



TOTAL
COMMITTED TO BETTER ENERGY



JDA#52

The Shareholders' Newsletter

Report // Retail network, innovating to serve our customers

Fall 2016

Chairman's Message

"Our objective is to create shareholder value."

Patrick **POUYANNÉ**

Chairman and Chief Executive Officer of Total



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Dear Shareholders,

At the Investors' Day held on Thursday, September 22, in London, the Group's strategy and outlook were presented to the financial community.

Total's net income for the first six months of 2016 was higher than all the other majors, demonstrating the strength of the Group's integrated business model and its ability to reduce its breakeven point and deliver growth projects. Capitalizing on these strengths, we have confirmed that while addressing short-term challenges, Total is strongly positioned for the medium term and committed to delivering shareholder value.

In the short term, in an environment where oil and gas prices remain volatile, Total is focused on being excellent at everything it can control. Our Opex savings will therefore increase from \$3 to \$4 billion by 2018. Due to further discipline and cost deflation in our industry, our growth will be delivered with Capex kept at a sustainable level of \$15 to \$17 billion per year from 2017, \$2 billion less than previous guidance. Our cash flow will also increase thanks to an average production growth of 5% per year from 2014 through to 2020, supported by our investments and recent achievements in giving access to new resources and productions.

In the medium term, the Group is aiming to be the most profitable European integrated major oil company. We are managing our portfolio and allocating investment to position ourselves for profitable growth with the following four priorities: lower the breakeven of our oil portfolio, both upstream and downstream; expand along the full gas value chain; capitalize on our customer-focused culture to grow marketing & services positions; and develop low-carbon energy business.

Our objective throughout is to create shareholder value and improve profitability while maintaining a strong balance sheet. In 2017, cash flow from operations will cover Capex, including resource renewal, and dividend cash-out at 55 \$/b Brent.

The ex-dividend date for the second interim dividend of 0.61 euro per share has been set for December 21. It will be payable in cash or in new shares with a discount.

I am looking forward to seeing you again at the Actionaria exhibition in Paris, on Friday November 18, and thank you for your ongoing loyalty. I hope you enjoy reading our newsletter.

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Presentations from the Investors' Day are available (in English only) on the "Total Investors" application and on our general total.com website > Investors > Institutional Investors > Presentations 

A new organization to achieve our ambition

As part of its "One Total" company project, the Group is setting up a new organization in order to achieve its ambition of becoming the responsible energy major. The main aspects of the project are the creation of a new business segment, reorganization of the Corporate headquarters, and pooling of support services.

On September 1, 2016, a new business segment was created to supplement the three current ones: Exploration & Production, Refining & Chemicals and Marketing & Services. The *Gas, Renewables & Power* segment will spearhead Total's ambitions in the electricity value chain by expanding in downstream gas, renewable energies and energy efficiency. Capitalizing on our strong position on the gas business, we are set to produce and sell electricity to be drawn from gas or renewable energy sources. Total's aspiration is to develop a profitable portfolio in solar energy, biofuels (especially in biojet fuels for aviation), electricity trading and energy storage.

As from September 1, the Corporate branch was also restructured. Refocused on three strategic functions, it is now organized into three divisions:
-The Finance division remains unchanged.
- The People & Social Responsibility division combines human resources, security, hygiene, health, safety and environment (HSE) and Civil Society Engagement.

All the HSE departments across the different segments will be grouped to establish a strong, global environmental and safety model. The new Civil Society Engagement division will manage all of the Groups' initiatives in that

area. The Executive Vice President of the division will be a member of the Executive Committee.
- The Strategy & Innovation division will be made up of the Public Affairs and Audit divisions, combined with two new ones: Strategy & Climate, responsible for ensuring that Total's strategy incorporates the 2°C global warming scenario; and the Research & Development division that will carry out the different cross-functional programs of the Group, such as on CO2 or digital innovations.

Finally, on January 1, 2017, several support services (Accounting, Purchasing, Information Systems, Training, Facilities Management, etc.) will be pooled into the new Total Global Services segment. Each of these functions will operate as service companies for internal clients across business segments and at the corporate level. This type of organization, tested over the last three years in the IT field, has demonstrated its capacity to sustainably improve our efficiency, create value and reduce costs.

The Executive Committee as at September 1, 2016



Arnaud Breuillac

President
Exploration & Production



Patrick de La Chevadière

Chief Financial Officer



Momar Nguer

President,
Marketing & Services



Patrick Pouyanné

Chief Executive Officer



Bernard Pinatel

President,
Refining & Chemicals



Philippe Sauquet

President,
Gas, Renewables &
Power and
Executive Vice President,
Strategy & Innovation



Namita Shah

Executive Vice President,
People & Social
Responsibility

Highlights

« The interest obtained in Al-Shaheen in Qatar for a period of 25 years is a major success. »

Key figures

2^d quarter 2016

2.2 billion dollars

Adjusted net income

4 billion dollars

Cash flow from operations

Hydrocarbon production

+5% vs. 2^d quarter 2015

2,424 thousand barrels of oil equivalent/day

30%

Net-debt-to-equity ratio as at June 30, 2016

0.61 €/share

2^d quarterly interim dividend for fiscal 2016

5,75%

Dividend yield (for the 2^d quarter 2016)

Bolivia

Gas

Zoom
More on the next page

Production start-up on the Incahuasi gas and condensate field, the Group's first operated development in Bolivia. The field lies more than 5,600 meters beneath the foothills in the south-east of the country, and has a production capacity of 50,000 barrels of oil equivalent per day.



Qatar

Oil

Total obtains a 30% interest in the giant Al-Shaheen field concession for 25 years from July 2017. The 30 platforms and 300 wells of the offshore field produce 300 thousand barrels of oil per day and represent about half of Qatar's oil production.



Angola

Loading of first Angola LNG cargo.

Belgium

Acquisition of Lampiris, a gas and electricity distributor.

France

Following the public tender offer, 100% ownership of Saft capital.

Japan

Signature of a long-term agreement to supply LNG to Chugoku Electric.

USA

- ▶ Signature of an agreement to acquire Barnett shale gas assets.
- ▶ Investment of Total Energy Ventures in distributed wind power with United Wind, and in smart grids with AutoGrid.

World

- ▶ Official sponsor of the Africa Cup of Nations and official partner of African football.
- ▶ Bernard Pinatel appointed President of Refining & Chemicals segment.
- ▶ Namita Shah appointed Executive Vice President, People & Social Responsibility.
- ▶ Philippe Sauquet appointed President of the new Gas, Renewables & Power segment, and Executive Vice President of Strategy & Innovation.

To find all press releases and learn more about the e-mail alert system which notifies you of each new press release, please visit our website total.com under the heading Media.

What lessons have you learned from the results of the second quarter of 2016?

With an adjusted net income of 2.2 billion dollars, the Group benefitted from the rebound in oil prices that occurred in the second quarter. Despite the volatile oil price context, our production growth and cost cutting have allowed us to withstand oil price reductions and take advantage of their increase. Over the first semester, the adjusted net income generated by the Group was higher than the other majors.

Are you confident in reaching the objectives announced for 2016 ?

For 2016, cost savings should exceed the 2.4 billion dollar objective and we can confirm that investments should reach between 18 and 19 billion dollars. The ramp-up of recent projects and the start-up of five major projects this year (with four of them already on stream) makes us confident in our capacity to increase our production by 4% over the year.



Patrick
DE LA CHEVARDIÈRE
Group Chief Financial Officer



Incahuasi, a human and technical challenge

On August 1, in Bolivia, Total brought on stream the Incahuasi gas and condensate field, one of the four major projects started in 2016. In a mountainous region where production is particularly difficult, the Group showed its skills in meeting technical challenges and building trust relationships with local populations.

Situated in the Andean foothills, the Incahuasi project stretches out over more than 120 kilometers. In a particularly rugged environment, where slopes are often more than 40 degrees steep, wells had to be drilled down to below 5,600 meters to reach the gas and condensate reservoirs.

Construction mobilized close to 3,000 people at peak activity and lasted two and a half years, and it was highly complex in terms of logistics. It includes six major sites: a gas treatment plant covering more than 50 hectares; tie-in of three producing wells to the plant; a 100-kilometer gas export pipeline (completely buried to limit the environmental footprint) connecting the plant to the gas transportation network; and a 16-kilometer condensate pipeline.

One particularly sensitive issue of the project was the fact that the gas pipeline crosses areas populated by Guarani Indian communities. A team of 15 Community





More than
5,600 meters
deep



Production capacity / day
≈ **50,000 barrels**
of oil equivalent
(6,5 million cubic meters of gas
+ 6,000 barrels of condensates)



Investment
approximately
1.1 billion dollars

Liaison Officers was set up to build a constructive dialog with these populations. Their constant presence on the field to listen to concerns and anticipate potential problems has been key in creating a climate of trust. Beyond managing the environmental impact, the Group also wanted to create value for these communities by offering an ambitious societal program focusing on educational, sanitary and business development projects.

A major step forward for Bolivia and for Total, Incahuasi is a project with low technical costs and a long production plateau, which will contribute to the Group's production growth in 2016 and beyond. It will also contribute to offset the decline of existing fields and satisfy domestic demand, and needs relating to business contracts with Argentina and Brazil. A second development phase that could double production is currently under study.



Report

Retail network, innovating to serve our customers

Faced with pressure from competitors, new consumer trends and customer environmental concerns, Total has to keep pace and find new ideas for its service stations network. To anticipate future trends and adapt to them, the Group is relying on innovation, customer focus and quality services that go beyond its core business.



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Interview with Christian CABROL

France Retail and Fuel Cards Director

In a constantly changing market, the expectations of service stations customers are also evolving. How is the network adapting to these changes?

Expectations are changing, but one thing remains constant: sensitivity to the price of fuel. The network made its first change in 2011 to adapt to that reality, with the launch of Total Access.

Our customers are also increasingly sensitive to environmental issues. We need to offer products and solutions that help them use energy more responsibly, particularly in terms of energy efficiency. That is the rationale behind our Total Excellium gasoline and its new formula introduced in 2015, that quickly met with great success.

We also need to try and imagine now what tomor-

row's service stations will be like and pave the way for new fuels. Total is the leading European distributor for biofuels. In Germany, we are testing several pilot hydrogen fuel stations and have joined the H2 Mobility joint venture that aims to develop

400 hydrogen stations by 2025, including 150 for our network. We are also closely following the potential presented by liquefied or compressed natural gas for vehicles. These gases generate very few emissions in their compressed form and are interesting alternatives for garbage trucks and other heavy-goods vehicles. They are currently being tested in the north of France.

Besides new fuels, we have also integrated market evolutions with the AdBlue® solution we offer. It reduces nitrogen oxide emissions from trucks and will soon also be used in light vehicles.

By the end of 2016, 50 electric fast-charge stations will be added to our highway network. We are also negotiating with the main players of the electric vehicle market, such as Tesla.

While your competitors are aiming for low-cost solutions and automation, Total has chosen a completely different strategy.

That's right. With Total Access, we wanted to guarantee attractive fuel prices without compromising product quality, while keeping a diversified offer and a direct relationship with the customer. Our position was unique on the French market, but proved to be a winning strategy.

Throughout our network, we are now capitalizing on the basic strengths of the Total brand, which are a strong presence on the territory, superior quality fuels, actively listening to customer needs, and the efficient and constantly renewed Total GR card offer for professionals.

We have also added digital solutions that meet mobility needs such as free WiFi access and new payment methods (contactless payment systems, Apple Pay, etc.). We provide high-quality coffee and have recently introduced the Comptoir des Arômes coffee card, that can be recharged directly in service stations. All our network stations also run the range of les Essentiels, basic products that drivers may need on the road (food, drinks, car care products).

Besides these core products, how do you meet the different expectations of customers on a day-to-day basis?

Our service stations have recently been reorganized into several segments with the objective of improving the customer relationship and developing new services beyond our core business of fuel and lubricants.

Depending on the location and type of customer, we are offering additional services. Alongside Total Access, we have defined three types of service stations: Total Contact, Total Villes et Jalonnement (for cities) and Total sur Autoroutes (for highways). The objective of Total Contact is to develop customer services that meet the needs of local drivers, such as postal delivery, newspaper & magazine sales and car rentals.

In cities, we offer car services thanks to strong partnerships developed with Speedy and Carglass. We also launched the Total Wash car wash brand in 2012, which gained fast recognition and is set to develop even further.

On highways, where our objective is to provide a diversified and quality offer, we are partnering with companies that are well-known in their business line, and have created specific corners for them. These include Darty (kitchen & home appliances), la Grande Récré (toys) or Monoprix Textile (clothing), and popular food chains (Monop Daily, La Croissanterie, Mezzo di Pasta, etc.).

For professionals, we created specific "Business

Pro" areas, where they can find multi-service terminals with electric sockets, USB ports and tablet

to surf on the Internet, read the news and find out about the different services offered by Total.

It's clear that the network has to constantly innovate, but how do you manage to find new ideas?

Innovation starts by listening attentively to customers. In service stations, we have introduced digital tools such as the "Happy or not" terminals to analyze the customer experience. Total is one of the partners of Critizr, a business rating application for the general public, and is developing specific tools to collect customer ideas and opinions, such as the tilt.total.fr web platform.



We are also strongly committed to our in-house innovation process: the innovation challenges we regularly organize with our operators, and partnerships with other affiliates, such as the Think Tank Innovation between France, Senegal and Egypt. Regular exchanges with a large number of start-ups and the recent launch by the Group of the "start-up factory" give us the opportunity to think about new digital and mobility offers we can provide for our customers.

The ultimate aim of our constant focus on innovation is to keep on improving customer satisfaction.

The French retail network in 2015



2,200 service stations

under the Total and Total Access brands



Close to

10 million

cubic meters of fuels distributed



Close to

20 %

of market share



More than

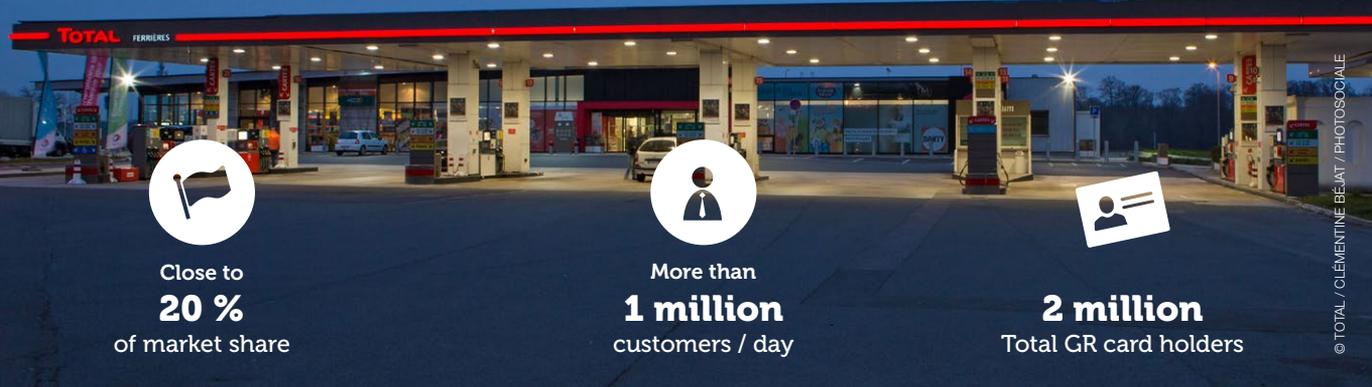
1 million

customers / day



2 million

Total GR card holders



Total Shareholders



Actionaria 2016, Come and meet Patrick Pouyanné

As in previous years, we are pleased to welcome you to the Actionaria exhibition which will take place on November 18 and 19 at the Palais de Congrès in Paris.

Join us on our **stand (C25)**, to follow the mini-conferences on retail innovation and talk with the Shareholder Relations team.

On Friday, November 18, at 1:00 p.m. you are invited to attend a conference given by Patrick Pouyanné, Chief Executive Officer of Total, in the Blue Room.

To receive your entrance tickets, please contact us at the following number 0 800 039 039,

0 800 039 039 Service & appel gratuits

before November 10.



The Shareholder Relations Department recognized by the AGEFI

The bronze governance prize for shareholder democracy, information transparency and communication quality was awarded to Total as part of AGEFI Governance Awards 2016.

Taxation

Exemption form

In order to be exempt from the 21% on the interim dividend deducted at source in 2017:

- ▶ Registered shareholders can download the exemption form on the **total.com** website, under the Investors heading, or obtain it directly from our authorized representative BNP Paribas Securities Services at **0 800 11 70 00** Service & appel gratuits
- ▶ Bearer shareholders should contact their financial broker to find out the procedure to be followed.

The form must be sent back to your financial broker **before November 30, 2016.**

For further information, consult the Shareholders' Guide 2016 on the **total.com** website, under the Investors heading (French only).

Dividends for fiscal 2016

The Shareholders' Meeting held on May 24, 2016, approved the possibility for each shareholder to receive payment of interim dividends in shares or in cash for fiscal 2016.

The ex-dividend date for the first quarterly interim dividend of €0.61 per share was September 27. You had until October 6 to communicate your decision to your financial broker. The dividend will be released for payment in cash or delivered in shares from October 14, 2016.

For further information on dividend payment in shares, consult the September issue of the Webzine on the **total.com** website, under the Investors heading.

The next ex-dividend dates are set for December 21, 2016, March 20, 2017 and June 5, 2017.

If you wish to strengthen your portfolio of Total shares and take advantage of the company's growth prospects, you can choose to be paid in new company shares without having to make a new purchase, thereby benefitting from a discount on the stock market price.

Averages for the 2^d quarter 2016 - Variations relative to the 1st quarter 2016



Market capitalization
on June 30, 2016

€ 109 billion



Total Share Price 

€ 42.4

+6,53 %





The Total Shareholders' Club is going digital.



As from January 1, 2017, the Shareholders' Club will be fully online.

Registrations for shareholder events will be carried out exclusively online, on the Shareholders' Club website: e-cercle.total.com (French only).

This system will give you more time to sign up and will also offer new features.

If you have not yet activated your account, contact our department to obtain your activation code.

Your contacts

For any questions you may have here about Total shares, to give us your feedback on the information provided or to change your personal data*, you can contact our department:

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Send us a message through the website total.com > Individual Shareholders heading (contact) ↗

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* Your personal data is treated in accordance with the law and you are entitled to access, amend or object to it by contacting our Shareholder Relations Department.



NEW

Share donation gift card

Would you like to donate shares?
Contact our department to receive a gift card to send with your donation.



For further information on donating shares, consult the Shareholders' Guide 2016 on the total.com website, under the Investors heading (French only). ↗

Upcoming events

- ▶ **November 18-19, 2016** Actionaria exhibition in Paris
- ▶ **November 23, 2016** Shareholders' Meeting in London
- ▶ **November 28, 2016** Shareholders' Meeting in Tours
- ▶ **December 21, 2016** Ex-dividend date for the 2nd interim dividend for 2016

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 Brent
\$ 45.6
 +34,51%

 Refining Margin
35 \$/ton
 -0,28%

 Dollar/Euro
1,13
 +2,73%



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Energizing life. Every day