b>95</b>	<b>11</b>	<b>-</b>	<b>106</b>

The description of each fair value level is presented in Note 1 paragraph M(v) to the Consolidated Financial Statements.

## 31) Market risks

### 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 organised 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 reevaluated 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.

### Trading & Shipping : value-at-risk with a 97.5% probability

As of December 31,  
(M€)

	High	Low	Average	Year end
2010	23.1	3.4	8.9	3.8
2009	18.8	5.8	10.2	7.6
2008	13.5	2.8	6.9	11.8

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 organised 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 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
2010	13.9	2.7	6.8	10.0
2009	9.8	1.9	5.0	4.8
2008	16.3	1.3	5.0	1.4

The Group has implemented strict policies and procedures to manage and monitor these market risks. These are based on the splitting of supervisory functions from operational 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 principally interest rate and currency swaps. The Group may also use, on a less frequent basis, futures and options contracts. 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 or deposit banks 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 reports results. This unit also prepares marked-to-market valuations 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 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.

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 or euros, 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 or in euros. Thus, the net sensitivity of these positions to currency exposure is not significant.

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 or in euros 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, 2010, 2009 and 2008.



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
<b>As of December 31, 2010</b>				
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)	-	-
<b>As of December 31, 2009</b>				
Bonds (non-current portion, before swaps)	(18,368)	(18,836)	75	(75)
<i>Swaps hedging fixed-rates bonds (liabilities)</i>	(241)	(241)	-	-
<i>Swaps hedging fixed-rates bonds (assets)</i>	1,025	1,025	-	-
Total swaps hedging fixed-rates bonds (assets and liabilities)	784	784	(57)	57
Current portion of non-current debt after swap (excluding capital lease obligations)	(2,111)	(2,111)	3	(3)
Other interest rates swaps	(1)	(1)	1	(1)
Currency swaps and forward exchange contracts	34	34	-	-
<b>As of December 31, 2008</b>				
Bonds (non-current portion, before swaps)	(14,119)	(14,119)	47	(43)
<i>Swaps hedging fixed-rates bonds (liabilities)</i>	(440)	(440)	-	-
<i>Swaps hedging fixed-rates bonds (assets)</i>	892	892	-	-
Total swaps hedging fixed-rates bonds (assets and liabilities)	452	452	(44)	44
Current portion of non-current debt after swap (excluding capital lease obligations)	(2,025)	(2,025)	3	(3)
Other interest rates swaps	(4)	(4)	1	(1)
Currency swaps and forward exchange contracts	(56)	(56)	-	-

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€)	2010	2009	2008
Cost of net debt	(334)	(398)	(527)
Interest rate translation of :			
+10 basis points	(11)	(11)	(11)
-10 basis points	11	11	11
+100 basis points	(107)	(108)	(113)
-100 basis points	107	108	113

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 and the Norwegian krone.

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
<b>As of December 31, 2010</b>	<b>1.34</b>	<b>0.86</b>
As of December 31, 2009	1.44	0.89
As of December 31, 2008	1.39	0.95

As of December 31, 2010 (M€)	Total	Euro	Dollar	Pound sterling	Other currencies and equity affiliates <sup>(a)</sup>
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 of December 31, 2009 (M€)	Total	Euro	Dollar	Pound sterling	Other currencies and equity affiliates
Shareholders' equity at historical exchange rate	57,621	27,717	18,671	5,201	6,032
Currency translation adjustment before net investment hedge	(5,074)	-	(3,027)	(1,465)	(582)
Net investment hedge - open instruments	5	-	6	(1)	-
Shareholders' equity at exchange rate as of December 31, 2009	52,552	27,717	15,650	3,735	5,450
As of December 31, 2008 (M€)	Total	Euro	Dollar	Pound sterling	Other currencies and equity affiliates
Shareholders' equity at historical exchange rate	53,868	25,084	15,429	5,587	7,768
Currency translation adjustment before net investment hedge	(4,876)	-	(2,191)	(1,769)	(916)
Net investment hedge - open instruments	-	-	-	-	-
Shareholders' equity at exchange rate as of December 31, 2008	48,992	25,084	13,238	3,818	6,852

(a) The decrease in the heading "Other currencies and equity affiliates" is mainly explained by the change in the consolidation method of Sanofi-Aventis (see Note 3 to the Consolidated Financial Statements). The contribution to the shareholders' equity of this investment is now reclassified into the heading for the Eurozone.

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 (nil result in 2010, loss of €32 million in 2009, gain of €112 million in 2008).

### 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

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, 2010, these lines of credit amounted to \$9,592 million, of which \$9,581 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, 2010, the aggregate amount of the principal confirmed lines of credit granted by international banks to Group companies, including TOTAL S.A., was \$10,395 million, of which \$10,383 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, 2010, 2009 and 2008 (see Note 20 to the Consolidated Financial Statements).

**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
<b>Net amount before financial expense</b>	<b>5,882</b>	<b>(3,355)</b>	<b>(3,544)</b>	<b>(2,218)</b>	<b>(3,404)</b>	<b>(6,392)</b>	<b>(13,031)</b>
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
<b>Net amount</b>	<b>5,500</b>	<b>(3,750)</b>	<b>(3,996)</b>	<b>(2,635)</b>	<b>(3,760)</b>	<b>(7,665)</b>	<b>(16,306)</b>

**As of December 31, 2009**

(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)	-	(3,658)	(3,277)	(3,545)	(2,109)	(5,823)	(18,412)
Current borrowings	(6,994)	-	-	-	-	-	(6,994)
Other current financial liabilities	(123)	-	-	-	-	-	(123)
Current financial assets	311	-	-	-	-	-	311
Cash and cash equivalents	11,662	-	-	-	-	-	11,662
<b>Net amount before financial expense</b>	<b>4,856</b>	<b>(3,658)</b>	<b>(3,277)</b>	<b>(3,545)</b>	<b>(2,109)</b>	<b>(5,823)</b>	<b>(13,556)</b>
Financial expense							
on non-current financial debt	(768)	(697)	(561)	(448)	(301)	(1,112)	(3,887)
Interest differential on swaps	447	233	100	25	(16)	(55)	734
<b>Net amount</b>	<b>4,535</b>	<b>(4,122)</b>	<b>(3,738)</b>	<b>(3,968)</b>	<b>(2,426)</b>	<b>(6,990)</b>	<b>(16,709)</b>

**As of December 31, 2008**

(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)	-	(2,992)	(3,658)	(3,324)	(3,232)	(2,093)	(15,299)
Current borrowings	(7,722)	-	-	-	-	-	(7,722)
Other current financial liabilities	(158)	-	-	-	-	-	(158)
Current financial assets	187	-	-	-	-	-	187
Cash and cash equivalents	12,321	-	-	-	-	-	12,321
<b>Net amount before financial expense</b>	<b>4,628</b>	<b>(2,992)</b>	<b>(3,658)</b>	<b>(3,324)</b>	<b>(3,232)</b>	<b>(2,093)</b>	<b>(10,671)</b>
Financial expense							
on non-current financial debt	(554)	(512)	(431)	(299)	(189)	(174)	(2,159)
Interest differential on swaps	118	211	100	62	37	(7)	521
<b>Net amount</b>	<b>4,192</b>	<b>(3,293)</b>	<b>(3,989)</b>	<b>(3,561)</b>	<b>(3,384)</b>	<b>(2,274)</b>	<b>(12,309)</b>

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").

The following table sets forth financial assets and liabilities related to operating activities as of December 31, 2010, 2009 and 2008 (see Note 28 to the Consolidated Financial Statements).

**As of December 31**

(M€)

Assets/(Liabilities)	2010	2009	2008
Accounts payable	(18,450)	(15,383)	(14,815)
Other operating liabilities	(3,574)	(4,706)	(4,297)
<i>including financial instruments related to commodity contracts</i>	(559)	(923)	(1,033)
Accounts receivable, net	18,159	15,719	15,287
Other operating receivables	4,407	5,145	6,208
<i>including financial instruments related to commodity contracts</i>	499	1,029	1,664
<b>Total</b>	<b>542</b>	<b>775</b>	<b>2,383</b>

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€)

Assets/(Liabilities)	2010	2009	2008
Loans to equity affiliates (note 12)	2,383	2,367	2,005
Loans and advances (note 14)	1,596	1,284	1,403
Hedging instruments of non-current financial debt (note 20)	1,870	1,025	892
Accounts receivable (note 16)	18,159	15,719	15,287
Other operating receivables (note 16)	4,407	5,145	6,208
Current financial assets (note 20)	1,205	311	187
Cash and cash equivalents (note 27)	14,489	11,662	12,321
<b>Total</b>	<b>44,109</b>	<b>37,513</b>	<b>38,303</b>

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, 2010, the net amount received as part of these margin calls was €1,560 million (against €693 million as of December 31, 2009).

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.

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**

The Gas & Power division 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 authorisations.

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.

#### Downstream Segment

##### – Refining & Marketing

Internal procedures for the Refining & Marketing division 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 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 facts and circumstances.

##### – 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.

#### Chemicals Segment

Credit risk in the Chemicals segment 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).

## 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

For the year ended 2010, the Group has not been fined pursuant to a Court ruling. The principal antitrust proceedings in which the Group is involved are described thereafter.

#### Chemicals Segment

- As part of the spin-off of Arkema<sup>(1)</sup> in 2006, TOTAL S.A. or certain other Group companies agreed to grant Arkema guarantees for potential monetary consequences related to antitrust proceedings arising from events prior to the spin-off.

These guarantees cover, for a period of ten years, 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 these guarantees.

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, these guarantees will become void.

- In the United States, investigations into certain commercial practices of some subsidiaries of the Arkema group have been closed since 2007; no charges have been brought against Arkema. Civil liability lawsuits, for which TOTAL S.A. has been named as the parent company, are about to be closed and are not expected to have a 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 an overall amount of €385.47 million, of which Elf Aquitaine and/or TOTAL S.A. and their subsidiaries were held jointly liable for €280.17 million, Elf Aquitaine being personally fined €23.6 million for deterrence. These fines are entirely settled as of today.

As a result<sup>(2)</sup>, since the spin-off, the Group has paid the overall amount of €188.07 million, corresponding to 90% of the fines overall amount once the threshold provided for by the guarantee is deducted.

The European Commission imposed these fines following investigations between 2000 and 2004 into commercial practices involving eight products sold by Arkema. Five of these investigations resulted in prosecutions from the European Commission for which Elf Aquitaine has been named as the parent company, and two of these investigations named TOTAL S.A. as the ultimate parent company of the Group.

TOTAL S.A. and Elf Aquitaine are contesting their liability based solely on their status as parent companies and appealed for cancellation and reformation of the rulings that are still pending before the relevant EU court of appeals or supreme court of appeals.

Besides, a civil proceeding against Arkema and five groups of companies was initiated before a German regional court by a third party for an alleged damage pursuant to one of the above described legal proceedings. TOTAL S.A. was summoned to serve notice of the dispute before this court. At this point, the probability to have a favorable verdict and the financial impacts of this procedure are uncertain due to the number of legal difficulties it gave rise to, the lack of documented claim and the complex evaluation of the alleged damage.

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 the legal proceedings described above, a €17 million reserve is booked in the Group's consolidated financial statements as of December 31, 2010.

#### Downstream 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 in 2006 €20.25 million, which has been paid, and for which TOTAL S.A. was held jointly liable for €13.5 million. TOTAL S.A. appealed this decision before the relevant court and this appeal is still pending.

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 another product line of the Refining & Marketing division, 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. TOTAL S.A. also appealed this decision before the relevant court and this appeal is still pending.

- Finally, TotalGaz and Total Raffinage Marketing received a statement of objections from the French Antitrust Authority (*Autorité de la concurrence française*) regarding alleged antitrust practices concerning another product line of the Refining & Marketing division. The case was dismissed by decision of the French antitrust authorities on December 17, 2010.

(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.

(2) 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. This case is referred to in past Registration Documents.



Given the discretionary powers granted to the antitrust authorities for determining fines relating to antitrust regulations, it is not currently possible to determine with certainty the outcome of these investigations and proceedings. TOTAL S.A. and Elf Aquitaine are contesting their liability and the method of determining these fines. Although it is not possible to predict the ultimate outcome of these proceedings, the Group believes that they will not have a material adverse effect on its financial situation or consolidated results.

### 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. The hearings before the Supreme Court are expected to be held during the first half of 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, 2010, stands at €194 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, TOTAL's UK subsidiary was fined £3.6 million. 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-one third parties have been compensated for an aggregate amount of €171.5 million.

By a decision dated March 30, 2010, the Court of Appeal of 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 S.A. believes that, based on the information currently available, the case should not have a significant impact on the Group's financial situation or consolidated results.

### 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 concerning the withdrawal of one of its subsidiaries from an exploration and production project in Russia that was negotiated in the early 1990s. Elf Aquitaine believes this claim to be unfounded. On January 12, 2009, the Commercial Court of Paris rejected Blue Rapid's claim and found that the Russian Olympic Committee did not have standing in the matter. This decision has been appealed. The hearings should be held during the first half of 2011.

In connection with the same facts, and fifteen years after the termination of this exploration and production project, a Russian company and two regions of the Russian Federation have launched an arbitration procedure against a former subsidiary of Elf Aquitaine that was liquidated in 2005, claiming damages of an unspecified amount at this stage of the procedure. The Group considers this claim to be unfounded. The Group has reserved its rights to take any actions and/or measures that would be appropriate 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 a consultant concerning a gas field 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.

Investigations are still pending and the Company is cooperating with the SEC and the DoJ. In 2010, the Company opened talks with U.S. authorities, without any acknowledgement of facts, to consider an out-of-court settlement. Generally, out-of-court settlements with U.S. authorities include payment of fines and the obligation to improve internal compliance systems or other measures.



In this same case, a judicial inquiry related to TOTAL was initiated in France in 2006. In 2007, the Company's Chief Executive Officer was placed under formal investigation in relation to this inquiry, as the former President of the Middle East department of the Group's Exploration & Production division. The Company has not been notified of any significant developments in the proceedings since the formal investigation was launched.

### 33) Other information

#### A) Research and development costs

Research and development costs incurred by the Group in 2010 amounted to €715 million (€650 million in 2009 and €612 million in 2008), corresponding to 0.4% of the sales.

The staff dedicated in 2010 to these research and development activities are estimated at 4,087 people (4,016 in 2009 and 4,285 in 2008).

At this point, the Company cannot determine when these investigations will terminate, and cannot predict their results, or the outcome of the talks that have been initiated, or the costs of a potential out-of-court settlement. Resolving this case is not expected to have a significant impact on the Group's financial situation or any impact on its future planned operations.

#### B) Carbon dioxide emission rights

The principles governing the accounting for emission rights are presented in Note 1 paragraph T to the Consolidated Financial Statements.

As of December 31, 2010, given the emission rights granted in the National Allocations Plans (NAPs), the position of the Group's industrial facilities that are covered by the European Union Emissions Trading System (EU ETS) is getting longer. This long position is expected to be confirmed at the end of the 2008-2012 period.

### 34) Changes in progress in the Group structure

#### • Upstream

- TOTAL finalized in November 2010 an agreement in principle with Perenco, an independent exploration and production French company, to sell its 75.8% equity in its upstream Cameroonian affiliate Total E&P Cameroun. This agreement is subject to the Cameroonian Authorities' approval.

As of December 31, 2010, assets and liabilities of the affiliate Total E&P Cameroun have been classified respectively as "Assets classified as held for sale" on the face of the Consolidated Balance Sheet for €183 million and as "Liabilities directly associated with the assets classified as held for sale" on the face of the Consolidated Balance Sheet for €137 million. The concerned assets and liabilities mainly include tangible assets for €109 million and provisions and other non-current liabilities for €74 million.

- In addition to the agreement signed during September 2010 (see Note 3 to the Consolidated Financial Statements), TOTAL signed in December 2010 an agreement to acquire an additional 7.5% interest in Australia's GLNG project from Santos for an amount of \$281 million. This will increase Total's overall stake in the project to 27.5%.

At the same time, South Korea's Kogas has signed an agreement to join the project with a 15% stake. Once both transactions, which are subject to the approval of Australia's Foreign Investment Review Board, have been finalized, interests in the project will be: Santos (30%, operator), Petronas (27.5%), TOTAL (27.5%) and Kogas (15%).

- Total E&P Canada Ltd., a TOTAL subsidiary, and Suncor Energy Inc. (Suncor) have signed in December 2010 several agreements to form 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. Under

the alliance, the companies will pool their combined interests in these projects, with the respective operator holding 51% and the other partner 49%.

The agreements comprise four significant and related transactions:

- TOTAL is acquiring 19.2% of Suncor's interest in the Fort Hills project. Taking into account the acquisition of UTS, finalized in September 2010, TOTAL will have an overall 39.2% interest in Fort Hills. Suncor, as operator, will hold 40.8%;
- Suncor is acquiring 36.75% of TOTAL's interest in the Joslyn project. TOTAL, as operator, will retain a 38.25% interest in the project;
- TOTAL is also acquiring a 49% stake in the Suncor-operated *Voyageur* upgrader project;
- as a result of the terms of these transactions and the related net balancing of the portfolio, in particular to contribute to the past costs of the *Voyageur* project, TOTAL will pay Suncor CAD 1,751 million, with a value date of January 1<sup>st</sup>, 2011.

The implementation of the agreements is subject to securing the necessary regulatory approvals from the Government of Canada and certain other approvals.

As a result of the agreements, TOTAL will no longer proceed with the planned construction of an upgrader in Edmonton.

As of December 31, 2010, the share of assets and liabilities of the Joslyn mining project covered by the agreements has been classified respectively as "Assets classified as held for sale" on the face of the Consolidated Balance Sheet for €622 million and as "Liabilities directly associated with the assets classified as held for sale" on the face of the Consolidated Balance Sheet for €8 million. The concerned assets include mineral interests for €390 million and tangible assets for €232 million.

• **Chemicals**

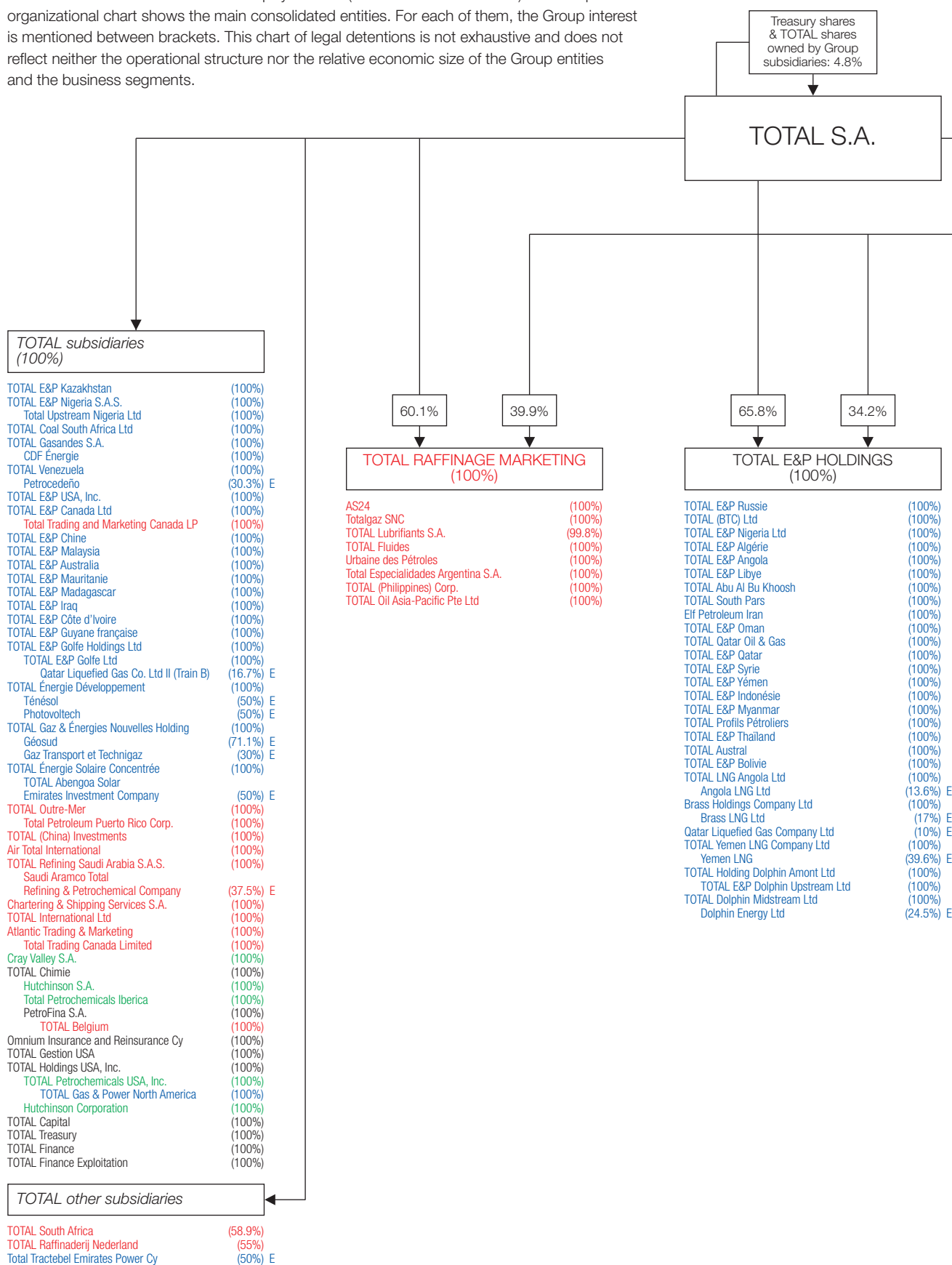
- TOTAL has announced in December 2010 a plan to sell its photocure and coatings resins businesses to Arkema for a €550 million enterprise value. The divestment is subject to the applicable legally required consultation and notification processes for employee representatives at TOTAL and Arkema and to the approval of the anti-trust authorities in the countries concerned. It could take place in the first half of 2011.

As of December 31, 2010, assets and liabilities of the photocure and coatings resins businesses have been classified respectively as “Assets classified as held for sale” on the face of the Consolidated Balance Sheet for €465 million and as “Liabilities directly associated with the assets classified as held for sale” on the face of the Consolidated Balance Sheet for €52 million.

The concerned assets mainly include a goodwill for €63 million, tangible assets for €196 million and inventories for €138 million.

## 35) Consolidation scope

As of December 31, 2010, 687 entities are consolidated of which 596 are fully consolidated, and 91 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.



\* CEPSA: Independent company on which the Group exercises a significant influence with the exception of any control

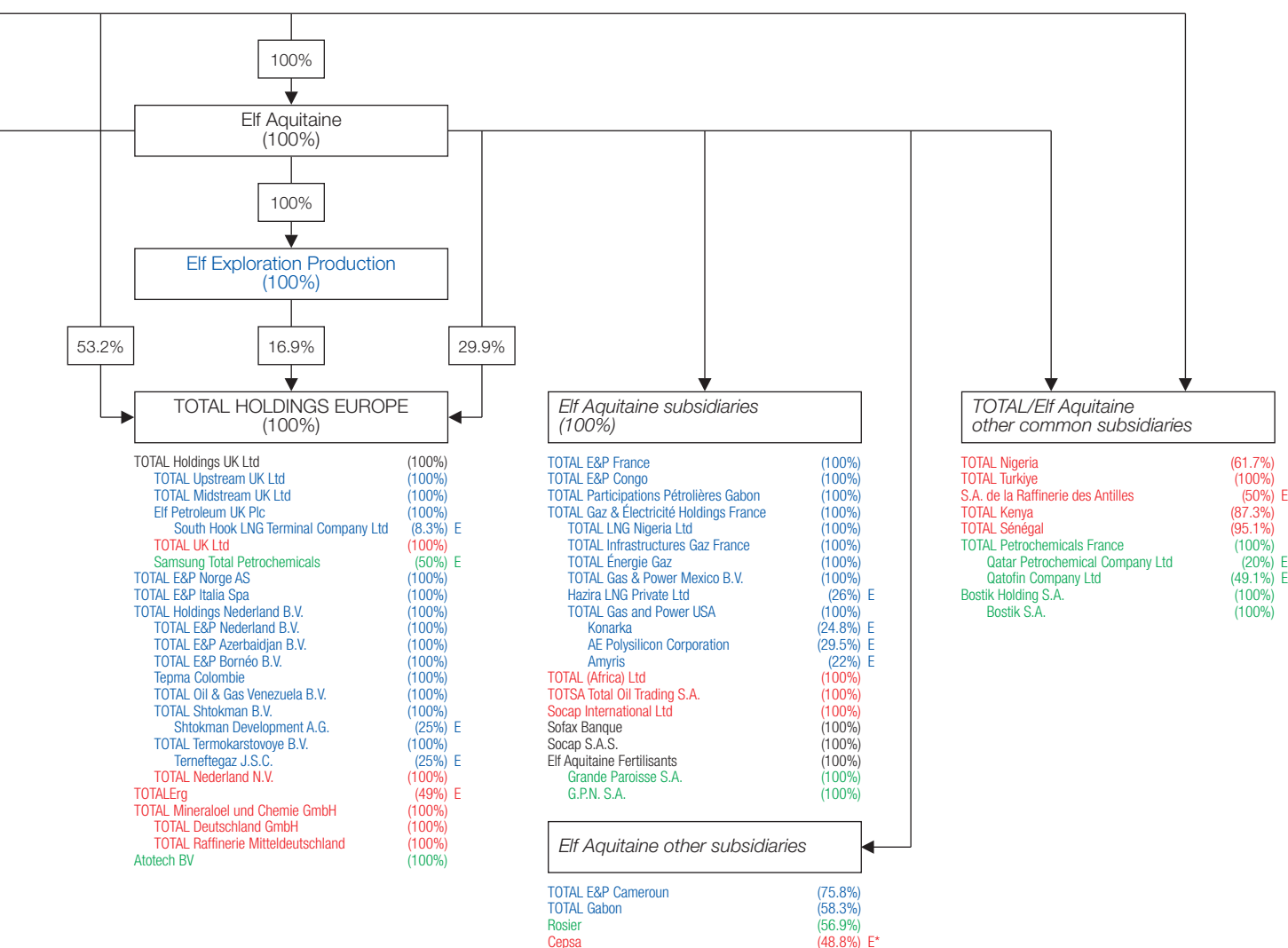
The business segments are identified with the following colors:

Upstream

Downstream

Chemicals

Holding





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# 1. Oil and gas information pursuant to FASB Accounting Standards Codification 932

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 2010 and 2009 year-end estimation of proved reserves. The main impact of the application of the revised rules was related to, for 2009, the use of new reliable technologies and, for 2010, the booking of proved reserves on an oil sands mining project.

## 1.1. 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 Reservoir 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 Reservoir Committee is appointed by the President of Exploration & Production and its members represent expertise in reservoir engineering, production geology, production geophysics, drilling, and pre-development projects.

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 Geoscience Reserve Manager and composed of at least three Reservoir 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 Geoscience Division, an SEC Reserves Committee chaired by the Exploration & Production Finance Senior Vice President and comprised of the Geoscience, Strategy and Legal Senior Vice Presidents, or their representatives, as well as the Chairman of the Reservoir Committee and the Geoscience Reserves Manager, approves the SEC reserve booking proposals as regards to criteria that are not dependent upon reservoir and geoscience 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 Geosciences Reserves Manager (GRM) is the technical person responsible for preparing the reserves estimates for the Group. The GRM supervises the Reserve Entity, chairs the annual review of reserves, and is a member of the Reservoir Committee and the SEC Reserves Committee. The GRM has over twenty-five 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 ten years of experience in the field of reserves evaluation and control process. He holds an engineering degree from *École Nationale Supérieure de Géologie*, Nancy, France, and a Ph.D in rock physics from Stanford University, California, USA. He is a member of the Society of Petroleum Engineering Oil and Gas Reserves Committee and the UNECE (United Nations Economic Commission for Europe) Expert Group on Resource Classification.

## 1.2. Proved developed reserves

At the end of 2010, proved developed reserves of oil and gas were 5,708 Mboe and represented 53% of proved reserves. At year-end 2009, proved developed reserves of oil and gas were 5,835 Mboe and represented 56% of proved reserves. At the end of 2008, proved developed reserves were 5,243 Mboe and represented

50% of proved reserves. Over the past three years, the level of proved developed reserves has remained above 5.2 Bboe and over 50% of proved reserves, illustrating TOTAL’s ability to consistently transfer proved undeveloped reserves into developed status.



### 1.3. Proved undeveloped reserves

As of December 31, 2010, TOTAL's combined proved undeveloped reserves of oil and gas were 4,987 Mboe as compared to 4,648 Mboe at the end of 2009. The net increase of 339 Mboe of proved undeveloped reserves is due to the addition of +291 Mboe of undeveloped reserves related to extensions and discoveries, the revision of +183 Mboe of previous estimates, a net increase of +416 Mboe due to acquisitions/divestitures and the conversion of -551 Mboe of proved undeveloped reserves into proved developed reserves. In 2010, the capital expended to develop proved undeveloped reserves (PUDs) was €6.7 billion, which represents 81% of 2010 development costs, and was related to projects located for the most part in Kazakhstan, Angola, Norway, Nigeria, Indonesia, United Kingdom, Thailand and the United States.

Approximately 60% of the Group's proved undeveloped reserves are associated with producing fields and are located for the most part in Canada, Nigeria, the United Arab Emirates, Venezuela and Norway. 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 30% 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 PUD's 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, Congo, HP/HT fields in the United Kingdom, heavy oil projects in Venezuela and LNG projects in Qatar, Yemen, Nigeria and Indonesia.

Information shown in the following tables is presented in accordance with the FASB's ASC 932 and the requirements of the SEC Regulation S-K (Items 1200 to 1208).

The tables provided below are presented by the following geographic areas: Europe, Africa, the Americas, Middle East and Asia (including CIS). Certain previously reported amounts for 2008 have been reclassified to conform to the current presentation adopted since 2009.

### 1.4. 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, 2010, 2009 and 2008. Quantities shown concern proved developed and undeveloped reserves together with changes in quantities for 2010, 2009 and 2008.

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 and of two companies accounted for by the cost method.

### 1.4.1. Changes in oil, bitumen and gas reserves

(in million barrels of oil equivalent)

Consolidated subsidiaries

Proved developed and undeveloped reserves	Europe	Africa	Americas	Middle East	Asia	Total
<b>Balance as of December 31, 2007</b>	<b>1,900</b>	<b>3,516</b>	<b>737</b>	<b>474</b>	<b>1,224</b>	<b>7,851</b>
Revisions of previous estimates	41	374	50	106	144	715
Extensions, discoveries and other	82	110	-	-	19	211
Acquisitions of reserves in place	17	-	-	-	-	17
Sales of reserves in place	-	(74)	-	-	(46)	(120)
Production for the year	(225)	(280)	(55)	(50)	(99)	(709)
<b>Balance as of December 31, 2008</b>	<b>1,815</b>	<b>3,646</b>	<b>732</b>	<b>530</b>	<b>1,242</b>	<b>7,965</b>
Revisions of previous estimates	46	76	14	(7)	25	154
Extensions, discoveries and other	18	53	284	76	-	431
Acquisitions of reserves in place	12	-	130	-	-	142
Sales of reserves in place	(2)	(43)	(14)	-	-	(59)
Production for the year	(224)	(266)	(56)	(55)	(101)	(702)
<b>Balance as of December 31, 2009</b>	<b>1,665</b>	<b>3,466</b>	<b>1,090</b>	<b>544</b>	<b>1,166</b>	<b>7,931</b>
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)
<b>Balance as of December 31, 2010</b>	<b>1,706</b>	<b>3,371</b>	<b>1,540</b>	<b>574</b>	<b>1,099</b>	<b>8,290</b>

Minority interest in proved developed and undeveloped reserves as of

December 31, 2008	27	100	-	-	-	127
December 31, 2009	26	98	-	-	-	124
<b>December 31, 2010</b>	<b>26</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126</b>

(in million barrels of oil equivalent)

Equity & non-consolidated affiliates

Proved developed and undeveloped reserves	Europe	Africa	Americas	Middle East	Asia	Total
<b>Balance as of December 31, 2007</b>	<b>-</b>	<b>69</b>	<b>554</b>	<b>1,975</b>	<b>-</b>	<b>2,598</b>
Revisions of previous estimates	-	22	-	(2)	-	20
Extensions, discoveries and other	-	14	-	3	-	17
Acquisitions of reserves in place	-	-	6	-	-	6
Sales of reserves in place	-	-	-	-	-	-
Production for the year	-	(7)	(33)	(108)	-	(148)
<b>Balance as of December 31, 2008</b>	<b>-</b>	<b>98</b>	<b>527</b>	<b>1,868</b>	<b>-</b>	<b>2,493</b>
Revisions of previous estimates	-	10	(7)	51	-	54
Extensions, discoveries and other	-	-	-	136	-	136
Acquisitions of reserves in place	-	-	-	-	-	-
Sales of reserves in place	-	-	-	-	-	-
Production for the year	-	(8)	(18)	(105)	-	(131)
<b>Balance as of December 31, 2009</b>	<b>-</b>	<b>100</b>	<b>502</b>	<b>1,950</b>	<b>-</b>	<b>2,552</b>
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)
<b>Balance as of December 31, 2010</b>	<b>-</b>	<b>107</b>	<b>486</b>	<b>1,812</b>	<b>-</b>	<b>2,405</b>

(in million barrels of oil equivalent)

Consolidated subsidiaries and equity & non-consolidated affiliates

	Europe	Africa	Americas	Middle East	Asia	Total
<b>As of December 31, 2008</b>						
<b>Proved developed and undeveloped reserves</b>	<b>1,815</b>	<b>3,744</b>	<b>1,259</b>	<b>2,398</b>	<b>1,242</b>	<b>10,458</b>
Consolidated subsidiaries	1,815	3,646	732	530	1,242	7,965
Equity and non-consolidated affiliates	-	98	527	1,868	-	2,493
<b>Proved developed reserves</b>	<b>1,252</b>	<b>1,801</b>	<b>515</b>	<b>1,194</b>	<b>481</b>	<b>5,243</b>
Consolidated subsidiaries	1,252	1,754	381	504	481	4,372
Equity and non-consolidated affiliates	-	47	134	690	-	871
<b>Proved undeveloped reserves</b>	<b>563</b>	<b>1,943</b>	<b>744</b>	<b>1,204</b>	<b>761</b>	<b>5,215</b>
Consolidated subsidiaries	563	1,892	351	26	761	3,593
Equity and non-consolidated affiliates	-	51	393	1,178	-	1,622
<b>As of December 31, 2009</b>						
<b>Proved developed and undeveloped reserves</b>	<b>1,665</b>	<b>3,566</b>	<b>1,592</b>	<b>2,494</b>	<b>1,166</b>	<b>10,483</b>
Consolidated subsidiaries	1,665	3,466	1,090	544	1,166	7,931
Equity and non-consolidated affiliates	-	100	502	1,950	-	2,552
<b>Proved developed reserves</b>	<b>1,096</b>	<b>1,775</b>	<b>631</b>	<b>1,918</b>	<b>415</b>	<b>5,835</b>
Consolidated subsidiaries	1,096	1,745	503	482	415	4,241
Equity and non-consolidated affiliates	-	30	128	1,436	-	1,594
<b>Proved undeveloped reserves</b>	<b>569</b>	<b>1,791</b>	<b>961</b>	<b>576</b>	<b>751</b>	<b>4,648</b>
Consolidated subsidiaries	569	1,721	587	62	751	3,690
Equity and non-consolidated affiliates	-	70	374	514	-	958
<b>As of December 31, 2010</b>						
<b>Proved developed and undeveloped reserves</b>	<b>1,706</b>	<b>3,478</b>	<b>2,026</b>	<b>2,386</b>	<b>1,099</b>	<b>10,695</b>
Consolidated subsidiaries	1,706	3,371	1,540	574	1,099	8,290
Equity and non-consolidated affiliates	-	107	486	1,812	-	2,405
<b>Proved developed reserves</b>	<b>962</b>	<b>1,692</b>	<b>638</b>	<b>2,055</b>	<b>361</b>	<b>5,708</b>
Consolidated subsidiaries	962	1,666	505	427	361	3,921
Equity and non-consolidated affiliates	-	26	133	1,628	-	1,787
<b>Proved undeveloped reserves</b>	<b>744</b>	<b>1,786</b>	<b>1,388</b>	<b>331</b>	<b>738</b>	<b>4,987</b>
Consolidated subsidiaries	744	1,705	1,035	147	738	4,369
Equity and non-consolidated affiliates	-	81	353	184	-	618

## 1.4.2. Changes in oil reserves

The oil reserves for the years prior to 2009 include crude oil, natural gas liquids (condensates, LPG) and bitumen reserves.

Bitumen reserves as from 2009 are shown separately.

Proved developed and undeveloped reserves	Consolidated subsidiaries					
	Europe	Africa	Americas	Middle East	Asia	Total
<b>Balance as of December 31, 2007</b>	<b>880</b>	<b>2,498</b>	<b>285</b>	<b>203</b>	<b>530</b>	<b>4,396</b>
Revisions of previous estimates	15	297	(17)	54	64	413
Extensions, discoveries and other	12	107	-	-	3	122
Acquisitions of reserves in place	2	-	-	-	-	2
Sales of reserves in place	-	(74)	-	-	(43)	(117)
Production for the year	(111)	(231)	(16)	(32)	(16)	(406)
<b>Balance as of December 31, 2008</b>	<b>798</b>	<b>2,597</b>	<b>252</b>	<b>225</b>	<b>538</b>	<b>4,410</b>
Revisions of previous estimates	34	92	(170)	(4)	51	3
Extensions, discoveries and other	8	38	22	1	-	69
Acquisitions of reserves in place	1	-	-	-	-	1
Sales of reserves in place	-	(44)	(1)	-	-	(45)
Production for the year	(108)	(223)	(15)	(34)	(17)	(397)
<b>Balance as of December 31, 2009</b>	<b>733</b>	<b>2,460</b>	<b>88</b>	<b>188</b>	<b>572</b>	<b>4,041</b>
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)
<b>Balance as of December 31, 2010</b>	<b>792</b>	<b>2,350</b>	<b>79</b>	<b>239</b>	<b>554</b>	<b>4,014</b>

### Minority interest in proved developed and undeveloped reserves as of

December 31, 2008	12	89	-	-	-	101
December 31, 2009	12	88	-	-	-	100
<b>December 31, 2010</b>	<b>11</b>	<b>89</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100</b>

Proved developed and undeveloped reserves	Equity & non-consolidated affiliates					
	Europe	Africa	Americas	Middle East	Asia	Total
<b>Balance as of December 31, 2007</b>	<b>-</b>	<b>43</b>	<b>533</b>	<b>806</b>	<b>-</b>	<b>1,382</b>
Revisions of previous estimates	-	22	1	(2)	-	21
Extensions, discoveries and other	-	-	-	3	-	3
Acquisitions of reserves in place	-	-	6	-	-	6
Sales of reserves in place	-	-	-	-	-	-
Production for the year	-	(7)	(32)	(88)	-	(127)
<b>Balance as of December 31, 2008</b>	<b>-</b>	<b>58</b>	<b>508</b>	<b>719</b>	<b>-</b>	<b>1,285</b>
Revisions of previous estimates	-	(14)	(5)	(15)	-	(34)
Extensions, discoveries and other	-	-	-	136	-	136
Acquisitions of reserves in place	-	-	-	-	-	-
Sales of reserves in place	-	-	-	-	-	-
Production for the year	-	(7)	(18)	(79)	-	(104)
<b>Balance as of December 31, 2009</b>	<b>-</b>	<b>37</b>	<b>485</b>	<b>761</b>	<b>-</b>	<b>1,283</b>
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)
<b>Balance as of December 31, 2010</b>	<b>-</b>	<b>34</b>	<b>470</b>	<b>680</b>	<b>-</b>	<b>1,184</b>

(in million barrels)

Consolidated subsidiaries and equity & non-consolidated affiliates

	Europe	Africa	Americas	Middle East	Asia	Total
<b>As of December 31, 2008</b>						
<b>Proved developed and undeveloped reserves</b>	<b>798</b>	<b>2,655</b>	<b>760</b>	<b>944</b>	<b>538</b>	<b>5,695</b>
Consolidated subsidiaries	798	2,597	252	225	538	4,410
Equity and non-consolidated affiliates	-	58	508	719	-	1,285
<b>Proved developed reserves</b>	<b>516</b>	<b>1,357</b>	<b>183</b>	<b>681</b>	<b>65</b>	<b>2,802</b>
Consolidated subsidiaries	516	1,313	56	201	65	2,151
Equity and non-consolidated affiliates	-	44	127	480	-	651
<b>Proved undeveloped reserves</b>	<b>282</b>	<b>1,298</b>	<b>577</b>	<b>263</b>	<b>473</b>	<b>2,893</b>
Consolidated subsidiaries	282	1,284	196	24	473	2,259
Equity and non-consolidated affiliates	-	14	381	239	-	634
<b>As of December 31, 2009</b>						
<b>Proved developed and undeveloped reserves</b>	<b>733</b>	<b>2,497</b>	<b>573</b>	<b>949</b>	<b>572</b>	<b>5,324</b>
Consolidated subsidiaries	733	2,460	88	188	572	4,041
Equity and non-consolidated affiliates	-	37	485	761	-	1,283
<b>Proved developed reserves</b>	<b>457</b>	<b>1,331</b>	<b>187</b>	<b>728</b>	<b>65</b>	<b>2,768</b>
Consolidated subsidiaries	457	1,303	66	174	65	2,065
Equity and non-consolidated affiliates	-	28	121	554	-	703
<b>Proved undeveloped reserves</b>	<b>276</b>	<b>1,166</b>	<b>386</b>	<b>221</b>	<b>507</b>	<b>2,556</b>
Consolidated subsidiaries	276	1,157	22	14	507	1,976
Equity and non-consolidated affiliates	-	9	364	207	-	580
<b>As of December 31, 2010</b>						
<b>Proved developed and undeveloped reserves</b>	<b>792</b>	<b>2,384</b>	<b>549</b>	<b>919</b>	<b>554</b>	<b>5,198</b>
Consolidated subsidiaries	792	2,350	79	239	554	4,014
Equity and non-consolidated affiliates	-	34	470	680	-	1,184
<b>Proved developed reserves</b>	<b>394</b>	<b>1,250</b>	<b>180</b>	<b>662</b>	<b>58</b>	<b>2,544</b>
Consolidated subsidiaries	394	1,226	53	151	58	1,882
Equity and non-consolidated affiliates	-	24	127	511	-	662
<b>Proved undeveloped reserves</b>	<b>398</b>	<b>1,134</b>	<b>369</b>	<b>257</b>	<b>496</b>	<b>2,654</b>
Consolidated subsidiaries	398	1,124	26	88	496	2,132
Equity and non-consolidated affiliates	-	10	343	169	-	522

### 1.4.3. Changes in bitumen reserves

Bitumen reserves as of December 31, 2008 and before are included in oil reserves presented in the table “Changes in oil reserves” on pages 258 and 259.

(in million barrels)

Consolidated subsidiaries

Proved developed and undeveloped reserves	Europe	Africa	Americas	Middle East	Asia	Total
<b>Balance as of December 31, 2008</b>	-	-	-	-	-	-
Revisions of previous estimates	-	-	176	-	-	176
Extensions, discoveries and other	-	-	192	-	-	192
Acquisitions of reserves in place	-	-	-	-	-	-
Sales of reserves in place	-	-	-	-	-	-
Production for the year	-	-	(3)	-	-	(3)
<b>Balance as of December 31, 2009</b>	-	-	<b>365</b>	-	-	<b>365</b>
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)
<b>Balance as of December 31, 2010</b>	-	-	<b>789</b>	-	-	<b>789</b>
<b>Proved developed reserves as of</b>						
December 31, 2009	-	-	19	-	-	19
<b>December 31, 2010</b>	-	-	<b>18</b>	-	-	<b>18</b>
<b>Proved undeveloped reserves as of</b>						
December 31, 2009	-	-	346	-	-	346
<b>December 31, 2010</b>	-	-	<b>771</b>	-	-	<b>771</b>

There are no bitumen reserves for equity and non-consolidated affiliates.

There are no minority interests for bitumen reserves.

### 1.4.4. Changes in gas reserves

(in billion cubic feet)

Consolidated subsidiaries

Proved developed and undeveloped reserves	Europe	Africa	Americas	Middle East	Asia	Total
<b>Balance as of December 31, 2007</b>	<b>5,531</b>	<b>5,371</b>	<b>2,564</b>	<b>1,572</b>	<b>4,045</b>	<b>19,083</b>
Revisions of previous estimates	145	381	366	300	458	1,650
Extensions, discoveries and other	377	17	-	-	90	484
Acquisitions of reserves in place	76	-	-	-	-	76
Sales of reserves in place	-	-	-	-	(15)	(15)
Production for the year	(622)	(240)	(216)	(103)	(480)	(1,661)
<b>Balance as of December 31, 2008</b>	<b>5,507</b>	<b>5,529</b>	<b>2,714</b>	<b>1,769</b>	<b>4,098</b>	<b>19,617</b>
Revisions of previous estimates	73	(127)	25	(18)	(165)	(212)
Extensions, discoveries and other	55	61	382	399	-	897
Acquisitions of reserves in place	58	-	752	-	-	810
Sales of reserves in place	(13)	-	(64)	-	-	(77)
Production for the year	(633)	(217)	(212)	(122)	(467)	(1,651)
<b>Balance as of December 31, 2009</b>	<b>5,047</b>	<b>5,246</b>	<b>3,597</b>	<b>2,028</b>	<b>3,466</b>	<b>19,384</b>
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)
<b>Balance as of December 31, 2010</b>	<b>4,962</b>	<b>5,314</b>	<b>3,806</b>	<b>1,867</b>	<b>3,194</b>	<b>19,143</b>

Minority interest in proved developed and undeveloped reserves as of

December 31, 2008	75	64	-	-	-	139
December 31, 2009	73	60	-	-	-	133
<b>December 31, 2010</b>	<b>83</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150</b>

(in billion cubic feet)

Equity & non-consolidated affiliates

Proved developed and undeveloped reserves	Europe	Africa	Americas	Middle East	Asia	Total
<b>Balance as of December 31, 2007</b>	<b>-</b>	<b>140</b>	<b>125</b>	<b>6,382</b>	<b>-</b>	<b>6,647</b>
Revisions of previous estimates	-	-	(13)	-	-	(13)
Extensions, discoveries and other	-	76	-	-	-	76
Acquisitions of reserves in place	-	-	-	-	-	-
Sales of reserves in place	-	-	-	-	-	-
Production for the year	-	(1)	(2)	(106)	-	(109)
<b>Balance as of December 31, 2008</b>	<b>-</b>	<b>215</b>	<b>110</b>	<b>6,276</b>	<b>-</b>	<b>6,601</b>
Revisions of previous estimates	-	127	(13)	363	-	477
Extensions, discoveries and other	-	-	-	-	-	-
Acquisitions of reserves in place	-	-	-	-	-	-
Sales of reserves in place	-	-	-	-	-	-
Production for the year	-	(1)	(2)	(141)	-	(144)
<b>Balance as of December 31, 2009</b>	<b>-</b>	<b>341</b>	<b>95</b>	<b>6,498</b>	<b>-</b>	<b>6,934</b>
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)
<b>Balance as of December 31, 2010</b>	<b>-</b>	<b>390</b>	<b>91</b>	<b>6,164</b>	<b>-</b>	<b>6,645</b>



(in billion cubic feet)

## Consolidated subsidiaries and equity &amp; non-consolidated affiliates

	Europe	Africa	Americas	Middle East	Asia	Total
<b>As of December 31, 2008</b>						
<b>Proved developed and undeveloped reserves</b>	<b>5,507</b>	<b>5,744</b>	<b>2,824</b>	<b>8,045</b>	<b>4,098</b>	<b>26,218</b>
Consolidated subsidiaries	5,507	5,529	2,714	1,769	4,098	19,617
Equity and non-consolidated affiliates	-	215	110	6,276	-	6,601
<b>Proved developed reserves</b>	<b>3,989</b>	<b>2,292</b>	<b>1,849</b>	<b>2,893</b>	<b>2,440</b>	<b>13,463</b>
Consolidated subsidiaries	3,989	2,280	1,807	1,766	2,440	12,282
Equity and non-consolidated affiliates	-	12	42	1,127	-	1,181
<b>Proved undeveloped reserves</b>	<b>1,518</b>	<b>3,452</b>	<b>975</b>	<b>5,152</b>	<b>1,658</b>	<b>12,755</b>
Consolidated subsidiaries	1,518	3,249	907	3	1,658	7,335
Equity and non-consolidated affiliates	-	203	68	5,149	-	5,420
<b>As of December 31, 2009</b>						
<b>Proved developed and undeveloped reserves</b>	<b>5,047</b>	<b>5,587</b>	<b>3,692</b>	<b>8,526</b>	<b>3,466</b>	<b>26,318</b>
Consolidated subsidiaries	5,047	5,246	3,597	2,028	3,466	19,384
Equity and non-consolidated affiliates	-	341	95	6,498	-	6,934
<b>Proved developed reserves</b>	<b>3,463</b>	<b>2,272</b>	<b>2,388</b>	<b>6,606</b>	<b>2,059</b>	<b>16,788</b>
Consolidated subsidiaries	3,463	2,261	2,343	1,773	2,059	11,899
Equity and non-consolidated affiliates	-	11	45	4,833	-	4,889
<b>Proved undeveloped reserves</b>	<b>1,584</b>	<b>3,315</b>	<b>1,304</b>	<b>1,920</b>	<b>1,407</b>	<b>9,530</b>
Consolidated subsidiaries	1,584	2,985	1,254	255	1,407	7,485
Equity and non-consolidated affiliates	-	330	50	1,665	-	2,045
<b>As of December 31, 2010</b>						
<b>Proved developed and undeveloped reserves</b>	<b>4,962</b>	<b>5,704</b>	<b>3,897</b>	<b>8,031</b>	<b>3,194</b>	<b>25,788</b>
Consolidated subsidiaries	4,962	5,314	3,806	1,867	3,194	19,143
Equity and non-consolidated affiliates	-	390	91	6,164	-	6,645
<b>Proved developed reserves</b>	<b>3,089</b>	<b>2,240</b>	<b>2,474</b>	<b>7,649</b>	<b>1,790</b>	<b>17,242</b>
Consolidated subsidiaries	3,089	2,229	2,439	1,578	1,790	11,125
Equity and non-consolidated affiliates	-	11	35	6,071	-	6,117
<b>Proved undeveloped reserves</b>	<b>1,873</b>	<b>3,464</b>	<b>1,423</b>	<b>382</b>	<b>1,404</b>	<b>8,546</b>
Consolidated subsidiaries	1,873	3,085	1,367	289	1,404	8,018
Equity and non-consolidated affiliates	-	379	56	93	-	528

## 1.5. 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.

(M€)	Consolidated subsidiaries					
	Europe	Africa	Americas	Middle East	Asia	Total
<b>2008</b>						
Non-Group sales	4,521	2,930	707	1,558	2,819	12,535
Group sales	6,310	11,425	360	409	626	19,130
<b>Total Revenues</b>	<b>10,831</b>	<b>14,355</b>	<b>1,067</b>	<b>1,967</b>	<b>3,445</b>	<b>31,665</b>
Production costs	(1,280)	(1,055)	(213)	(249)	(263)	(3,060)
Exploration expenses	(185)	(209)	(130)	(4)	(236)	(764)
Depreciation, depletion and amortization and valuation allowances	(1,266)	(1,195)	(318)	(364)	(471)	(3,614)
Other expenses <sup>(a)</sup>	(260)	(1,214)	(225)	(357)	(60)	(2,116)
<b>Pre-tax income from producing activities</b>	<b>7,840</b>	<b>10,682</b>	<b>181</b>	<b>993</b>	<b>2,415</b>	<b>22,111</b>
Income tax	(5,376)	(7,160)	(109)	(481)	(1,212)	(14,338)
<b>Results of oil and gas producing activities</b>	<b>2,464</b>	<b>3,522</b>	<b>72</b>	<b>512</b>	<b>1,203</b>	<b>7,773</b>
<b>2009</b>						
Non-Group sales	2,499	1,994	583	859	1,926	7,861
Group sales	4,728	7,423	310	556	597	13,614
<b>Total Revenues</b>	<b>7,227</b>	<b>9,417</b>	<b>893</b>	<b>1,415</b>	<b>2,523</b>	<b>21,475</b>
Production costs	(1,155)	(1,122)	(193)	(204)	(243)	(2,917)
Exploration expenses	(160)	(265)	(121)	(81)	(70)	(697)
Depreciation, depletion and amortization and valuation allowances	(1,489)	(1,471)	(262)	(314)	(613)	(4,149)
Other expenses <sup>(a)</sup>	(261)	(895)	(181)	(170)	(56)	(1,563)
<b>Pre-tax income from producing activities</b>	<b>4,162</b>	<b>5,664</b>	<b>136</b>	<b>646</b>	<b>1,541</b>	<b>12,149</b>
Income tax	(2,948)	(3,427)	(103)	(309)	(747)	(7,534)
<b>Results of oil and gas producing activities</b>	<b>1,214</b>	<b>2,237</b>	<b>33</b>	<b>337</b>	<b>794</b>	<b>4,615</b>
<b>2010</b>						
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
<b>Total Revenues</b>	<b>8,438</b>	<b>12,533</b>	<b>1,168</b>	<b>1,682</b>	<b>3,223</b>	<b>27,044</b>
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 <sup>(a)</sup>	(299)	(1,014)	(218)	(241)	(72)	(1,844)
<b>Pre-tax income from producing activities</b>	<b>5,188</b>	<b>8,209</b>	<b>144</b>	<b>910</b>	<b>1,943</b>	<b>16,394</b>
Income tax	(3,237)	(5,068)	(83)	(402)	(950)	(9,740)
<b>Results of oil and gas producing activities</b>	<b>1,951</b>	<b>3,141</b>	<b>61</b>	<b>508</b>	<b>993</b>	<b>6,654</b>

(a) Included production taxes and accretion expense as provided for by IAS 37 (€223 million in 2008, €271 million in 2009 and €326 million in 2010)

(M€)	Equity affiliates					
Group's share of results of oil and gas producing activities	Europe	Africa	Americas	Middle East	Asia	Total
2008	-	49	245	287	-	581
<b>2009</b>						
Non-Group sales	-	203	528	231	-	962
Group sales	-	-	-	3,382	-	3,382
<b>Total Revenues</b>	-	<b>203</b>	<b>528</b>	<b>3,613</b>	-	<b>4,344</b>
Production costs	-	(31)	(41)	(271)	-	(343)
Exploration expenses	-	-	(17)	-	-	(17)
Depreciation, depletion and amortization and valuation allowances	-	(42)	(73)	(247)	-	(362)
Other expenses	-	(9)	(205)	(2,800)	-	(3,014)
<b>Pre-tax income from producing activities</b>	-	<b>121</b>	<b>192</b>	<b>295</b>	-	<b>608</b>
Income tax	-	(93)	(74)	(101)	-	(268)
<b>Results of oil and gas producing activities</b>	-	<b>28</b>	<b>118</b>	<b>194</b>	-	<b>340</b>
<b>2010</b>						
Non-Group sales	-	148	120	596	-	864
Group sales	-	3	565	4 646	-	5,214
<b>Total Revenues</b>	-	<b>151</b>	<b>685</b>	<b>5,242</b>	-	<b>6,078</b>
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)
<b>Pre-tax income from producing activities</b>	-	<b>56</b>	<b>252</b>	<b>754</b>	<b>(1)</b>	<b>1,061</b>
Income tax	-	-	(44)	(142)	-	(186)
<b>Results of oil and gas producing activities</b>	-	<b>56</b>	<b>208</b>	<b>612</b>	<b>(1)</b>	<b>875</b>

## 1.6. Costs incurred in oil and gas property acquisition, exploration and development activities

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.

(M€)	Consolidated subsidiaries					
	Europe	Africa	Americas	Middle East	Asia	Total
<b>2008</b>						
Proved property acquisition	269	78	-	8	18	373
Unproved property acquisition	24	143	22	5	3	197
Exploration costs	228	493	155	11	312	1,199
Development costs <sup>(a)</sup>	2,035	3,121	408	281	1,596	7,441
<b>Total cost incurred</b>	<b>2,556</b>	<b>3,835</b>	<b>585</b>	<b>305</b>	<b>1,929</b>	<b>9,210</b>
<b>2009</b>						
Proved property acquisition	71	45	1,551	105	-	1,772
Unproved property acquisition	26	8	403	-	21	458
Exploration costs	284	475	222	87	123	1,191
Development costs <sup>(a)</sup>	1,658	3,288	618	250	1,852	7,666
<b>Total cost incurred</b>	<b>2,039</b>	<b>3,816</b>	<b>2,794</b>	<b>442</b>	<b>1,996</b>	<b>11,087</b>
<b>2010</b>						
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 <sup>(a)</sup>	1,565	3,105	718	247	2,007	7,642
<b>Total cost incurred</b>	<b>2,093</b>	<b>3,773</b>	<b>2,206</b>	<b>411</b>	<b>2,897</b>	<b>11,380</b>
(M€)	Equity affiliates					
<b>Group's share of costs of property acquisition, exploration and development</b>	<b>Europe</b>	<b>Africa</b>	<b>Americas</b>	<b>Middle East</b>	<b>Asia</b>	<b>Total</b>
<b>2008</b>	-	360	85	527	-	972
<b>2009</b>						
Proved property acquisition	-	-	-	-	-	-
Unproved property acquisition	-	-	-	-	-	-
Exploration costs	-	-	22	3	-	25
Development costs <sup>(a)</sup>	-	28	93	293	23	437
<b>Total cost incurred</b>	<b>-</b>	<b>28</b>	<b>115</b>	<b>296</b>	<b>23</b>	<b>462</b>
<b>2010</b>						
Proved property acquisition	-	-	-	-	-	-
Unproved property acquisition	-	-	-	-	-	-
Exploration costs	-	4	30	4	-	38
Development costs <sup>(a)</sup>	-	20	99	476	73	668
<b>Total cost incurred</b>	<b>-</b>	<b>24</b>	<b>129</b>	<b>480</b>	<b>73</b>	<b>706</b>

(a) Including asset retirement costs capitalized during the year and any gains or losses recognized upon settlement of asset retirement obligation during the year.

## 1.7. 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.

(M€)	Consolidated subsidiaries					
	Europe	Africa	Americas	Middle East	Asia	Total
<b>As of December 31, 2008</b>						
Proved properties	26,030	25,136	4,508	4,824	8,836	69,334
Unproved properties	132	1,145	204	25	410	1,916
<b>Total capitalized costs</b>	<b>26,162</b>	<b>26,281</b>	<b>4,712</b>	<b>4,849</b>	<b>9,246</b>	<b>71,250</b>
Accumulated depreciation, depletion and amortization	(18,382)	(12,339)	(2,051)	(3,420)	(2,598)	(38,790)
<b>Net capitalized costs</b>	<b>7,780</b>	<b>13,942</b>	<b>2,661</b>	<b>1,429</b>	<b>6,648</b>	<b>32,460</b>
<b>As of December 31, 2009</b>						
Proved properties	30,613	27,557	7,123	5,148	10,102	80,543
Unproved properties	337	1,138	839	30	555	2,899
<b>Total capitalized costs</b>	<b>30,950</b>	<b>28,695</b>	<b>7,962</b>	<b>5,178</b>	<b>10,657</b>	<b>83,442</b>
Accumulated depreciation, depletion and amortization	(21,870)	(13,510)	(2,214)	(3,325)	(3,085)	(44,004)
<b>Net capitalized costs</b>	<b>9,080</b>	<b>15,185</b>	<b>5,748</b>	<b>1,853</b>	<b>7,572</b>	<b>39,438</b>
<b>As of December 31, 2010</b>						
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
<b>Total capitalized costs</b>	<b>32,137</b>	<b>33,952</b>	<b>9,730</b>	<b>5,764</b>	<b>14,183</b>	<b>95,766</b>
Accumulated depreciation, depletion and amortization	(23,006)	(16,716)	(2,302)	(3,849)	(4,092)	(49,965)
<b>Net capitalized costs</b>	<b>9,131</b>	<b>17,236</b>	<b>7,428</b>	<b>1,915</b>	<b>10,091</b>	<b>45,801</b>

(M€)	Equity affiliates					
	Europe	Africa	Americas	Middle East	Asia	Total
<b>Group's share of net capitalized costs</b>						
As of December 31, 2008	-	403	288	638	-	1,329
<b>As of December 31, 2009</b>						
Proved properties	-	610	726	2,404	-	3,740
Unproved properties	-	-	135	-	62	197
<b>Total capitalized costs</b>	<b>-</b>	<b>610</b>	<b>861</b>	<b>2,404</b>	<b>62</b>	<b>3,937</b>
Accumulated depreciation, depletion and amortization	-	(387)	(171)	(1,723)	-	(2,281)
<b>Net capitalized costs</b>	<b>-</b>	<b>223</b>	<b>690</b>	<b>681</b>	<b>62</b>	<b>1,656</b>
<b>As of December 31, 2010</b>						
Proved properties	-	639	887	3,110	-	4,636
Unproved properties	-	25	168	-	138	331
<b>Total capitalized costs</b>	<b>-</b>	<b>664</b>	<b>1,055</b>	<b>3,110</b>	<b>138</b>	<b>4,967</b>
Accumulated depreciation, depletion and amortization	-	(462)	(307)	(2,029)	-	(2,798)
<b>Net capitalized costs</b>	<b>-</b>	<b>202</b>	<b>748</b>	<b>1,081</b>	<b>138</b>	<b>2,169</b>

## 1.8. Standardized measure of discounted future net cash flows

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.

(M€)	Consolidated subsidiaries					Total
	Europe	Africa	Americas	Middle East	Asia	
<b>As of December 31, 2008</b>						
Future cash inflows	42,749	67,761	7,963	7,047	19,745	145,265
Future production costs	(8,593)	(15,372)	(4,040)	(1,942)	(5,224)	(35,171)
Future development costs	(10,423)	(21,594)	(1,863)	(733)	(7,497)	(42,110)
Future income taxes	(15,651)	(14,571)	(367)	(1,577)	(2,545)	(34,711)
<b>Future net cash flows, after income taxes</b>	<b>8,082</b>	<b>16,224</b>	<b>1,693</b>	<b>2,795</b>	<b>4,479</b>	<b>33,273</b>
Discount at 10%	(3,645)	(8,144)	(715)	(1,333)	(3,450)	(17,287)
<b>Standardized measure of discounted future net cash flows</b>	<b>4,437</b>	<b>8,080</b>	<b>978</b>	<b>1,462</b>	<b>1,029</b>	<b>15,986</b>
<b>As of December 31, 2009</b>						
Future cash inflows	50,580	107,679	18,804	9,013	32,004	218,080
Future production costs	(11,373)	(23,253)	(8,286)	(2,831)	(6,996)	(52,739)
Future development costs	(12,795)	(21,375)	(5,728)	(698)	(6,572)	(47,168)
Future income taxes	(17,126)	(36,286)	(1,293)	(2,041)	(5,325)	(62,071)
<b>Future net cash flows, after income taxes</b>	<b>9,286</b>	<b>26,765</b>	<b>3,497</b>	<b>3,443</b>	<b>13,111</b>	<b>56,102</b>
Discount at 10%	(3,939)	(13,882)	(2,696)	(1,558)	(8,225)	(30,300)
<b>Standardized measure of discounted future net cash flows</b>	<b>5,347</b>	<b>12,883</b>	<b>801</b>	<b>1,885</b>	<b>4,886</b>	<b>25,802</b>
<b>As of December 31, 2010</b>						
Future cash inflows	65,644	142,085	42,378	14,777	41,075	305,959
Future production costs	(16,143)	(29,479)	(19,477)	(4,110)	(6,476)	(75,685)
Future development costs	(18,744)	(25,587)	(8,317)	(3,788)	(8,334)	(64,770)
Future income taxes	(20,571)	(51,390)	(3,217)	(2,541)	(7,281)	(85,000)
<b>Future net cash flows, after income taxes</b>	<b>10,186</b>	<b>35,629</b>	<b>11,367</b>	<b>4,338</b>	<b>18,984</b>	<b>80,504</b>
Discount at 10%	(5,182)	(16,722)	(8,667)	(2,106)	(11,794)	(44,471)
<b>Standardized measure of discounted future net cash flows</b>	<b>5,004</b>	<b>18,907</b>	<b>2,700</b>	<b>2,232</b>	<b>7,190</b>	<b>36,033</b>
<b>Minority interests in future net cash flows as of</b>						
<b>(M€)</b>						
As of December 31, 2008	217	(50)	-	-	-	167
As of December 31, 2009	212	60	-	-	-	272
<b>As of December 31, 2010</b>	<b>273</b>	<b>344</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>617</b>

(M€)	Equity affiliates					
	Europe	Africa	Americas	Middle East	Asia	Total
<b>Group's share of future net cash flows as of</b>						
As of December 31, 2008	-	418	608	4,275	-	5,301
<b>As of December 31, 2009</b>						
Future cash inflows	-	1,432	16,750	48,486	-	66,668
Future production costs	-	(624)	(6,993)	(30,739)	-	(38,356)
Future development costs	-	(26)	(1,924)	(3,891)	-	(5,841)
Future income taxes	-	(245)	(3,650)	(1,843)	-	(5,738)
<b>Future net cash flows, after income taxes</b>	-	<b>537</b>	<b>4,183</b>	<b>12,013</b>	-	<b>16,733</b>
Discount at 10%	-	(239)	(2,816)	(6,383)	-	(9,438)
<b>Standardized measure of discounted future net cash flows</b>	-	<b>298</b>	<b>1,367</b>	<b>5,630</b>	-	<b>7,295</b>
<b>As of December 31, 2010</b>						
Future cash inflows	-	1,814	22,293	59,472	-	83,579
Future production costs	-	(765)	(8,666)	(40,085)	-	(49,516)
Future development costs	-	(26)	(2,020)	(3,006)	-	(5,052)
Future income taxes	-	(349)	(5,503)	(2,390)	-	(8,242)
<b>Future net cash flows, after income taxes</b>	-	<b>674</b>	<b>6,104</b>	<b>13,991</b>	-	<b>20,769</b>
Discount at 10%	-	(203)	(3,946)	(7,386)	-	(11,535)
<b>Standardized measure of discounted future net cash flows</b>	-	<b>471</b>	<b>2,158</b>	<b>6,605</b>	-	<b>9,234</b>

## 1.9. Changes in the standardized measure of discounted future net cash flows

### Consolidated subsidiaries

(M€)	2008	2009	2010
<b>Beginning of year</b>	<b>48,464</b>	<b>15,986</b>	<b>25,802</b>
Sales and transfers, net of production costs	(26,109)	(17,266)	(22,297)
Net change in sales and transfer prices and in production costs and other expenses	(81,358)	35,738	30,390
Extensions, discoveries and improved recovery	556	(267)	716
Changes in estimated future development costs	(2,227)	(4,847)	(7,245)
Previously estimated development costs incurred during the year	6,960	7,552	7,896
Revisions of previous quantity estimates	2,693	164	5,523
Accretion of discount	4,846	1,599	2,580
Net change in income taxes	63,611	(12,455)	(6,773)
Purchases of reserves in place	50	230	442
Sales of reserves in place	(1,500)	(632)	(1,001)
<b>End of year</b>	<b>15,986</b>	<b>25,802</b>	<b>36,033</b>

### Equity affiliates

(M€)	2009	2010
<b>Beginning of year</b>	<b>5,301</b>	<b>7,295</b>
Sales and transfers, net of production costs	(987)	(1,583)
Net change in sales and transfer prices and in production costs and other expenses	2,789	2,366
Extensions, discoveries and improved recovery	407	-
Changes in estimated future development costs	(88)	195
Previously estimated development costs incurred during the year	854	651
Revisions of previous quantity estimates	(790)	308
Accretion of discount	530	730
Net change in income taxes	(721)	(728)
Purchases of reserves in place	-	-
Sales of reserves in place	-	-
<b>End of year</b>	<b>7,295</b>	<b>9,234</b>



## 2. Other information

### 2.1. Net gas production, production prices and production costs

	Consolidated subsidiaries					
	Europe	Africa	Americas	Middle East	Asia	Total
<b>2009</b>						
Natural gas production available for sale (Mcf/d) <sup>(a)</sup>	1,643	480	545	297	1,224	4,189
<b>Production prices<sup>(b)</sup></b>						
Oil (€/b)	40.76	40.77	36.22	39.94	37.66	40.38
Bitumen (€/b)	-	-	23.17	-	-	23.17
Natural gas (€/kpc)	4.81	1.33	1.56	0.72	4.47	3.70
<b>Production costs per unit of production (€/boe)<sup>(c)(d)</sup></b>						
Total liquids and natural gas	5.30	4.35	3.59	3.86	2.52	4.30
Bitumen	-	-	25.45	-	-	25.45
	Equity affiliates					
	Europe	Africa	Americas	Middle East	Asia	Total
<b>2009</b>						
Natural gas production available for sale (Mcf/d) <sup>(a)</sup>	-	-	-	268	-	268
<b>Production prices<sup>(b)</sup></b>						
Oil (€/b)	-	42.98	33.14	43.98	-	42.18
Bitumen (€/b)	-	-	-	-	-	-
Natural gas (€/kpc)	-	-	-	3.53	-	3.53
<b>Production costs per unit of production (€/boe)<sup>(c)</sup></b>						
Total liquids and natural gas	-	4.21	2.24	2.81	-	2.81
Bitumen	-	-	-	-	-	-
	Consolidated subsidiaries					
	Europe	Africa	Americas	Middle East	Asia	Total
<b>2010</b>						
Natural gas production available for sale (Mcf/d) <sup>(a)</sup>	1,603	608	732	375	1,234	4,552
<b>Production prices<sup>(b)</sup></b>						
Oil (€/b)	55.70	56.18	45.28	55.83	52.33	55.39
Bitumen (€/b)	-	-	33.19	-	-	33.19
Natural gas (€/kpc)	5.17	1.55	1.83	0.63	5.67	3.94
<b>Production costs per unit of production (€/boe)<sup>(c)(d)</sup></b>						
Total liquids and natural gas	6.23	4.53	3.29	4.82	2.93	4.72
Bitumen	-	-	17.49	-	-	17.49
	Equity affiliates					
	Europe	Africa	Americas	Middle East	Asia	Total
<b>2010</b>						
Natural gas production available for sale (Mcf/d) <sup>(a)</sup>	-	-	-	650	-	650
<b>Production prices<sup>(b)</sup></b>						
Oil (€/b)	-	53.96	43.81	57.03	-	54.95
Bitumen (€/b)	-	-	-	-	-	-
Natural gas (€/kpc)	-	-	-	2.30	-	2.30
<b>Production costs per unit of production (€/boe)<sup>(c)</sup></b>						
Total liquids and natural gas	-	6.31	2.76	1.54	-	1.91
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.

(d) Production costs previously reported for consolidated subsidiaries have been restated.



The Statutory Financial Statements were approved by the Board of Directors on February 10, 2011, and have not been updated with subsequent events.

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# 1. Statutory auditor's report on regulated agreements and commitments

*This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction and construed in accordance with French law and the relevant professional auditing standards applicable in France.*

TOTAL S.A.

Year ended December 31, 2010

## Statutory Auditors' report on regulated agreements and commitments

Shareholders' meeting on the approval of the financial statements for the year ended December 31, 2010

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby present to you our report on the regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us or those that we could have found in the course of our engagement. We are not required to comment as to whether they are beneficial or appropriate neither to ascertain whether any other agreements and commitments exist. It is your responsibility, in accordance with Article R.225-31 of the French Commercial Law (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, if applicable, in accordance with Article R.225-31 of the French Commercial Law, to inform you of the agreements and commitments, which were approved during previous years and which were applicable during the period.

We performed the procedures we considered necessary in accordance with professional guidance issued by the national institute of auditors (*Compagnie nationale des commissaires aux comptes*), relating to this engagement. Our work consisted in verifying that the information provided to us is in agreement with the underlying documentation from which it was extracted.

### Agreements and commitments to be approved by the Shareholders' meeting

In accordance with Article L.225-40 of the French Commercial Law (*Code de commerce*) we have been advised of agreements and commitments which have been previously authorised by your Board of Directors.

- Directors affected by the agreement or commitment:  
Mr Thierry Desmarest, director and Honorary Chairman,
- Purpose of the agreement or commitment:  
Company resources made available for use by the Honorary Chairman
- Terms and conditions of the agreement or commitment:  
in consideration of his responsibilities to represent the Group, the following company resources are made available to the Honorary Chairman: an office, an administrative assistant, and a company vehicle with a driver.

### Agreements and commitments already approved by the Shareholders' meeting

In accordance with Article R.225-30 of the French Commercial Law (*Code de Commerce*), we have been informed of the following agreements and commitments, which were already approved by the Shareholders' meetings held on May 15, 2009 and May 21, 2010, and which were applicable during the period.

#### a) Agreements concerning the pension plan for members of the Board of Directors

- Directors affected by the agreement or commitment:  
Mr Thierry Desmarest, Chairman until May 21, 2010 and Director for the period from January 1st, 2010 to December 31, 2010;  
Mr Christophe de Margerie, Chief Executive Officer until May 21, 2010 and Chairman and Chief Executive Officer since May 21, 2010.
- Purpose of the agreement or commitment:  
the Chairman and the Chief Executive Officer are entitled to a retirement benefit calculated pursuant to the same formula used for all employees of TOTAL S.A.
- Terms and conditions of the agreement or commitment  
Retirement benefit:  
the Chairman and the Chief Executive Officer are also entitled to retirement benefits equal to those available to eligible members of the Group under the French National Collective Bargaining Agreement for the Petroleum. This benefit amounts to 25% of the annual compensation (including fixed and variable portions) of the twelve-month period preceding the retirement of the Chairman and the Chairman and Chief Executive Officer.

The payment of this benefit is subject to performance conditions. These performance conditions are deemed to be met if at least two of the three following 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%;
- the Company'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 of the four following companies: ExxonMobil, Shell, BP, and Chevron.

Upon his retirement in 2010, Mr Desmarest was paid a retirement benefit of € 492,963, the Board of Directors having decided at its meeting of May 21, 2010, that each of the three applicable performance criteria had been met.

#### Supplementary pension plan

This supplementary pension is applicable to the Chairman and the Chief Executive Officer and employees of the Group whose annual compensation is greater than the annual social security threshold multiplied by eight. There are no French legal or collective bargaining provisions that apply to remuneration above this social security ceiling.

This supplementary pension plan is financed and managed by TOTAL S.A. to award a pension that is based on the period of employment (up to a limit of 20 years) and the portion of annual gross compensation (including fixed and variable portions) exceeding by eight times the annual social security threshold. This pension is indexed to the French Association for Complementary Pensions Schemes (ARRCO) index.

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.

For the Chairman and Chief Executive Officer, the Group's pension obligations are, as of December 31, 2010, the equivalent of an annual pension of 19.47% of his 2010 compensation.

Mr Desmarest, Honorary Chairman, was paid due to his previous employment by the Group, a supplementary pension amounting to €320,341 for 2010. The value of the annual supplementary pension, for a complete year, would amount to nearly €549,155 (December 31, 2010 value) adjusted in line with changes in the ARRCO pension point.

#### b) Agreement in case of termination of the Chairman and Chief Executive Officer's employment or in case his term of office is not renewed

- Director affected by the agreement or commitment:  
Mr Christophe de Margerie, Chairman and Chief Executive Officer.
- Purpose of the agreement or commitment:  
if the Chairman and Chief Executive Officer's employment is terminated or if his term of office is not renewed, he is eligible for severance benefits.
- Terms and conditions of the agreement or commitment:  
this severance benefit is equal to two times an individual's annual pay.

The calculation will be based on the gross compensation (including both fixed and variable) paid in the twelve-month period preceding the termination or the no renewal of the Chief Executive Officer's term.

The severance benefits that may be paid upon a change of control or a change of strategy of the Company are cancelled in the case 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.

The payment of this severance benefit is subject to performance conditions. These performance conditions are deemed to be met if at least two of the three following criteria are satisfied:

- the average ROE (return on equity) over the three years immediately preceding the year in which the Chairman and Chief Executive 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 Chairman and Chief Executive Officer retires is at least 10%;
- the Company's oil and gas production growth over the three years immediately preceding the year in which the Chairman and Chief Executive Officer retires is greater than or equal to the average production growth of the four following companies: ExxonMobil, Shell, BP, and Chevron.

Paris, La Défense March 24, 2011

The statutory auditors

*French original signed by*

KPMG Audit  
 A division of KPMG S.A  
 Jay Nirsimloo

ERNST & YOUNG Audit  
 Pascal Macioce  
 Laurent Vitse

## 2. Statutory auditor's report on the annual financial statements

*This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English speaking users.*

*The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

TOTAL S.A.

Year ended December 31, 2010

### Statutory auditors' report on the financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholder's meeting, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying financial statements of TOTAL S.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

### I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; 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 involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2010 and of the results of its operations for the year then ended in accordance with French accounting principles.

### II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Law (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matter:

We assessed the approaches used by your company to value investments in subsidiaries and affiliates as described in Note 1 to the financial statements, based on the information available to date and performed tests to verify the application of those methods. Within the framework of our assessments, we also verified the reasonable nature of the estimates derived from these methods.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Law (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Paris-La Défense March 24, 2011

The statutory auditors

*French original signed by*

KPMG Audit  
A department of KPMG S.A.  
Jay Nirsimloo

ERNST & YOUNG Audit  
Pascal Macioce  
Laurent Vitse

## 3. Statutory Financial Statements of TOTAL S.A. as parent company

### 3.1. Statement of income

For the year ended  
(K€)

		2010	2009	2008
Sales	<i>(note 12)</i>	10,307,170	8,222,687	11,867,602
Net operating expenses	<i>(note 13)</i>	(8,179,634)	(6,758,269)	(8,691,677)
Operating depreciation, amortization and allowances	<i>(note 14)</i>	(141,174)	(129,113)	(76,675)
<b>Operating income</b>		<b>1,986,362</b>	<b>1,335,305</b>	<b>3,099,250</b>
Financial expenses and income	<i>(note 15)</i>	(448,084)	(449,419)	(1,438,676)
Dividends	<i>(note 16)</i>	6,497,082	5,777,717	7,161,752
Net depletion		(489,911)	(236,234)	(372,254)
Other financial income and expenses	<i>(note 17)</i>	(7,945)	2,328	128,859
<b>Financial income</b>		<b>5,551,142</b>	<b>5,094,392</b>	<b>5,479,681</b>
<b>Current income</b>		<b>7,537,504</b>	<b>6,429,697</b>	<b>8,578,931</b>
Gains (Losses) on sales of marketable securities and loans		(34,976)	639,371	(70,207)
Gains (Losses) on sales of fixed assets		239	-	(24)
Non-recurring items		(75,259)	(13,802)	(19,234)
<b>Non-recurring income</b>	<i>(note 18)</i>	<b>(109,996)</b>	<b>625,569</b>	<b>(89,465)</b>
Employee profit-sharing plan		(54,613)	(36,973)	(44,502)
Taxes		(1,532,807)	(1,384,612)	(2,437,355)
<b>Net income</b>		<b>5,840,088</b>	<b>5,633,681</b>	<b>6,007,609</b>



## 3.2. Balance sheet

As of December 31

(K€)

ASSETS		2010	2009	2008
<b>Non-current assets</b>				
Intangible assets	(note 2)	817,999	775,519	322,360
Depreciation, depletion and amortization		(245,031)	(208,540)	(178,718)
<b>Intangible assets, net</b>		<b>572,968</b>	<b>566,979</b>	<b>143,642</b>
Property, plant and equipment	(note 2)	535,475	511,070	483,888
Depreciation, depletion and amortization		(361,610)	(327,094)	(308,656)
<b>Property, plant and equipment, net</b>		<b>173,865</b>	<b>183,976</b>	<b>175,232</b>
Subsidiaries and affiliates: investments and loans	(note 3)	84,934,902	78,874,175	77,479,879
Depreciation, depletion and amortization		(565,561)	(545,634)	(545,925)
Other non-current assets	(note 4)	52,535	59,547	1,297,618
<b>Investments and other non-current assets, net</b>		<b>84,421,876</b>	<b>78,388,088</b>	<b>78,231,572</b>
<b>Total non-current assets</b>		<b>85,168,709</b>	<b>79,139,043</b>	<b>78,550,446</b>
<b>Current assets</b>				
Inventories, net		4,832	2,293	2,931
Accounts receivable	(note 5)	2,141,796	2,062,978	1,778,280
Marketable securities		476,610	596,076	760,779
Cash / cash equivalents and short-term deposits		141,131	225,209	426,877
<b>Total current assets</b>		<b>2,764,369</b>	<b>2,886,556</b>	<b>2,968,867</b>
Prepaid expenses		5,782	3,532	8,763
Translation adjustment	(note 11)	12	212,588	110,047
<b>Total assets</b>		<b>87,938,872</b>	<b>82,241,719</b>	<b>81,638,123</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Shareholders' equity (note 6)</b>				
Share capital		5,874,102	5,871,057	5,929,520
Paid-in surplus		27,208,151	27,170,640	28,283,676
Reserves	(note 6 B)	3,986,382	3,975,314	3,977,370
Retained earnings		4,425,753	4,114,277	3,416,997
Net income		5,840,088	5,633,681	6,007,609
Interim dividends		(2,664,730)	(2,660,016)	(2,655,125)
<b>Total shareholders' equity</b>		<b>44,669,746</b>	<b>44,104,953</b>	<b>44,960,047</b>
Contingency reserves	(notes 7 and 8)	3,771,567	3,199,872	2,926,271
<b>Debts</b>				
Long-term loans	(note 9)	15,929,648	14,614,076	10,935,544
Short-term loans	(note 9)	21,715,905	18,651,431	21,364,571
Liabilities	(note 10)	1,790,981	1,671,306	1,450,432
<b>Total debts</b>		<b>39,436,534</b>	<b>34,936,813</b>	<b>33,750,547</b>
Prepaid expenses		-	-	1,159
Translation adjustment	(note 11)	61,025	81	99
<b>Total liabilities and Shareholders' equity</b>		<b>87,938,872</b>	<b>82,241,719</b>	<b>81,638,123</b>

### 3.3. Statement of cash flow

For the year ended

(M€)	2010	2009	2008
<b>Cash flow from operating activities</b>			
Net income	5,840	5,634	6,008
Depreciation, depletion and amortization	102	89	63
Accrued expenses of investments	24	-	2
Other provisions	571	274	384
<b>Funds generated from operations</b>	<b>6,537</b>	<b>5,997</b>	<b>6,457</b>
(Gains) Losses on disposal of assets	35	(639)	26
(Increase) Decrease in working capital	(266)	(299)	(35)
Other, net	126	31	82
<b>Cash flow from operating activities</b>	<b>6,432</b>	<b>5,090</b>	<b>6,530</b>
<b>Cash flow used in investing activities</b>			
Purchase of property, plant and equipment and intangible assets	(64)	(538)	(92)
Purchase of investments and long-term loans	(6,317)	(1,401)	(1,276)
<b>Investments</b>	<b>(6,381)</b>	<b>(1,939)</b>	<b>(1,368)</b>
Proceeds from disposal of marketable securities and loans	782	955	885
<b>Total divestitures</b>	<b>782</b>	<b>955</b>	<b>885</b>
<b>Cash flow used in investing activities</b>	<b>(5,599)</b>	<b>(984)</b>	<b>(483)</b>
<b>Cash flow from financing activities</b>			
Capital increase	41	32	257
Share buybacks	-	-	(1,222)
Balance of cash dividends paid	(2,662)	(2,655)	(2,511)
Cash interim dividends paid	(2,665)	(2,660)	(2,655)
Repayment of long-term debt	(63)	(245)	(407)
Increase (Decrease) in short-term borrowings and bank overdrafts	4,432	1,220	384
<b>Cash flow from financing activities</b>	<b>(917)</b>	<b>(4,308)</b>	<b>(6,154)</b>
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>(84)</b>	<b>(202)</b>	<b>(107)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>225</b>	<b>427</b>	<b>534</b>
<b>Cash and cash equivalents at year-end</b>	<b>141</b>	<b>225</b>	<b>427</b>

### 3.4. Statement of changes in shareholders' equity

(M€)	Common shares issued			Retained earnings	Revaluation reserve	Total
	Number	Amount	Issue premium			
<b>As of January 1, 2008</b>	<b>2,395,532,097</b>	<b>5,989</b>	<b>29,598</b>	<b>9,866</b>	<b>38</b>	<b>45,491</b>
Balance of cash dividends paid <sup>(a)</sup>	-	-	-	(2,511)	-	(2,511)
Net income 2008	-	-	-	6,008	-	6,008
Cash interim dividends paid for 2008 <sup>(b)</sup>	-	-	-	(2,655)	-	(2,655)
Issuance of shares reserved for employees	4,870,386	12	204	-	-	216
Capital decrease	(30,000,000)	(75)	(1,566)	-	-	(1,641)
Exercise of Elf Aquitaine share subscription options covered by the exchange guarantee	227,424	1	9	-	-	10
Issuance of common shares	1,178,167	3	38	-	-	41
Changes in revaluation differences	-	-	-	-	1	1
<b>As of December 31, 2008</b>	<b>2,371,808,074</b>	<b>5,930</b>	<b>28,283</b>	<b>10,708</b>	<b>39</b>	<b>44,960</b>
Balance of cash dividends paid <sup>(c)</sup>	-	-	-	(2,655)	-	(2,655)
Net income 2009	-	-	-	5,634	-	5,634
Cash interim dividends paid for 2009 <sup>(d)</sup>	-	-	-	(2,660)	-	(2,660)
Capital decrease	(24,800,000)	(62)	(1,160)	-	-	(1,222)
Exercise of Elf Aquitaine share subscription options covered by the exchange guarantee	480,030	1	17	-	-	18
Issuance of common shares	934,780	2	30	-	-	32
Changes in revaluation differences	-	-	-	-	(2)	(2)
<b>As of December 31, 2009</b>	<b>2,348,422,884</b>	<b>5,871</b>	<b>27,170</b>	<b>11,027</b>	<b>37</b>	<b>44,105</b>
Balance of cash dividends paid <sup>(e)</sup>	-	-	-	(2,662)	-	(2,662)
Net income 2010	-	-	-	5,840	-	5,840
Cash interim dividends paid for 2010 <sup>(f)</sup>	-	-	-	(2,665)	-	(2,665)
Issuance of common shares	1,218,047	3	38	-	-	41
Changes in revaluation differences	-	-	-	-	11	11
<b>As of December 31, 2010</b>	<b>2,349,640,931</b>	<b>5,874</b>	<b>27,208</b>	<b>11,540</b>	<b>48</b>	<b>44,670</b>

(a) Balance of the 2007 dividend paid in 2008: €2,511 million (€1.07 per share).

(b) Interim dividend paid in 2008: €2,655 million (€1.14 per share).

(c) Balance of the 2008 dividend paid in 2009: €2,655 million (€1.14 per share).

(d) Interim dividend paid in 2009: €2,660 million (€1.14 per share).

(e) Balance of the 2009 dividend paid in 2010: €2,662 million (€1.14 per share).

(f) Interim dividend paid in 2010: €2,655 million (€1.14 per share).

## 4. Notes to the Statutory Financial Statements

### 1) Accounting policies

The 2010 financial statements have been prepared in accordance with French Generally Accepted Accounting Principles ("French GAAP").

#### Property, plant and equipment

Property, plant and equipment are carried at cost with the exception of assets that were acquired before 1976 for which the basis has been revalued pursuant to French regulations. They are depreciated by the straight-line method over their estimated useful life, as follows:

Buildings	20-30 years
Furniture and fixtures	5-10 years
Transportation equipment	2-5 years
Office equipment and furniture	5-10 years
Computer equipment	3-5 years

#### Investments and loans to consolidated subsidiaries and equity affiliates

Investments in consolidated subsidiaries and equity affiliates are accounted for at the acquisition cost, or the appraised value for investments affected by the 1976 legal revaluation.

Loans to consolidated subsidiaries and equity affiliates are stated at their nominal value.

In the Upstream segment, in the absence of a development decision, allowances are recorded against investments and loans for an amount corresponding to the exploration costs incurred. When the existence of proved reserves is established, the value of the investments and loans is limited to the subsidiary expected pay-back evaluated at year-end.

For other segments, allowances for impairment in value are calculated by reference to the Company's equity in the underlying net assets, the fair value and usefulness of the investment.

#### Inventories

Inventories are valued at either the historical cost or the market value, whichever is lower. Cost for crude oil and refined product inventories is determined according to the First-In, First-Out (FIFO) method.

#### Receivables and payables

Receivables and payables are stated at nominal value. Allowances for doubtful debts are recorded when the actual value is inferior to the book value.

#### Foreign currency transactions

Receivables and payables denominated in foreign currencies are translated into euros at the year-end exchange rate. Translation differences for non-hedged items are recorded under "Translation adjustment" on the assets or liabilities side of the balance sheet. Unrealized exchange losses are recorded as provisions.

Translation differences related to other foreign receivables and payables are recorded in the statement of income and offset by unrealized gains or losses from off-balance sheet hedging.

#### Financial instruments

TOTAL S.A. uses financial instruments for hedging purposes only in order to manage its exposure to changes in interest rates and foreign exchange rates.

As part of this policy, the Company enters into interest rate swap agreements and forward transactions. The difference between interest to be paid and interest to be received on these swaps or premiums and discounts on these forward transactions is recognized as interest expense or interest income on a prorated basis, over the life of the instruments.

### 2) Intangible assets and property, plant and equipment

As of December 31

(M€)

	2010			2009
	Aggregate cost	Depreciation and valuation allowance	Net	Net
Headquarters <sup>(a)</sup>	345	(204)	141	148
Branch (A.D.G.I.L)	473	(41)	432	419
<b>Total intangible assets</b>	<b>818</b>	<b>(245)</b>	<b>573</b>	<b>567</b>
Land	34	-	34	34
Buildings	92	(46)	46	50
Other	410	(316)	94	100
<b>Total property, plant and equipment</b>	<b>536</b>	<b>(362)</b>	<b>174</b>	<b>184</b>
<b>Total<sup>(b)</sup></b>	<b>1,354</b>	<b>(607)</b>	<b>747</b>	<b>751</b>

(a) Including ongoing DD&A for €15 million in 2010 and €6 million in 2009, software for a gross amount of €184 million in 2010 and €167 million in 2009, and other for a gross amount of €146 million in 2010 and €163 million in 2009.

(b) As of December 31, 2009, aggregate cost, depreciation and valuation allowance amounted respectively to €1,287 million and €536 million.

### 3) Subsidiaries and affiliates: investments and loans

#### A) Changes in investments and loans

As of December 31

(M€)

	2010						Gross amount at year-end
	Gross amount at beginning of year	Increases		Decreases		Translation adjustment	
		Monetary	Non monetary	Monetary	Non monetary		
Investments	73,049	4,206	71	(30)	(18)	-	77,278
Receivables <sup>(a)</sup>	5,825	2,531	8	(760)	(228)	281	7,657
<b>Total</b>	<b>78,874</b>	<b>6,737</b>	<b>79</b>	<b>(790)</b>	<b>(246)</b>	<b>281</b>	<b>84,935</b>
<b>Analysis by segment</b>							
Upstream	3,112	4,226	71	(415)	(230)	10	6,774
Downstream	3,338	7	8	-	(15)	-	3,338
Chemicals	13,366	28	-	-	-	1	13,395
Financial business	59,058	2,476	-	(375)	(1)	270	61,428
<b>Total</b>	<b>78,874</b>	<b>6,737</b>	<b>79</b>	<b>(790)</b>	<b>(246)</b>	<b>281</b>	<b>84,935</b>

(a) Changes in receivables mainly result from flows of funds with Total Finance and Total Treasury.

#### B) Allowances for investments and loans

As of December 31

(M€)

	2010			2009
	Cost	Valuation allowance	Net	Net
Investments	77,278	(456)	76,822	72,612
Receivables <sup>(a)(b)</sup>	7,657	(110)	7,547	5,716
<b>Total<sup>(c)</sup></b>	<b>84,935</b>	<b>(566)</b>	<b>84,369</b>	<b>78,328</b>
<b>Analysis by segment</b>				
Upstream	6,774	(311)	6,463	2,812
Downstream	3,338	(117)	3,221	3,241
Chemicals	13,395	(116)	13,279	13,278
Financial activities	61,428	(22)	61,406	58,997
<b>Total</b>	<b>84,935</b>	<b>(566)</b>	<b>84,369</b>	<b>78,328</b>

(a) As of December 31, 2010, the gross amount included €7,013 million related to affiliates.

(b) As of December 31, 2010, the net amount was split into €2,043 million, due in 12 months or less, and €5,504 million due in 12 months or more.

(c) As of December 31, 2009, aggregate cost and valuation allowance amounted to €78,874 million and €546 million, respectively.

## 4) Other non-current assets

### A) Changes in other non-current assets

As of December 31

(M€)

	Gross amount at beginning of year	2010				Translation adjustment	Gross amount at year-end
		Increases		Decreases			
		Monetary	Non monetary	Monetary	Non monetary		
Investment portfolio	4	-	-	-	-	-	4
Other non-current assets	40	3	-	(10)	-	-	33
Deposits and guarantees	16	-	-	-	-	-	16
<b>Total</b>	<b>60</b>	<b>3</b>	<b>-</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>53</b>

### B) Allowances for non-current assets

As of December 31

(M€)

	2010			2009
	Cost	Valuation allowance	Net	Net
Investment portfolio	4	-	4	4
Other non-current assets <sup>(a)</sup>	33	-	33	40
Deposits and guarantees	16	-	16	16
<b>Total<sup>(b)</sup></b>	<b>53</b>	<b>-</b>	<b>53</b>	<b>60</b>

(a) As of December 31, 2010, net amount due in 12 months or more.

(b) As of December 31, 2009, aggregate cost and net amounts were equivalent.

## 5) Accounts receivable

As of December 31

(M€)

	2010			2009
	Cost	Valuation allowance	Net	Net
Accounts and notes receivable	1,139	-	1,139	945
Other operating receivables	1,003	-	1,003	1,118
<b>Total<sup>(a)(b)</sup></b>	<b>2,142</b>	<b>-</b>	<b>2,142</b>	<b>2,063</b>

(a) Including €1,296 million related to affiliates as of December 31, 2010.

(b) Due in 12 months or less.

## 6) Shareholders' equity

### A) Common shares

Share capital transactions are detailed as follows:

	Historical figures
<b>As of January 1, 2008</b>	<b>2,395,532,097</b>
Shares issued in connection with: Capital increase reserved for Group employees	4,870,386
Exercise of TOTAL share subscription options	1,178,167
Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	227,424
Shares canceled <sup>(a)</sup>	(30,000,000)
<b>As of January 1, 2009</b>	<b>2,371,808,074</b>
Shares issued in connection with: Exercise of TOTAL share subscription options	934,780
Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	480,030
Shares canceled <sup>(b)</sup>	(24,800,000)
<b>As of January 1, 2010</b>	<b>2,348,422,884</b>
Shares issued in connection with: Exercise of TOTAL share subscription options	1,218,047
<b>As of December 31, 2010<sup>(c)</sup></b>	<b>2,349,640,931</b>

(a) Decided by the Board of Directors on July 31, 2008.

(b) Decided by the Board of Directors on July 30, 2009.

(c) Including 112,487,679 treasury shares and shares held by subsidiaries deducted from consolidated shareholders' equity.

#### Capital increase reserved for Group employees

Pursuant to the delegation of authority granted by the Shareholders' Meeting held on May 11, 2007, the Board of Directors at its meeting on November 6, 2007 decided to proceed with a capital increase reserved for employees within the limit of 12 million shares at a price of €44.40 per share, bearing dividend as of January 1, 2007. The subscription period was open from March 10 to March 28, 2008 and 4,870,386 new TOTAL shares were issued in 2008 as part of this capital increase.

At the Shareholders' Meeting held on May 21, 2010, 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, by an amount not exceeding 1.5% of the share capital outstanding on the date of the meeting of the Board of Directors at which a decision to proceed with an issuance is made, reserving subscriptions for such issuance for the Company employees participating in a company savings plan. It is being specified that the amount of any such capital increase reserved for Company employees is counted against the aggregate maximum nominal amount of share capital increases authorized by the Shareholders' Meeting held on May 21, 2010 for issuing new ordinary shares or other securities granting immediate or future access to the Company's share capital with preferential subscription rights (par value €2.5 billion).

Pursuant to this delegation of authority, the Board of Directors at its meeting on October 28, 2010, decided to proceed with a capital increase reserved for employees in 2011 within the limit of 12 million shares, bearing dividends as of January 1, 2010, and granted full authority to the Chairman and Chief Executive Officer to set the opening and closing dates for the subscription period as well as the shares subscription price.

#### Share cancellation

Pursuant to the authorization granted by the Shareholders' Meeting held on May 11, 2007, to reduce the share capital by up to 10% by cancelling shares held by the Company every twenty-four months, the Board of Directors decided on July 30, 2009 to cancel 24,800,000 shares acquired in 2008 at an average price of €49.28 per share.

#### Treasury shares (TOTAL shares held by TOTAL S.A.)

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 to cover TOTAL restricted share plans for Group employees;
- 6,143,951 shares to cover new share purchase option plans or restricted share grants.

These shares are deducted from the consolidated shareholders' equity.

As of December 31, 2009, TOTAL S.A. held 15,075,922 of its own shares, representing 0.64% of its share capital, detailed as follows:

- 6,017,499 shares to cover TOTAL share purchase option plans for Group employees;
- 5,799,400 shares to cover TOTAL restricted share plans for Group employees;
- 3,259,023 shares to cover new share purchase option plans or restricted share grants.

These shares were deducted from the consolidated shareholders' equity.



As of December 31, 2008, TOTAL S.A. held 42,750,827 of its own shares, representing 1.80% of its share capital, detailed as follows:

- 12,627,522 shares to cover TOTAL share purchase option plans for Group employees;
- 5,323,305 shares to cover TOTAL restricted share plans for Group employees;
- 24,800,000 shares purchased for cancelation between January and October 2008 pursuant to the authorization granted by the Shareholders' Meeting held on May 11, 2007 and May 16, 2008. The Board of Directors decided on July 30, 2009 to cancel 24,800,000 shares at an average price of €49.28 per share.

These shares were deducted from the consolidated shareholders' equity.

### TOTAL shares held by the Group subsidiaries

As of December 31, 2010, 2009 and 2008, TOTAL S.A. held indirectly through its subsidiaries 100,331,268 treasury shares, representing 4.27% of its share capital as of December 31, 2010, 4.27% of its share capital as of December 31, 2009 and 4.23% of its share capital as of December 31, 2008 detailed as follows:

- 2,023,672 shares held by Total Nucléaire, a wholly-owned subsidiary indirectly controlled by TOTAL S.A.;
- 98,307,596 shares held by subsidiaries of Elf Aquitaine (Financière Valorgest, Sogapar and Fingestval).

These shares are deducted from the consolidated shareholders' equity.

## B) Reserves

As of December 31,  
(M€)

	2010	2009	2008
Revaluation reserves	48	37	39
Legal reserves	740	740	740
Untaxed reserves	2,808	2,808	2,808
General reserves	390	390	390
<b>Total</b>	<b>3,986</b>	<b>3,975</b>	<b>3,977</b>

## 7) Contingency reserves

As of December 31,  
(M€)

	2010				Gross amount at year-end
	Gross amount at beginning of year	Increases	Decreases		
			Used	Unused	
Reserves for financial risks	3,001	730	(18)	(246)	3,467 <sup>(a)</sup>
Reserves for operating risks (including note 8) and compensation expense	199	108	(46)	-	261 <sup>(b)</sup>
Reserves for non-recurring items	-	44	-	-	44
<b>Total</b>	<b>3,200</b>	<b>882</b>	<b>(64)</b>	<b>(246)</b>	<b>3,772</b>

(a) Reserves for financial risks are mainly comprised of a guarantee granted to an upstream financing subsidiary for €3,449 million.

(b) Reserves for operating risks are comprised of €155 million for retirement benefits, pension plans and special termination plans, €9 million for long-service awards, €6 million for indemnities related to the sale of Mapa, and €91 million for restricted share grant. The calculation is based on the value of the shares bought to cover such plan and prorated basis based on the 2-year vesting period following which grant of these restricted shares becomes final, subject to a performance condition (Note 23).

## 8) Employee benefits obligations

TOTAL S.A. enters into employee benefit and pension plans, pre-retirement and special termination benefits. Expenses for defined contribution and multi-employers plans correspond to the contributions paid.

Provisions as of December 31, are as follows:

(M€)	2010	2009
Pension benefits and other benefits	155	137
Restructuring reserves	-	-
<b>Provisions as of December 31</b>	<b>155</b>	<b>137</b>

For defined benefit plans, commitments are determined using a prospective methodology called "projected unit credit method". The commitment actuarial value depends on various factors such as the length of service, life expectancy, employee turnover rate, salaries revalorization and actualization assumptions.

The actuarial assumptions used as of December 31, are the following:

	2010	2009
Discount rate	4.36%	4.96%
Average expected rate of salary increase	4.38%	4.14%
Average expected rate of return on plan assets for N+1	5.28%	5.95%
Average residual life expectancy of operations	10-20 years	10-20 years

Commitments not covered through insurance companies are accrued for in TOTAL S.A. accounts.

Actuarial gains and losses resulting from changes in actuarial assumptions are amortized using the straight-line method over the estimated remaining length of service of employees involved.

The reconciliation between the total commitment for pension plans not covered through insurance companies and the provision booked is as follows:

(M€)	2010	2009
Actuarial liability as of December 31,	251	210
Actuarial gains and losses to be amortized	(96)	(73)
<b>Provision for pension benefits and other benefits as of December 31,</b>	<b>155</b>	<b>137</b>

The total commitment for pension plans covered through insurance companies amounts to:

(M€)	2010	2009
Actuarial liability as of December 31,	262	270
Plan assets	(225)	(174)
<b>Net commitment as of December 31,</b>	<b>37</b>	<b>96</b>

## 9) Loans

Due date as of December 31, (M€)	2010	Within one year	1 to 5 years	Beyond 5 years	2009
<b>Debenture loans</b>					
5 % Bonds 1998-2013 (FRF 1,000 million) <sup>(a)</sup>	125	-	125	-	116
5.65 % Bonds 2000-2010 (EUR 100 million) <sup>(a)</sup>	-	-	-	-	61
Accrued interest	-	-	-	-	1
<b>Total debenture loans</b>	<b>125</b>	<b>-</b>	<b>125</b>	<b>-</b>	<b>178</b>
Other loans <sup>(b)</sup>	16,688	883	14,869	936	15,047
Current accounts <sup>(c)</sup>	20,832	20,832	-	-	18,041
<b>Total</b>	<b>37,645</b>	<b>21,715</b>	<b>14,994</b>	<b>936</b>	<b>33,266</b>

(a) Through the use of issue swaps, each debenture loan becomes equivalent to a dollar floating rate debt.

(b) Including €16,680 million related to affiliates.

(c) Including €20,832 million related to affiliates.

## 10) Liabilities

As of December 31,

(M€)	2010	2009
Suppliers	941 <sup>(a)</sup>	744 <sup>(b)</sup>
Other	850	927
<b>Total<sup>(c)(d)</sup></b>	<b>1,791</b>	<b>1,671</b>

(a) Excluding invoices not yet received (€461 million), the outstanding liability amounts to €480 million, of which:

- €405 million for invoices of foreign suppliers to foreign branches for which the payment schedule is as follows: €221 million payable within 30 days and no later than 90 days;
- €2 million non-Group payable no later than January 31, 2011;
- €73 million for invoices outstanding to the Group for which the payment schedule is as follows: €33 million paid on December 31, 2010 and €40 million payable no later than January 31, 2011.

(b) Excluding invoices not yet received (€404 million) and invoices from suppliers of foreign branches (€301 million), the outstanding liability amounted to €39 million, including €18 million non-Group, for which the payment schedule was as follows: €12 million paid on December 31, 2009 and €27 million payable no later than January 31, 2010.

(c) Including €108 million in 2010 and €222 million in 2009 related to affiliates.

(d) Due in 12 months or less.

## 11) Translation adjustment

The application of the foreign currency translation method outlined in Note 1 resulted in a net translation adjustment of €61 million as of December 31, 2010, mainly due to dollar-denominated loans.

## 12) Sales

(M€)	France	Rest of Europe	North America	Africa	Middle East & Rest of world	Total
<b>For the year ended 2010</b>	<b>320</b>	<b>356</b>	<b>42</b>	<b>827</b>	<b>8,762</b>	<b>10,307</b>
Hydrocarbon and oil products	-	174	-	-	8,173	8,347
Technical support fees	320	182	42	827	589	1,960
<b>For the year ended 2009</b>	<b>326</b>	<b>250</b>	<b>110</b>	<b>824</b>	<b>6,713</b>	<b>8,223</b>
Hydrocarbon and oil products	-	138	-	-	6,108	6,246
Technical support fees	326	112	110	824	605	1,977

## 13) Net operating expenses

(M€)	2010	2009
Purchase cost of goods sold	(5,611)	(4,255)
Other purchases and external expenses	(1,413)	(1,280)
Taxes	(37)	(35)
Personnel expenses	(1,119)	(1,188)
<b>Total</b>	<b>(8,180)</b>	<b>(6,758)</b>

## 14) Operating depreciation, amortization and allowances

(M€)	2010	2009
<b>Depreciation, valuation allowance and amortization on</b>		
– Property, plant and equipment and intangible assets	(79)	(68)
– Employee benefits	(108)	(183)
<b>Subtotal 1</b>	<b>(187)</b>	<b>(251)</b>
<b>Reversals</b>		
– Employee benefits	46	122
<b>Subtotal 2</b>	<b>46</b>	<b>122</b>
<b>Total (1+2)</b>	<b>(141)</b>	<b>(129)</b>

## 15) Financial expenses and income

(M€)	2010	2009
<b>Financial expenses<sup>(a)</sup></b>		
Interest expenses and other	(460)	(472)
Depreciation on investments and loans to subsidiaries and affiliates	-	-
<b>Subtotal 1</b>	<b>(460)</b>	<b>(472)</b>
<b>Financial income<sup>(b)</sup></b>		
Net gain on sales of marketable securities and interest on loans to subsidiaries and affiliates	1	3
Interest on short-term deposits and other	11	20
<b>Subtotal 2</b>	<b>12</b>	<b>23</b>
<b>Total (1+2)</b>	<b>(448)</b>	<b>(449)</b>
(a) Including, related to affiliates:	304	424
(b) Including, related to affiliates:	10	20

## 16) Dividends

(M€)	2010	2009
Upstream	2,195	1,779
Downstream	248	299
Chemicals	4	4
Financial activities	4,050	3,696
<b>Total</b>	<b>6,497</b>	<b>5,778</b>

## 17) Other financial income and expenses

Net income of €8 million is comprised entirely of foreign exchange income.

## 18) Non-recurring income

Non-recurring income is a loss of €110 million primarily comprised of an income on disposal of assets for €35 million, including Mabruk Oil Operations for €18 million and Total E-Procurement BV for €17 million. €31 million correspond mainly to scholarships and grants payment and a €44 million reserve for taxes due for prior years.

## 19) Basis of taxation

Pursuant to the provisions of the French Tax Code (Article 209 *quinquies*) and in accordance with a tax agreement from the French Tax Authorities, the parent company files a worldwide tax return. This regime provides that the basis for income tax computation of the parent company is not limited to French or foreign consolidated subsidiaries or equity affiliates, but also applies to direct or indirect shareholdings over 10% in the Exploration & Production segment and over 50% for other segments. It allows the parent company to offset, within certain limits and conditions, the taxable income of profitable companies against the losses of other entities.

This tax agreement covers the 2008-2010 period.

Moreover, TOTAL S.A. has elected for the 95%-owned French subsidiaries tax regime provided for by Articles 223 A and following of the French Tax Code ("*Régime de l'intégration fiscale*").

In accordance with the integration agreement signed between TOTAL S.A. and its consolidated subsidiaries, the deficits and long-term depreciation realized by the consolidated company during the period of integration are definitively acquired by the parent company.

## 20) Foreign exchange and counterparty risk

The commercial foreign exchange positions are systematically covered by the purchase or sale of the corresponding currencies, mainly with cash transactions and sometimes on forward markets. Regarding long-term assets in foreign currencies, the Company tries to reduce the corresponding exchange risk by associating them, as far as possible, with financing in the same currency.

In terms of interest rates, most of the long-term debt is brought back to a variable rate through the use of issue swaps (long-term interest rate and foreign currency swaps). Day to day treasury management operates on the basis of the daily rates, for instance by using short-term interest rate swaps.

An independent department monitors the status of the financial instruments, especially through marked-to-market valuations and sensitivity estimations. Counterparty risk is monitored on a regular basis against limits set by the Group's senior management.

## 21) Commitments

As of December 31,  
(M€)

	2010	2009
<b>Commitments given</b>		
Guarantees on custom duties	1,021	1,021
Bank guarantees <sup>(a)</sup>	6,886	4,689
Guarantees given on other commitments <sup>(a)</sup>	6,101	4,115
Guarantees related to confirmed lines of credit	604	500
Short term financing plan <sup>(b)</sup>	17,555	16,669
Bond issue plan <sup>(b)</sup>	33,510	25,207
<b>Total commitments given</b>	<b>65,677</b>	<b>52,201</b>
<b>Commitments received</b>		
Guarantees related to confirmed lines of credit	7,178	5,419
Guarantees on confirmed authorized bank overdrafts	4,373	5,627
Other commitments received	1,671	1,130
<b>Total of commitments received</b>	<b>13,222</b>	<b>12,176</b>

(a) The €2,197 million and €1,986 million increases in bank guarantees and guarantees given on other commitments between 2009 and 2010 are connected to the guarantees given for TOTAL's interest in Saudi Aramco Total Refining and Petrochemical Company (SATORP).

(b) TOTAL S.A. guarantees the short-term financing plan and the bond issue incurred by Total Capital. On the overall plan amount of €51,065 million, €22,795 million were incurred as of December 31, 2010 and €19,647 million as of December 31, 2009.

### Portfolio of financial derivative instruments

The off-balance sheet commitments related to financial derivative instruments are set forth below.

As of December 31,  
(M€)

	2010	2009
<b>Issue swaps</b>		
Notional amount, accrued coupon interest <sup>(a)</sup>	125	177
Fair value, accrued coupon interest <sup>(b)</sup>	40	92
<b>Short term swap</b>		
Lender at fixed rate <sup>(a)</sup>	935	-
Fair value, accrued coupon interest <sup>(b)</sup>	-	-
<b>Forward contract of currencies</b>		
Notional value <sup>(a)</sup>	607	919
Fair value <sup>(b)</sup>	1	4

(a) These amounts set the levels of notional commitment and are not indicative of a contingent gain or loss.

(b) This value was determined by estimating future cash flows on a borrowing-by-borrowing basis and discounting these future cash flows using the zero coupon interest rate curves at year-end and taking into account a spread that corresponds to the average risk classification of the Company.

## 22) Average number of employees

As of December 31,

	2010	2009
Managers	4,921	4,748
Supervisors	1,449	1,431
Technical and administrative staff	439	416
<b>Total</b>	<b>6,809</b>	<b>6,595</b>

## 23) Stock option, restricted share and free share plans

### TOTAL share subscription option plans

	2003 Plan	2004 Plan	2005 Plan	2006 Plan	2007 Plan	2008 Plan	2009 Plan	2010 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		
Grant date <sup>(a)</sup>	07/16/2003	07/20/2004	07/19/2005	07/18/2006	07/17/2007	10/09/2008	09/15/2009	09/14/2010		
Exercise price										
until May 23, 2006 included <sup>(b)</sup>	33.30	39.85	49.73	-	-	-	-	-	-	-
Exercise price since May 24, 2006 <sup>(b)</sup>	32.84	39.30	49.04	50.60	60.10	42.90	39.90	38.20	-	-
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		
<b>Number of options<sup>(c)</sup></b>										
<b>Outstanding as of January 1, 2008</b>	<b>8,368,378</b>	<b>13,197,236</b>	<b>6,243,438</b>	<b>5,711,060</b>	<b>5,920,105</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,440,217</b>	<b>44.23</b>
Awarded	-	-	-	-	-	4,449,810	-	-	4,449,810	42.90
Canceled	(25,184)	(118,140)	(34,032)	(53,304)	(34,660)	(6,000)	-	-	(271,320)	44.88
Exercised	(841,846)	(311,919)	(17,702)	(6,700)	-	-	-	-	(1,178,167)	34.89
<b>Outstanding as of January 1, 2009</b>	<b>7,501,348</b>	<b>12,767,177</b>	<b>6,191,704</b>	<b>5,651,056</b>	<b>5,885,445</b>	<b>4,443,810</b>	<b>-</b>	<b>-</b>	<b>42,440,540</b>	<b>44.35</b>
Awarded	-	-	-	-	-	-	4,387,620	-	4,387,620	39.90
Canceled	(8,020)	(18,387)	(6,264)	(5,370)	(13,780)	(2,180)	(10,610)	-	(64,611)	45.04
Exercised	(681,699)	(253,081)	-	-	-	-	-	-	(934,780)	34.59
<b>Outstanding as of January 1, 2010</b>	<b>6,811,629</b>	<b>12,495,709</b>	<b>6,185,440</b>	<b>5,645,686</b>	<b>5,871,665</b>	<b>4,441,630</b>	<b>4,377,010</b>	<b>-</b>	<b>45,828,769</b>	<b>44.12</b>
Awarded	-	-	-	-	-	-	-	4,788,420	4,788,420	38.20
Canceled <sup>(d)</sup>	(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
<b>Outstanding as of December 31, 2010</b>	<b>5,734,444</b>	<b>12,338,847</b>	<b>6,178,856</b>	<b>5,640,886</b>	<b>5,866,445</b>	<b>4,349,158</b>	<b>4,371,890</b>	<b>4,787,300</b>	<b>49,267,826</b>	<b>43.80</b>

(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 the 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%.

Options are exercisable, subject to a continued 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, 2008, 2009 and 2010 plans, the four-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 two-year period from the date of the grant.

The continued employment condition states that the termination of the employment contract will result in the employee losing the right to exercise the options.

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 than 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 of the Return On Equity (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 or equal to 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 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 Return on Average Capital Employed (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%.

For the 2009 plan, the Board of Directors decided that for each beneficiary, other than the Chief Executive Officer, of more than 25,000 options, one-third of the options granted in excess of this number will be finally granted subject to a performance condition. This condition states that the final number of options finally granted is based on the average ROE of the Group as published by TOTAL. The average ROE is calculated based on the Group's consolidated balance sheet and statement of income for fiscal years 2009 and 2010. 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 or equal to 7% and less than 18%; and
- is equal to 100% if the average ROE is more than or equal to 18%.

In addition, the Board of Directors decided that, for the Chief Executive Officer, the number of share subscription options finally granted 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 as published by TOTAL. The average ROE is calculated based on the Group's consolidated balance sheet and statement of income for fiscal years 2009 and 2010. 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 awarded is related to 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 2009 and 2010. 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%.

For the 2008 plan, the Board of Directors decided that, for each beneficiary of more than 25,000 options, one third of the options in excess of this number will be finally granted subject to a performance condition. This condition states that the number of subscription options finally granted is based on the ROE of the Group. The ROE is calculated based on the consolidated accounts published by TOTAL for the fiscal year preceding the final grant. The acquisition rate:

- is equal to zero if the ROE is less than or equal to 10%;
- varies on a straight-line basis between 0% and 80% if the ROE is more than 10% and less than 18%;
- varies on a straight-line basis between 80% and 100% if the ROE is more than or equal to 18% and less than 30%; and
- is equal to 100% if the ROE is more than or equal to 30%.

Due to the application of the performance condition, the acquisition rate was 60% for the 2008 plan.

As a consequence, 88,532 options were canceled.



## TOTAL share purchase option plans

	2000 Plan <sup>(a)</sup>	2001 Plan <sup>(b)</sup>	2002 Plan <sup>(c)</sup>	Total	Weighted-average exercise price
Date of the Shareholders' Meeting	05/21/1997	05/17/2001	05/17/2001		
Grant date <sup>(d)</sup>	07/11/2000	07/10/2001	07/09/2002		
Exercise price until May 23, 2006 included <sup>(e)</sup>	40.68	42.05	39.58		
Exercise price since May 24, 2006 <sup>(e)</sup>	40.11	41.47	39.03		
Expiry date	07/11/2008	07/10/2009	07/09/2010		
<b>Number of options<sup>(f)</sup></b>					
<b>Outstanding as of January 1, 2008</b>	<b>3,142,188</b>	<b>5,150,258</b>	<b>7,063,183</b>	<b>15,355,629</b>	<b>40.07</b>
Awarded	-	-	-	-	-
Canceled	(480,475)	(3,652)	(13,392)	(497,519)	40.09
Exercised	(2,661,713)	(455,180)	(598,934)	(3,715,827)	40.10
<b>Outstanding as of January 1, 2009</b>	<b>-</b>	<b>4,691,426</b>	<b>6,450,857</b>	<b>11,142,283</b>	<b>40.06</b>
Awarded	-	-	-	-	-
Canceled	-	(4,650,446)	(7,920)	(4,658,366)	41.47
Exercised	-	(40,980)	(507,676)	(548,656)	39.21
<b>Outstanding as of January 1, 2010</b>	<b>-</b>	<b>-</b>	<b>5,935,261</b>	<b>5,935,261</b>	<b>39.03</b>
Awarded	-	-	-	-	-
Canceled <sup>(g)</sup>	-	-	(4,671,989)	(4,671,989)	39.03
Exercised	-	-	(1,263,272)	(1,263,272)	39.03
<b>Outstanding as of December 31, 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(a) Options were exercisable, subject to a continued employment condition, after a 4-year vesting period from the date of the Board meeting awarding the options and expired eight years after this date. The underlying shares may not be transferred during the 5-year period from the date of the grant. This plan expired on July 11, 2008.

(b) Options were exercisable, subject to a continued employment condition, after a 3.5-year vesting period from the date of the Board meeting awarding the options and expired eight 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 10, 2009.

(c) 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 eight 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.

(d) The grant date is the date of the Board meeting awarding the options.

(e) Exercise price is 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 multiplied by an adjustment factor equal to 0.986147 effective as of May 24, 2006.

(f) 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.

(g) 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.

### Exchange guarantee granted to the holders of Elf Aquitaine share subscription options

Pursuant to the public exchange offer for Elf Aquitaine shares which was made in 1999, the Group made a commitment to guarantee the holders of Elf Aquitaine share subscription options, at the end of the period referred to in Article 163 bis C of the French Tax Code (CGI), and until the end of the period for the exercise of the options, the possibility to exchange their future Elf Aquitaine shares for TOTAL shares, on the basis of the exchange ratio of the offer (nineteen TOTAL shares for thirteen Elf Aquitaine shares).

In order to take into account the spin-off of S.D.A. (Société de Développement Arkema) by Elf Aquitaine, the spin-off of Arkema by TOTAL S.A. and the four-for-one TOTAL stock split, the Board of Directors of TOTAL S.A., in accordance with the terms of the share exchange undertaking, approved on March 14, 2006 to adjust the exchange ratio described above (see pages 24 and 25

of the "Prospectus for the purpose of listing Arkema shares on Eurolist by Euronext in connection with the allocation of Arkema shares to TOTAL S.A. shareholders"). Following the approval by Elf Aquitaine Shareholders' Meeting on May 10, 2006 of the spin-off of S.D.A. by Elf Aquitaine, the approval by TOTAL S.A. Shareholders' Meeting on May 12, 2006 of the spin-off of Arkema by TOTAL S.A. and the four-for-one TOTAL stock split, the exchange ratio was adjusted to six TOTAL shares for one Elf Aquitaine share on May 22, 2006.

This exchange guarantee expired on September 12, 2009, due to the expiry of the Elf Aquitaine share subscription option plan No. 2 of 1999. Subsequently, no Elf Aquitaine shares are covered by the exchange guarantee.

## TOTAL restricted share grant

	2005 Plan	2006 Plan	2007 Plan	2008 Plan	2009 Plan	2010 Plan	Total
Date of the Shareholders' Meeting	05/17/2005	05/17/2005	05/17/2005	05/16/2008	05/16/2008	05/16/2008	
Grant date <sup>(a)</sup>	07/19/2005	07/18/2006	07/17/2007	10/09/2008	09/15/2009	09/14/2010	
Final grant date (end of vesting period)	07/20/2007	07/19/2008	07/18/2009	10/10/2010	09/16/2011	09/15/2012	
Transfer possible from	07/20/2009	07/19/2010	07/18/2011	10/10/2012	09/16/2013	09/15/2014	
<b>Number of restricted shares</b>							
<b>Outstanding as of January 1, 2008</b>	-	<b>2,263,956</b>	<b>2,363,057</b>	-	-	-	<b>4,627,013</b>
Awarded	-	-	-	2,791,968	-	-	2,791,968
Canceled	2,840	(43,822)	(29,504)	(19,220)	-	-	(89,706)
Finally granted <sup>(b)(c)</sup>	(2,840)	(2,220,134)	(336)	-	-	-	(2,223,310)
<b>Outstanding as of January 1, 2009</b>	-	-	<b>2,333,217</b>	<b>2,772,748</b>	-	-	<b>5,105,965</b>
Awarded	-	-	-	-	2,972,018	-	2,972,018
Canceled	1,928	2,922	(12,418)	(9,672)	(5,982)	-	(23,222)
Finally granted <sup>(b)(c)</sup>	(1,928)	(2,922)	(2,320,799)	(600)	-	-	(2,326,249)
<b>Outstanding as of January 1, 2010</b>	-	-	-	<b>2,762,476</b>	<b>2,966,036</b>	-	<b>5,728,512</b>
Awarded	-	-	-	-	-	3,010,011	3,010,011
Canceled <sup>(d)</sup>	1,024	3,034	552	(1,113,462)	(9,796)	(8,738)	(1,127,386)
Finally granted <sup>(b)(c)</sup>	(1,024)	(3,034)	(552)	(1,649,014)	(1,904)	(636)	(1,656,164)
<b>Outstanding as of December 31, 2010</b>	-	-	-	-	<b>2,954,336</b>	<b>3,000,637</b>	<b>5,954,973</b>

(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) Restricted shares finally granted following the death of their beneficiaries (2007 plan for fiscal year 2008; 2008 plan for fiscal year 2009; 2009 plan for fiscal year 2010).

(c) Including restricted 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%.

The restricted 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. This final grant is subject to a continued employment condition and a performance condition. Moreover, the transfer of the restricted shares finally granted will not be permitted until the end of a 2-year mandatory holding period from the date of the final grant.

The continued employment condition states that the termination of the employment contract during the vesting period will also terminate the grantee's right to a restricted share grant.

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 more than 7% and less than 18%; and
- is equal to 100% if the average ROE is more than or equal to 18%.

For the 2009 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 states that the number of shares finally granted 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 2009 and 2010.

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 or equal to 7% and less than 18%; and
- is equal to 100% if the average ROE is greater than or equal to 18%.

For the 2008 plan, the Board of Directors decided that, for each beneficiary, the shares will be finally granted subject to a performance condition. This performance condition states that the number of restricted shares finally granted is based on the ROE of the Group. The ROE is calculated based on the consolidated accounts published by TOTAL for the fiscal year preceding the final grant. The acquisition rate:

- is equal to zero if the ROE is less than or equal to 10%;
- varies on a straight-line basis between 0% and 80% if the ROE is greater than 10% and less than 18%;
- varies on a straight-line basis between 80% and 100% if the ROE is greater than or equal to 18% and less than 30%; and
- is equal to 100% if the ROE was greater than or equal to 30%.

Due to the application of the performance condition, the acquisition rate was 60% for the 2008 plan.

As a consequence, entitlement rights to 1,094,914 shares were canceled.

### Global free TOTAL share plan

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 employees, that is more than 100,000 employees in 124 countries. On June 30, 2010, entitlement 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. The shares are not subject to any performance condition. 1,508,850 shares were awarded to employees from countries with a 2+2 scheme (2-year vesting period followed by a 2-year mandatory holding period) and 1,070,650 shares were awarded to employees in countries with a 4+0 scheme (4-year vesting period and no mandatory holding period), representing a total of 2,579,500 shares. Following the vesting period, the shares awarded will be new shares.

	2010 Plan (2+2)	2010 Plan (4+0)	Total
Date of the Shareholders' Meeting	05/16/2008	05/16/2008	
Grant date <sup>(a)</sup>	06/30/2010	06/30/2010	
Final grant date (end of vesting period)	07/01/2012	07/01/2014	
Transfer possible from	07/01/2014	07/01/2014	
<b>Number of free shares</b>			
<b>Outstanding as of January 1, 2010</b>			
Awarded	1,508,850	1,070,650	2,579,500
Canceled	(125)	(75)	(200)
Finally granted <sup>(b)</sup>	(75)	-	(75)
<b>Outstanding as of December 31, 2010</b>	<b>1,508,650</b>	<b>1,070,575</b>	<b>2,579,225</b>

(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.

## 24) Others

### Compensation for the administration and management bodies

The aggregate amount paid directly or indirectly by the French and foreign affiliates of the Company as compensation to the executive officers of TOTAL (the members of the Management Committee and the Treasury) and to the members of the Board of Directors who are employees of the Group, is detailed as follows:

#### For the year ended

(M€)	2010	2009	2008
Number of people	26	27	30
Direct or indirect compensation	20.8	19.4	20.4
Pension expenses <sup>(a)</sup>	12.2	10.6	11.9
Other long term benefits	-	-	-
Benefits for termination of employment	-	-	-
Share-based payments (restricted shares)	1.6	1.3	2.2

(a) The benefits of the 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 €113.8 million provisioned as of December 31, 2010 (compared to €96.6 million as of December 31, 2009, and €98 million as of December 31, 2008).

The compensation paid to members of the Board of Directors for directors' fees amounted to €0.96 million in 2010 (compared to €0.97 million in 2009 and €0.83 million in 2008).

### Sinking of the 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. The court also ordered compensation to be paid to the victims of 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-one third parties have been compensated for an aggregate amount of €171.5 million. By a decision dated March 30, 2010, the Court of Appeal of Paris upheld the lower court verdict pursuant to which TOTAL S.A. was convicted of marine pollution and fined €375,000.

TOTAL decided to file an appeal in the French Supreme Court (*Cour de cassation*) in this respect. The classification firm and the ship's owner and manager were also convicted of marine pollution. However, the Court of Appeal ruled that TOTAL S.A. bears no civil

liability according to the applicable international conventions.  
The third parties that are still in the procedure appealed this ruling.  
TOTAL S.A. believes that, based on the information currently

available, the case should not have a significant impact on  
TOTAL S.A.'s financial situation or results.

## 5. Other financial information concerning the parent company

### 5.1. Subsidiaries and affiliates

As of December 31, 2010 (M€)	% of share capital owned by the company	Share capital	Other shareholders' equity	Book value of investments		Loans & advances	Sales	Net income	Dividends paid	Commitments & contingencies
				gross	net					
<b>Filiales</b>										
Cray Valley S.A.	100.0	70	28	69	69	-	438	5	-	-
Daja 79 S.A.S.	100.0	152	-	152	152	-	-	-	-	-
Elf Aquitaine	100.0	2,166	24,203	45,787	45,787	-	-	7,373	2,469	-
Omnium Insurance Reinsur. CIE	100.0	30	482	114	114	-	301	112	49	-
Total China Investment Ltd	100.0	130	(1)	124	105	-	272	21	-	-
Total Chimie	100.0	930	12,532	13,117	13,117	-	-	277	-	-
Total E&P Canada	100.0	1,336	(383)	1,274	1,274	-	357	(117)	-	1,501
Total E&P Golfe Holdings Ltd	100.0	-	(4)	2,855	2,855	-	-	(3)	-	-
Total E&P Holdings	65.8	6	4,856	1,118	1,118	-	-	4,591	1,652	-
Total Énergie Développement	100.0	46	(1)	62	47	-	1	(2)	-	-
Total Gasandes S.A.	100.0	1	57	150	3	-	-	2	-	6
Total Gaz & Énergies Nouvelles Hld	100.0	330	69	330	330	-	-	21	-	-
Total Gestion USA	100.0	3,969	-	3,969	3,969	-	-	-	-	-
Total Holdings Europe	53.2	65	9,270	4,446	4,446	-	-	1,665	1,399	-
Total Outre Mer	100.0	77	243	95	95	-	2,811	234	120	-
Total Raffinage Marketing	59.6	624	(690)	2,632	2,632	-	28,219	(917)	-	1,000
Total Refining Saudi Arabia S.A.S.	100.0	80	15	80	80	107	-	21	-	-
Other	-	-	-	909	633	7,550 <sup>(a)</sup>	-	-	808	57,069
<b>Total</b>	-	-	-	<b>77,283</b>	<b>76,826</b>	<b>7,657</b>	-	-	<b>6,497</b>	<b>59,576<sup>(b)</sup></b>

(a) Including Total Finance for €4,651 million and Total Treasury for €1,961 million.

(b) Including €51,065 million concerning Total Capital for debenture loan emission program and short-term financing.

## 5.2. Investment portfolio

As of December 31, 2010

	Par value (€)	Number of shares outstanding	Number of shares held by TOTAL S.A.	Percentage of capital owned by TOTAL S.A.	Gross value (K€)
<b>Investments in subsidiaries and affiliates (Companies)</b>					
Bostik Holdings S.A.	2.50	133,978,760	766,291	0.57	6,044
Bostik S.A.	15.24	5,321,361	512,696	9.63	49,595
Cray Valley S.A.	15.24	4,593,167	4,593,161	100.00	69,315
Daja 69 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 76 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 79 S.A.S.	10.00	15,233,000	15,233,000	100.00	152,330
Daja 94 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 95 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 96 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 97 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 98 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 99 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 100 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 101 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 102 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 103 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 104 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 106 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 107 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 112 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 113 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 114 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 115 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 116 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 117 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 118 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 119 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 120 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 121 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 122 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 123 S.A.S.	10.00	5,000	5,000	100.00	50
Daja 124 S.A.S.	10.00	5,000	5,000	100.00	50
Elf Aquitaine	8.00	270,708,015	270,707,955	100.00	45,786,844
Eurotradia International	22.47	133,500	14,836	11.11	3,859
Gie Fost	15.24	100,030	99,630	99.60	1,519
Le Monde Entreprises	1,676.94	2,420	140	5.79	384
Le Monde S.A.	1.00	96,800,842	37,158	0.04	81
Raffinerie de Strasbourg	15.24	420,000	70,000	16.67	1,505
Société Financière Auteuil	16.00	500,000	499,997	100.00	28,268
Sté Languedocienne Micron Couleurs	15.25	35,000	34,988	99.97	48,274
Septentrion Participations	16.00	698,273	698,273	100.00	55,238
Sté Pipe Line Sud-Européen	7.60	1,500,000	95,808	6.39	3,120
Total Activités Maritimes	1.60	1,523,360	1,523,355	100.00	26,810
Total Capital	10.00	30,000	29,994	99.98	300
Total Chimie	15.50	60,016,646	60,016,640	100.00	13,116,545
Total Coopération Technique Mexique	8.00	5,000	5,000	100.00	50
Total E&P Activités Pétrolières	16.00	50,000	49,995	99.99	1,410
Total E&P Colombie	10.00	5,000	5,000	100.00	50
Total E&P Guyane Française	10.00	5,000	5,000	100.00	50
Total E&P Holdings Chile	10.00	44,000	44,000	100.00	440
Total E&P Holdings	2.00	2,955,229	1,945,303	65.83	1,117,902
Total E&P Koblandy	10.00	5,000	5,000	100.00	50
Total E&P Mahakam Hilir	10.00	5,000	5,000	100.00	50
Total E&P Mentawai	10.00	5,000	5,000	100.00	50
Total E&P Montélimar	10.00	5,000	5,000	100.00	50

As of December 31, 2010 (continued)	Par value (€)	Number of shares outstanding	Number of shares held by TOTAL S.A.	Percentage of capital owned by TOTAL S.A.	Gross value (K€)
Total E&P North-East Aru	10.00	5,000	5,000	100.00	50
Total E&P North-West Sumatra	10.00	5,000	5,000	100.00	50
Total E&P Orenoque	10.00	5,000	5,000	100.00	50
Total E&P Senyur	10.00	5,000	5,000	100.00	50
Total E&P South Mahakam Hilir	10.00	5,000	5,000	100.00	50
Total E&P Telen	10.00	5,000	5,000	100.00	50
Total E&P Yakin	10.00	5,000	5,000	100.00	50
Total Énergie Développement	16.00	2,892,500	2,892,500	100.00	62,154
Total Énergie Solaire Concentrée	10.00	5,000	5,000	100.00	50
Total G&P Ventures	16.00	2,500	2,500	100.00	194
Total Gaz & Énergies Nouvelles Holding	10.00	32,978,838	32,978,838	100.00	329,788
Total Gestion USA	10.00	396,936,608	396,936,600	100.00	3,969,367
Total GLNG Australia	10.00	5,000	5,000	100.00	50
Total Holding Allemagne	10.00	5,764,000	5,764,000	100.00	57,640
Total Holdings Europe	0.05	1,302,415,903	692,415,903	53.16	4,445,631
Total Lubrifiants	30.50	888,056	35,056	3.95	15,794
Total Outre Mer	430.00	180,000	179,995	100.00	95,349
Total Petrochemicals France	3.33	60,289,910	766,291	1.27	18,959
Total Raffinage Marketing	7.50	83,163,738	49,600,004	59.64	2,632,060
Total Refining Saudi Arabia S.A.S.	10.00	8,004,000	8,004,000	100.00	80,040
Total Services Kazakhstan	10.00	5,000	5,000	100.00	50
Total Sustainable Developments	10.00	5,000	5,000	100.00	50
Total Treasury	15.25	15,000	15,000	100.00	257
Trois Vallées S.A. HLM	15.00	1,300,977	11,700	0.90	178
Vigéo	100.00	177,061	1,300	0.73	130
<b>Total 1</b>					<b>72,179,624</b>
Investments in French companies whose gross value is between €15,240 and €45,730					
<b>Gross value</b>					<b>712</b>
Investments in French companies whose gross value is less than €15,240					
<b>Gross value</b>					<b>8</b>
Investments in real estate companies whose shares are not publicly traded					
<b>Gross value</b>					<b>0</b>
Investments in foreign companies whose shares are not publicly traded					
<b>Gross value</b>					<b>5,102,314</b>
<b>Total 2</b>					<b>5,103,034</b>
<b>Total 1+2</b>					<b>77,282,658</b>
<b>Marketable securities</b>					
Equity securities					476,610
<b>Total 3</b>					<b>476,610</b>
<b>Total (1+2+3)</b>					<b>77,759,268</b>

## 5.3. Five-year financial data

### Share capital at year-end

(K€)	2010	2009	2008	2007	2006
Share capital	5,874,102	5,871,057	5,929,520	5,988,830	6,064,420
Number of common shares outstanding <sup>(a)</sup>	2,349,640,931	2,348,422,884	2,371,808,074	2,395,532,097	2,425,767,953
Number of future shares to issue:					
– share subscription options <sup>(a)</sup>	49,267,826	45,828,769	42,965,666	39,440,217	36,044,355
– Elf Aquitaine options and shares covered by the exchange guarantee <sup>(a)</sup>	-	-	610,086	841,776	1,158,900
– global free share plan	2,579,225	-	-	-	-

### Operation and income for the year

(K€)	2010	2009	2008	2007	2006
Net commercial sales	8,347,108	6,246,165	9,970,955	7,904,504	8,549,605
Employee profit sharing	48,000	35,000	42,000	38,000	30,000
Net income	5,840,088	5,633,681	6,007,609	5,778,925	5,252,106
Retained earnings before appropriation	4,425,753	4,114,277	3,416,997	2,496,875	1,671,091
Income available for appropriation	10,265,841	9,747,958	9,424,606	8,275,800	6,923,197
Dividends (including interim dividends)	5,384,541	5,354,404	5,407,722	4,983,591	4,503,181
Retained earnings	4,881,300	4,393,554	4,016,884	3,292,209	2,420,016

### Dividend per share

(€)	2010	2009	2008	2007	2006
Income after tax, before depreciation, amortization and provisions <sup>(a)(b)</sup>	2.90	2.68	2.87	3.06	2.38
Net income <sup>(a)(b)</sup>	2.60	2.52	2.67	2.54	2.27
Net dividend per share <sup>(a)</sup>	2.28	2.28	2.28	2.07	1.87

### Employees

(K€)	2010	2009	2008	2007	2006
Average number of employees during the year <sup>(c)</sup>	6,809	6,595	6,311	6,027	5,731
Total payroll for the year	815,269	881,515	666,686	605,374	561,524
Social security and other staff benefits	311,114	312,973	282,040	258,875	245,755

(a) On May 18, 2006, the share par value was divided by four.

(b) Earnings per share are calculated based on the fully-diluted weighted-average number of common shares outstanding during the year, excluding treasury shares and shares held by subsidiaries.

(c) Including employees in end-of-career holiday or early retirement (5 persons in 2005-Exemption from activity: 6 individuals in 2006, 29 individuals in 2007, 50 individuals in 2008, 74 individuals in 2009 and 79 individuals in 2010.)

## 5.4. Allocation of 2010 income

### (Net dividend proposed: €2.28 per share)

(€)	
Income of the year	5,840,087,629.74
Retained earnings before appropriation	4,425,753,676.68
<b>Total available for allocation</b>	<b>10,265,841,306.42</b>
Interim dividends:	
– paid in 2010 (2.337.483.079 x €1.14)	2,664,730,710.06
– to be paid in 2011 (maximal amount) <sup>(a)</sup>	27,539,951.28
Balance of dividends to be paid in 2011	2,692,270,661.34
2010 dividends	5,384,541,322.68
Retained earnings	4,881,299,983.74
<b>Total allocated</b>	<b>10,265,841,306.42</b>

(a) (2,361,640,931 - 2,337,483,079) x €1.14.



## 5.5. Statement of changes in share capital for the past five years

For the year ended (K€)		Cash contributions		Successive amounts of nominal capital	Cumulative number of shares
		Par value	Issue/ conversion premium		
<b>2006</b>	<b>Changes in capital</b>				
	Exercise of share subscription options	453	5,582	6,151,616	615,161,601
	Options covered by the exchange guarantee	315	6,601	6,151,931	615,193,065
	Capital increase reserved for Group employees	27,853	436,182	6,179,784	617,978,395
	Four-for-one stock split	-	-	6,179,784	2,471,913,580
	Capital decrease	(117,550)	(2,341,947)	6,062,234	2,424,893,580
	Exercise of share subscription options	1,670	21,046	6,063,904	2,425,561,679
	Options covered by the exchange guarantee	516	10,389	6,064,420	2,425,767,953
<b>2007</b>	<b>Changes in capital</b>				
	Options covered by the exchange guarantee	788	16,862	6,065,208	2,426,083,265
	Exercise of share subscription options	6,135	76,196	6,071,343	2,428,537,097
	Capital decrease	(82,513)	(1,651,038)	5,988,830	2,395,532,097
<b>2008</b>	<b>Changes in capital</b>				
	Options covered by the exchange guarantee	569	9,631	5,989,399	2,395,759,521
	Exercise of share subscription options	2,945	38,166	5,992,344	2,396,937,688
	Capital increase reserved for Group employees	12,176	203,521	6,004,520	2,401,808,074
	Capital decrease	(75,000)	(1,565,629)	5,929,520	2,371,808,074
<b>2009</b>	<b>Changes in capital</b>				
	Options covered by the exchange guarantee	1,200	17,179	5,930,720	2,372,288,104
	Exercise of share subscription options	2,337	29,996	5,933,057	2,373,222,884
	Capital decrease	(62,000)	(1,160,212)	5,871,057	2,348,422,884
<b>2010</b>	<b>Changes in capital</b>				
	Exercise of share subscription options	3,045	37,875	5,874,102	2,349,640,931

## 6. Social and environmental information

Pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code deriving from the new economic regulations law of May 15, 2001 (known as the "NRE" law), the Company must provide information on how it accounts for the social and environmental consequences of its activities. The data related to these requirements are presented below. It should be noted that the environmental information for TOTAL S.A.'s scope of operations

is not considered relevant and therefore the Company is presenting the environmental objectives of its subsidiaries. Over and above these legal obligations, the Company also publishes every year a Corporate Social Responsibility report that deals with the Group's activities overall and their social and environmental consequences, and describes the performances and objectives of the Group as a whole in this respect.

### 6.1. Social

The social information given below only concern TOTAL S.A. unless otherwise stated.

#### 1) Changes in the number of employees

As of December 31,	2010	2009	2008
TOTAL S.A. employees			
Men	4,816	4,745	4,584
Women	2,057	1,973	1,881
<b>Total</b>	<b>6,873</b>	<b>6,718</b>	<b>6,465</b>

Women represented 30% of TOTAL S.A. employees as of December 31, 2010; this proportion has risen steadily over the last three years.

A European agreement on equal opportunity was signed by the Group on November 21, 2005. This agreement affirms the Group's commitments to promoting, expanding and guaranteeing diversity and equal treatment for employees, from recruitment to the end of the employment contract.

Another agreement for equal opportunities between men and women was signed in May 4, 2010. This agreement follows up on the results from a survey on wage differentials between men and women, in particular for TOTAL S.A.' scope. It plans for adjusting

these differentials in October 2010 and also provides for access to job opportunities, training and career development, as well as balanced professional and personal life. It also set principles for matching the rate of women hired with that of women graduating from schools and universities with training programs relevant to the Group's scope of operations, increasing the hiring of women as part of work-study programs, ensuring the career development of women, granting an entitlement of eight paid working days for both adoption and maternity, covering childcare costs during training or off-site assignments, and maintaining the level of an employee's salary during 60 calendar days in the event of parental leave to tend for a sick or disabled child or victim of a serious accident.

Average age and seniority of TOTAL S.A. employees		2010	2009	2008
Average age	Men	44.5	44.5	44.9
	Women	42.9	42.7	42.6
Average seniority	Men	17.1	17.3	17.6
	Women	16.7	16.6	16.7

Mobility at TOTAL S.A.		2010	2009	2008
External mobility	Open-ended contract	262	341	383
	Fixed-term contract	244	230	233
Internal mobility		178	171	180
<b>Total</b>		<b>684</b>	<b>742</b>	<b>796</b>

Employees leaving TOTAL S.A.	2010	2009	2008
Resignations	33	30	66
Layoffs for economic reasons	0	0	0
Dismissals for other reasons	3	6	8
Conventional breach	6	9	-
End of fixed-term contract	232	217	203
Retirement	166	169	118
End of trial period	2	0	5
Death	13	6	5
Job change	49	55	61
Other <sup>(a)</sup>	0	0	0
<b>Total</b>	<b>504</b>	<b>492</b>	<b>466</b>

(a) PRC/PRI (Early retirement by own election or for organizational reasons).

Retirement leaves are stable and resignations stand at a very low level (0.4% of workforce).

There have been neither layoffs nor employment protection schemes in 2010 at TOTAL S.A.

Outside workers	2010	2009	2008
Number of contractors present as of December 31	3,270	3,022	2,586
Average monthly number of temporary staff	99.31	100.05	92.52

Service providers present on sites are mainly employed for general purposes and IT.

## 2) Management of economic impact on jobs

The Company is growing its business and hiring remains sound, especially in the Exploration & Production and Gas & Power divisions.

## 3) Work schedule and organization

The annual working time for full-time employees is 207 days for Engineers and Executives and 1,573 hours over 207 days for Technical and Administrative Staff and Workers.

Work schedule organization	2010	2009	2008
Full time	6,555	6,413	6,159
Part time	272	253	263
Team work (3 x 8 employees shift)	46	52	43
Absenteeism - number of days of absence	2010	2009	2008
Illness and convalescence	18,387	17,555	15,832
On-the-job or commuting accident	515	334	429
Maternity	9,424	8,623	7,445
<b>Total</b>	<b>28,326</b>	<b>26,512</b>	<b>23,706</b>

## 4) Compensation

Changes in compensation - TOTAL S.A.	2010	2009	2008
Average per annum (€)	71,780	70,075	69,895

These figures correspond to the annual gross payroll for employees present in 2010, including fixed-base salary and seniority bonus but excluding any other bonus.

### Average monthly compensation - TOTAL S.A

(€)	Men	Women
Senior engineers and executives	9,120	8,571
Engineers and executives	4,959	4,604
Foremen and other supervisors	3,009	2,912
Clerical and technical staff	2,202	2,159
Workers	1,943	-

These figures correspond to the average monthly payroll for employees present in 2010, including fixed-base salary and seniority bonus but excluding any other bonus.

### Aggregate payroll expenses - TOTAL S.A.

	2010	2009	2008
Payroll expenditure (B€)	1.119	1.188	0.943
Added value (B€)	3.244	2.644	4.109
Ratio	0.34	0.45	0.23

### Average amount of profit-sharing and incentives per employee (€) (Scope of the agreement)

	Average amount 2009	Average amount 2008	Average amount 2007
Profit-sharing	406	753	1,188
Incentives	5,053	5,920	5,200
<b>Total</b>	<b>5,459</b>	<b>6,673</b>	<b>6,388</b>

Employees at TOTAL S.A. benefit from an incentive agreement and a profit-sharing agreement as well as other Group companies (Total Raffinage Marketing, TEPF, TIGF, Total ACS, Total Fluides, Totalgaz, ELF EP Productions SAS and CDF Energie). Incentives and profit-sharing for 2009 was distributed in May 2010 pursuant to the June 26, 2009, incentive and profit-sharing agreement related to fiscal years 2009, 2010 and 2011. As for previous agreements, amounts available for profit sharing are linked to the performance (ROE) of the Group as a whole. Pursuant to this agreement and according to published results, the total amount of profit-sharing and incentives paid for fiscal 2009 represented 8.8% of the aggregate cumulative payroll for these companies, i.e., nearly €106.1 million. Part of this amount is distributed equally and part proportionally among the employees.

An amendment to the Total Group Savings Plan (PEGT) dated March 15, 2002, was signed on December 9, 2010, and includes an additional €200 matched at 100% by a funding from the Group (representing global additional annual savings of €400). This new agreement demonstrates the Group's intention to contribute, as part of a partnered and voluntary approach, to developing employee savings to support employees in a number of projects including buying a home, paying children's studies or preparing for retirement.

In 2010, TOTAL also implemented a free share plan intended for the Group employees, i.e., more than 100,000 employees in 124 countries. On June 30, 2010, every employee was granted entitlement rights to 25 free shares following a 2- to 4-year vesting period. With these programs in place, TOTAL strengthens the employees' corporate values and gets them involved in the Group's performance.

## 5) Health and Safety

### On-the-job accidents for TOTAL S.A. employees

	2010	2009	2008
Number of accidents	13	11	8
Frequency rate (%)	1.202	1.041	0.787

### Expenditure on Health & Safety - TOTAL S.A.

(€)	2010	2009	2008
	3,639,616	4,020,130	4,148,094

## 6) Training

Number of TOTAL S.A. employees who has been provided training	2010	2009	2008
	4,055	3,405	3,836

Training expenses remained sound and involved all employees. Training is focused on four areas:

- sharing TOTAL's corporate values, in particular with respect to ethics and HSE;
- increasing technical skills and maintaining a high level of operating performance;
- promoting employees' integration and career development through induction, management and personal development trainings;
- supporting the Group's diversity and mobility policy through linguistic and intercultural trainings.

Remote and combined remote/on-site trainings strongly contribute to this approach.

## 7) Employment of workers with a disability

Number of employees with a disability - TOTAL S.A.	2010	2009	2008
	108	108	98

This initiative continued in 2010 with the signature of a multi-year collective bargaining agreement and partnerships with relevant associations.

In addition to promoting the direct hiring of disabled individuals and partnering with the protected sector through quantified objectives set in both fields, the Group intends to heightening awareness of disability in-house (brochures, awareness campaigns, training of management) and outside the company (recruitment forum, information and communication actions designed for student, etc.) and promotes the hiring, professional training and retaining of employees with a disability.

## 8) Charitable support

Committees budget (€)	2010	2009	2008
	14,921,181	14,143,009	13,212,418

Since 2003, TOTAL S.A. has been a member of the *Unité Économique et Sociale* (UES) together with Elf Exploration Production. The committees' budget in 2010 corresponds to the budget of the UES's establishment committees. This budget accounts for more than 2.5% of the total payroll.

## 9) Professional relations

	2010	2009	2008
Number of negotiation meetings concerning TOTAL S.A.	28	30	31
Number of collective bargaining agreements signed concerning TOTAL S.A.	13	8	9

The collective bargaining agreements signed in 2010 notably concern the free share grant, holiday vouchers, contingency, equal opportunity between men and women, employees' savings, disabled employees, employees elections, establishment committee and central works council operation, and wages.

## 6.2. Environment

Pursuant to Article L. 225-102 and R. 225.105 of the French Commercial Code, TOTAL S.A. supplies information on how it takes into account the environmental consequences of its business, notably the environmental objectives of its subsidiaries outside France.

The following paragraphs present information on the environmental policy guidance and objectives of the parent company. More detailed environmental information appears not to be relevant for TOTAL S.A., given, on the one hand, the type of operations conducted by the holding company, and, on the other hand, the type of operations conducted by the Group.

The Group has operations in more than 130 countries in a number of areas such as the upstream and downstream oil and gas industry, energy production and chemicals. The Group's Corporate Social Responsibility report includes detailed information on how the Group's business units conduct their environmental policies.

The Health, Safety and Environment (HSE) Charter constitutes an essential reference in the Group's culture and illustrates its commitment to the safety of operations, health of people, respect for the environment, and quality of its products and services. The 2009 HSE Charter highlights the need for sharing this culture among employees, industrial and commercial partners, and emphasizes behaviors such as listening of and dialogue with stakeholders. It is translated into several languages and should be implemented by taking into account the operating context of all the Group's businesses.

This Charter is based on ten key principles that are detailed in a guide designed to help managers implement them into their daily business activities. This guide already came with the 2003 Charter.

The ten principles fall into three broad categories: the industrial business itself, employees and third parties:

- **For industrial activity**, no development project, expansion of an industrial facility or new product launch can be undertaken in any country where a Group subsidiary operates without a prior detailed analysis of the risks concerning health, safety and the environment. Verification that these risks and impacts are taken into account and that necessary prevention, correction and compensation measures in case of an accident are adopted is done at the time the project is examined by the business units concerned. Proposals for major investments, acquisitions and disposals are reviewed by the Group's Executive Committee, having first been presented to the Group's Risks Committee. This committee includes notably a representative of the Sustainable Development and Environment department and a representative of the Industrial Safety department.

This procedure for the evaluation and prevention of risks, prior to the commencement of any project, relies on scientific analysis of the substances used and produced and their effects, and on environmental impact studies and technological risk assessments. It is also based on health impact analyses and takes into account end-of-life issues for products and facilities.

Close attention is also given to biological diversity, especially in areas of particular ecological sensitivity, identified with the support of scientific organizations. Based on information collected by the United Nations Environment Program (UNEP), the mapping of the Group's major sites with respect to these sensitive areas was carried out as part of a Geographic

Information System project and will be completed in 2011.

Furthermore, a guide designed to help the management of industrial sites in addressing biodiversity issues was spread among the Group. Biodiversity observatories were set up near some of the Group's sites, notably in France and Yemen, with the support of the scientific community. Analysis of the feedback from these pilot sites is underway.

These different aspects, with their highly scientific and technical components, are an integral part of any project's decision-making process and rely on preliminary studies. Actions to standardize the methodologies on which these studies rely are taken at each business unit.

As part of this evaluation and prevention approach, projects, once they have started up, are subject to regular environmental monitoring.

In accordance with the HSE Charter, the prevention objectives are incorporated in the various environmental action plans and cover the improvement of energy efficiency, reduction of emissions of pollutants into the atmosphere and water, reduction of consumption of water and certain raw materials, reduction of waste at the sites and recovery of the waste that is produced. Each business unit sets certain targets for improving its environmental performance and circulates this information at its sites, taking into account the particular features relevant to it.

Regarding greenhouse gas emissions, the implementation in 2008 of the second application period of the European Union carbon dioxide emissions quota trading plan represents a new step in the policy to combat global warming and represents a real technological challenge for the Group. TOTAL continues to implement the commitment to reduce by 50% by 2014 the volume of associated gas flared at its Exploration & Production facilities, using the year 2005 as a reference.

In addition, TOTAL has inaugurated in January 2010 the carbon capture and storage pilot plant that had started up in 2009 at its Lacq site in southwestern France. The CCS pilot has been operating since that date. In addition, TOTAL has partnered with other industrials and French and European research institutes in the France-Nord project to route and store carbon dioxide. This project was selected by the ADEME (French Agency for the Environment and Energy Control). This project will result in studying the feasibility of locating in a sedimentary basin in the north/center of France a carbon dioxide transport and storage pilot plant that would be used by a number of carbon-emitting industries.

These actions to reduce greenhouse gas are detailed in the Group's Corporate Social Responsibility report.

The Group has also set internal goals for better management of the consumption of energy and raw materials. Internal documents (roadmaps and guides) describe what is at stake, propose methodologies and action plans, and include quantified goals to reduce emissions. In particular, a guide developed in late 2008 dedicated to the management of energy performance includes guidance to improve energy management by the Group's different businesses. Since 2008, the business segments have set quantified targets to optimize their energy efficiency by 1% to 2% per year depending on the business. Through the "Total Ecosolutions" program, they also propose

to their clients a number of products and services that improve the overall environmental and energy balance compared with similar products and services sold in the market. At year-end 2010; twenty-one products and services (Marketing and Chemicals) were "Total Ecosolutions" labeled. The Corporate label received the award for the best innovation of the year from the European Plastic Product Manufacturer.

Close attention is also paid to soil and groundwater contamination in the context of specific risk and pollution control assessment programs. The Sustainable Development & Environment department and the relevant department in subsidiaries worked on studies aimed at standardizing the assessment methodologies and criteria for drawing up action plans for pollution control. These guides were spread and implemented in 2010 in the Group's business units. As part of these programs, Group-wide technical standards were set for the treatment of soil and groundwater contamination and served as a basis to draft framework-agreements used for service contracts with respect to soil remediation and water decontamination.

Beyond the prevention policy, the Group's operational entities are provided with emergency plans in the event of an accident together with the means to implement them. These plans are regularly updated and verified at the relevant sites and feedbacks are systematically given. These policies for prevention and site clean-up in the event of an accident are launched not only for industrial sites, but also for the transport of hazardous goods, both maritime and overland, including the harmonization of methodologies and action plans.

Following BP's accident in the Gulf of Mexico in 2010, TOTAL geared up to learn lessons from the disaster, analyze the potential risks for its operations in the light of these events and make recommendations to improve safety in deep-offshore environments, leading to the creation of three task forces. The first task force is focused on the safety of deep-offshore drilling operations (well architecture, equipment, personnel training), the second is focused on deep-offshore capture operations (recovery solutions in the case of loss of containment) and the third intends to strengthen the Group's preparation for fighting major pollution. Recommendations were made as part of these task forces and action plans were launched.

The Group is also involved in a number of research projects in partnership with laboratories, universities and public entities, often on an international level, notably in the areas of combating climate change, behavior of hydrocarbons in water and biodiversity. Experimentation, as well as increasing and sharing of scientific and technical knowledge, contribute to improving performances and better integrate environmental issues in industrial projects. These projects are covered in the Group's Corporate Social Responsibility report.

- **The principles relating to staff** revolve around three ideas: all employees have a responsibility at their level in terms of safety and the environment, must be aware of such responsibility and must act accordingly. Work performance is assessed by managers according to these and other criteria. To implement these principles, TOTAL S.A.'s Environment and Safety department organizes training both for management and those in charge of health, safety and environment issues. Training for emergency situations, crisis management and providing feedback is also in place. The business units also offer numerous trainings appropriate for the various staff responsible for these

functions. In 2010, the Industrial Safety Department circulated in the Group 12 golden rules for safety (available in ten languages) and implemented a program to heighten employees' awareness and assimilation of these rules as part of a strengthened safety culture within the Group.

- **Regarding relations with third parties**, the charter recommends that outside service providers, suppliers and other industrial and commercial partners adhere to the Group's Safety and Environment policy. It also emphasizes that the environmental expectations of the unions, customers, shareholders, and other stakeholder in respect of environmental matters are addressed in an atmosphere of constructive dialogue and transparency. In 2010, the Group's Senior Vice President Legal Affairs and the Chairman of the Ethics Committee cosigned a notice intended for Purchasing officers in order to remind them of the requirement to communicate to their suppliers and contractors the Group's fundamental business principles and actions that are included in the Code of Conduct.

Particular attention is paid to relations with local communities, and pilot programs for close interactions, dialogue and concerted plans, as illustrated in the Group's Corporate Social Responsibility report, were launched. This approach is intended to become more widespread depending on the experience on the ground. Various tools designed for the Group's management (CSR guidelines, Stakeholder Relationship Management SRM+, social performance indicators) are designed to facilitate a review of social issues and to define a course of positive action at the sites and at the subsidiaries. In particular, through its community development commitment, the Group intends to develop its business in harmony with the neighboring communities by seeking to know the perception of its stakeholders and expectation and build action plans for those that are challenging.

The structure of the Group's entities ensures that they constantly and effectively take into account environmental and safety concerns in all their operations. At the Corporate level, the Sustainable Development & Environment and Industrial Safety Divisions, whose managers are members of the Group's Management Committee, spread the Group's policy with respect to the environment and safety and coordinate on shared initiatives to promote exchanges and synergies between business units.

The departments in charge of sustainable development, environment and industrial safety within the business units convey to their subsidiaries, which in turn pass them on to their industrial sites, the principles for action and the short and medium-term environmental objectives that they have established in a concerted way.

All of the Group's business units have implemented internal management systems related to environmental, safety, quality and industrial hygiene issues, taking into account the specific requirements related to their location and business. This involves a determined and concerted approach, based on know-how, working together, raising the awareness of staff and delivering training programs. Progress objectives are defined and action plans implemented; the results obtained are measured using methodologies and indicators that are progressively developed and refined; and feedback and associated controls in the form of internal audits are conducted. These management systems are subject to periodic evaluation by internal auditors in order to continually optimize them.



To facilitate monitoring the achievement of environmental objectives, reporting processes on environmental performance and on major events are implemented within the business units, and between the business units and the corporate departments. They are being standardized within the Group.

Every year, the Group uses external auditors to verify the reliability of its environmental reporting procedures by examining a representative percentage of sites, with different sites being verified year after year. The third audit report, which was conducted in 2010 and attached to the Group's 2009 Corporate Social Responsibility report, focused on eight indicators: carbon dioxide, methane, nitrous oxide, hydro-fluorocarbons, sulfur dioxide, nitrogen dioxide, production of hazardous waste and the amount of fresh water consumed at the sites (excluding cooling water). The auditors reviewed these indicators with regard to their relevance, reliability, objectivity, understandability and comprehensiveness.

This desire to continually achieve better-integrated management of the environment has led the Group to work towards ISO 14001 environmental certification. Because this international standard is awarded by a third party, following independent audits for compliance that are repeated every three years, it allows for external recognition of environmental management systems.

By the end of 2012, the Group intends to obtain ISO 14001 certification for all of its sites that it considers particularly important to the environment. As of today, 92% of such sites are so certified. More than 280 of the Group's sites worldwide are ISO 14001-certified.

## 7. Consolidated financial information for the last five years

### 7.1. Summary consolidated balance sheet for the last five years

As of December 31 (M€)	2010 IFRS	2009 IFRS	2008 IFRS	2007 IFRS	2006 IFRS
<b>ASSETS</b>					
<b>Non-current assets</b>	<b>85,512</b>	<b>77,996</b>	<b>71,252</b>	<b>65,303</b>	<b>62,436</b>
Intangible assets	8,917	7,514	5,341	4,650	4,705
Property, plant and equipment	54,964	51,590	46,142	41,467	40,576
Other non-current assets	21,631	18,892	19,769	19,186	17,155
<b>Current assets</b>	<b>56,936</b>	<b>49,757</b>	<b>47,058</b>	<b>48,238</b>	<b>42,787</b>
Inventories	15,600	13,867	9,621	13,851	11,746
Other current assets	41,336	35,890	37,437	34,387	31,041
<b>Assets held for sale or exchange</b>	<b>1,270</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>143,718</b>	<b>127,753</b>	<b>118,310</b>	<b>113,541</b>	<b>105,223</b>
<b>LIABILITIES</b>					
Shareholders' equity, Group share	60,414	52,552	48,992	44,858	40,321
Minority interests and preferred shares	857	987	958	842	827
Provisions and other non-current liabilities	21,216	20,369	17,842	17,303	16,379
Non-current financial debt	20,783	19,437	16,191	14,876	14,174
Current debt	40,251	34,408	34,327	35,662	33,522
<b>Liabilities from assets held for sale or exchange</b>	<b>197</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>143,718</b>	<b>127,753</b>	<b>118,310</b>	<b>113,541</b>	<b>105,223</b>

## 7.2. Consolidated statement of income for the last five years

As of December 31 (M€)	2010 IFRS	2009 IFRS	2008 IFRS	2007 IFRS	2006 IFRS
Sales	159,269	131,327	179,976	158,752	153,802
Operating expenses	(131,963)	(109,521)	(150,534)	(128,026)	(124,617)
Depreciation and amortization of tangible assets	(8,421)	(6,682)	(5,755)	(5,425)	(5,055)
Other income and expense	496	(286)	(185)	204	86
Cost of net debt	(334)	(398)	(527)	(539)	(364)
Other financial income and expense	35	298	403	369	315
Equity share of net income from affiliates	1,953	1,642	1,721	1,775	1,693
Income tax	(10,228)	(7,751)	(14,146)	(13,575)	(13,720)
<b>Net income from continuing operations (Group excluding Arkema)</b>	<b>10,807</b>	<b>8,629</b>	<b>10,953</b>	<b>13,535</b>	<b>12,140</b>
Net income from discontinued operations (Arkema)	-	-	-	-	(5)
<b>Consolidated net income</b>	<b>10,807</b>	<b>8,629</b>	<b>10,953</b>	<b>13,535</b>	<b>12,135</b>
Minority interests	236	182	363	354	367
<b>Net income</b>	<b>10,571</b>	<b>8,447</b>	<b>10,590</b>	<b>13,181</b>	<b>11,768</b>

# Glossary

## A

### API degrees

Scale established by the American Petroleum Institute (API) to measure oil density. A higher API-degree indicates lighter oil from which a higher yield of gasoline can be refined.

### Association/Joint Venture/Consortium

Group of companies not forming a new legal entity. Each member of the joint venture holds an undivided interest in the specific area of the contract (PSC, Concession and Buyback) and has separate tax obligations towards the host country.

### Appraisal (delineation)

Work performed after a discovery, performed for the determination of the boundaries or extent of a deposit of hydrocarbons, or assessment of its reserves and production potential.

## B

### Barrel

Unit of measurement of volume of crude oil equal to 42 U.S. gallons or 158.9 liters at 60°F or 15.6°C.

### Barrel of Oil Equivalent (BOE)

Conventional unit for measuring the energy released by a quantity of fuel by relating it to the energy released by the combustion of a barrel of oil.

### Brent

Quality of crude (38° API) produced in the North Sea, at the Brent fields.

### Buyback

Risk services agreement (the investments and risks are undertaken by the contractor) combined with an offset mechanism that allows the contractor to receive a portion of the production equivalent to the monetary value (with interest) of its investments and a return on its investment.

## C

### Capacity of treatment (refinery throughput)

Annual capacity for the treatment of crude oil by atmospheric distillation units at a refinery.

### Catalysts

Substances that facilitate chemical reactions during the refining process used in conversion units (reformer, hydrocracker, catalytic cracker) and desulfurization units. Principal catalysts are precious metals (platinum) or other metals such as nickel or cobalt. There are some catalysts that regenerate themselves and others that are consumable.

### Cogeneration

Simultaneous generation of electrical and thermal energies from a combustible source (gas, fuel oil or coal).

### Concession contract

Exploration and production contract under which an oil & gas company (or group of companies) is granted, by a host country, rights to explore an area and develop and produce potential reserves. The oil and gas company (or group of oil & gas companies) undertakes the execution and financing (at its own risk) of all operations. In return, it is entitled to the entire production.

### Condensate

Light hydrocarbon substances produced with natural gas that exist in either a gaseous phase or in solution in the crude oil under the initial pressure and temperature conditions in the reservoir, and which are recovered in a liquid state in separators, on-site facilities or gas treatment units.

### Conversion

Refining operation aiming at transforming heavy products (heavy fuel oil) into lighter or less viscous ones (oils, jet fuels, etc.)

### Cost oil/Cost gas

In a production sharing contract, the portion of the oil and gas production made available to the contractor (contractor group) and contractually reserved for the reimbursement for exploration costs, costs of site development, exploitation, site restitution ("recoverable" costs).

### Cracking/cracker

Refinery conversion operation, performed to obtain lighter molecules, by modifying the structure and the molecular mass of the hydrocarbons obtained in the first distillation process necessary for manufacturing gasoline.

## D

### (To) Debottleneck

Action of increasing the throughput capacity of a refinery.

### Desulfurization

The process of eliminating or reducing sulfur from oil usually through chemical reactions.

### Development

Operations carried out to bring an oil or gas field on stream.

### Distillates

A large range of products obtained through the atmospheric distillation of crude oil or through vacuum distillation. Includes medium distillate such as aviation fuel, diesel fuel and heating oil.

## F

### FPSO : Floating production, storage and off loading

Floating integrated offshore unit comprising the equipment used to produce, process and store hydrocarbons and off load them directly to an offshore oil tanker.

## H

### Hydrocarbons

Molecules composed principally of carbon and hydrogen atoms. They can be solid such as asphalt, liquid such as crude oil or gaseous such as natural gas. They may also include compounds with sulphur, nitrogen, metals, etc.

## L

### Liquefied Natural Gas (LNG)

Natural gas, principally methane and ethane, that has been liquefied by cooling to -258°F (-162°C) at normal pressure in order to transport it.

### Liquefied Petroleum Gas (LPG)

Light hydrocarbons (comprised principally of butane and propane) that are gaseous under normal temperature and pressure conditions and that are kept in liquid state by increasing the pressure or reducing the temperature.

## M

### Mineral interests

The rights to explore for and/or to produce oil and gas in a specific area for a fixed period. Covers the concepts of "permit", "license", "title", etc.

## N

### Natural gas

Mixture of gaseous hydrocarbons, composed mainly of methane.

## O

### Oil and gas exploration

All operations carried out to reveal the existence of oil and gas deposits, to prepare for their production.

### Operator

Partner of an oil and gas joint venture in charge of carrying out the operations on a specific area on behalf of the joint venture.

### Operated production

Quantity of oil and gas produced on fields operated by the Group.

## P

### Permit

Area contractually granted to an oil and gas company (or a joint venture) by the host country for a defined period. The permit grants the oil and gas company (or joint venture) exclusive rights to carry out exploration work ("exploration" permit) or to exploit a deposit ("exploitation" permit).

### Production plateau

Expected average stabilized level of production for a field following the production build-up.

### Production share (Group)

Portion of production the Group is entitled to receive as per the sharing rules defined in oil and gas exploration and production agreements.

### Production Sharing Contract (PSC)

Exploration and production contract by which a host country or, more frequently, its national company transfers to an oil & gas company (the contractor) or a group of oil and gas companies (the contractor group) the right to explore in a given area and, if successful, to develop and produce the reserves of the discovered deposits. The contractor (contractor group) shall undertake the execution and financing (as its exclusive risk) of all operations. In return, it is entitled to a portion of the production, called cost oil/gas, for the recovery of the costs. The remaining production, called profit oil/gas, is shared between the contractor (contractor group) and the national company (and/or the host country).

### Production site restoration

Oil companies may have to incur expenses related to the abandonment of production sites at the end of exploitation of a deposit. This definitive shutdown of the production on a field or part of sites production capacity (a well, a group of wells, etc.) generally involves the dismantling of production, transport and storage facilities and the restoration of the sites.

### Profit oil/Profit gas

Under a PSC, a portion of the oil and gas production shared between the host country and the contractor (contractor group), net of cost oil. The share of profit oil/gas made available to the contractor is payment for the services, know-how provided and the risks undertaken.

## R

### Refinery

Plant where crude oil is separated and transformed into marketable products.

### Reserves

Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In Exploration & Production, Reserves are expressed in barrels (b) for liquid hydrocarbons, cubic feet (cf) for the gas or oil equivalent barrels (boe) for both.

### Developed Reserves

Developed Oil and Gas Reserves are reserves that can be expected to be recovered through existing wells and installations or for which the cost of the required equipment is relatively minor. This applies to both proved reserves and proved plus probable reserves.

### Proved reserves (1P reserves)

Estimated quantities of crude oil and natural gas that geologic and engineering data show, with reasonable certainty (90%) to be recoverable in the coming years from known reservoirs under existing contract, economic and operating conditions:

- Developed proved reserves are those that can be recovered with existing facilities and without significant additional investment;
- Undeveloped proved reserves are those that can be recovered with new investments (surface facilities, wells, etc.).

**Proved and probable reserves (2P reserves)**

Sum of proved reserves and probable reserves. The 2P reserves are the median quantities of oil and gas recoverable from fields that have been drilled, covered by E&P contracts and for which technical studies have demonstrated economic development in a long term Brent price environment. They also include projects to be developed by mining.

**Reserve life**

Ratio of proved reserves at the end of the year to the production sold during the past year.

**Resources**

Sum of proved and probable reserves and contingent resources (mean quantities potentially recoverable from known accumulations) (Society of Petroleum Engineers - 03/07).

**S****Seismic**

Exploration technique of methodically sending vibration or sound waves into the earth and recording their reflections to assess the type, size, shape, and depth of subsurface layers.

**T****Technical costs**

Technical costs include the cost of producing oil and gas, the depreciation and amortization associated with production facilities and the cost of exploration expensed.

**U****Unitization**

Creation of a new joint venture and nomination of a single operator for the development and the production as single asset of a hydrocarbon deposit that straddles two or more permits/licenses or countries.

**Upgrader**

Refining unit where petroleum products, such as heavy oils, are upgraded through a cracking process.

**W****Well**

Hole drilled underground for oil exploration and operation.





# European cross reference list

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22.	<b>Material contracts (other than contracts entered into in the ordinary course of business)</b>	n/a
23.	<b>Third party information, statement by experts and declarations of any interest</b>	n/a
24.	<b>Documents on display</b>	162
25.	<b>Information on holdings</b>	151, 162 and 163, 250 and 251, 293 to 295





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