

YPF SOCIEDAD ANONIMA

Form 20-F

May 16, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2011
Commission file number: 1-12102

YPF Sociedad Anónima

(Exact name of registrant as specified in its charter)

Republic of Argentina

(Jurisdiction of incorporation or organization)

Macacha Güemes 515

C1106BKK Ciudad Autónoma de Buenos Aires, Argentina

(Address of principal executive offices)

Gabriel E. Leiva

Director of Administration

Tel: (011-54-11) 5441-0970

Facsimile Number: (011-54-11) 5441-0232

Macacha Güemes 515

C1106BKK Ciudad Autónoma de Buenos Aires, Argentina

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of Each Class	Name of Each Exchange on Which Registered
American Depositary Shares, each representing one Class D Share, par value 10 pesos per share	New York Stock Exchange
Class D Shares	New York Stock Exchange*

* Listed not for trading but only in connection with the registration of American Depositary Shares.

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

None

Securities
for which

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there is a reporting obligation pursuant to Section 15(d) of the Act:
None

The number of outstanding shares of each class of stock of YPF Sociedad Anónima as of December 31, 2011 was:

Class A Shares	3,764
Class B Shares	7,624
Class C Shares	40,422
Class D Shares	393,260,983
	<u>393,312,793</u>

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

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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

Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer

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

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

Other

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes No

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Conversion Table

1 ton = 1 metric ton = 1,000 kilograms = 2,204 pounds

1 barrel = 42 U.S. gallons

1 ton of oil = approximately 7.3 barrels (assuming a specific gravity of 34 degrees API (American Petroleum Institute))

1 barrel of oil equivalent = 5,615 cubic feet of gas = 1 barrel of oil, condensate or natural gas liquids

1 kilometer = 0.63 miles

1 million Btu = 252 termies

1 cubic meter of gas = 35.3147 cubic feet of gas

1 cubic meter of gas = 10 termies

1,000 acres = approximately 4 square kilometers

References

YPF Sociedad Anónima is a stock corporation organized under the laws of the Republic of Argentina (Argentina). As used in this annual report, YPF, the Company, we, our and us refer to YPF Sociedad Anónima and its controlled and jointly controlled companies or, if the context requires, its predecessor companies. YPF Sociedad Anónima refers to YPF Sociedad Anónima only. Repsol YPF refers to Repsol YPF, S.A. and its consolidated companies. We maintain our financial books and records and publish our financial statements in Argentine pesos. In this annual report, references to pesos or Ps. are to Argentine pesos, and references to dollars, U.S. dollars or U.S.\$ are to United States dollars.

Disclosure of Certain Information

In this annual report, references to Audited Consolidated Financial Statements are to YPF's audited consolidated balance sheets as of December 31, 2011, 2010 and 2009, YPF's audited consolidated statements of income for the years ended December 31, 2011, 2010 and 2009, YPF's audited consolidated statements of cash flows for the years ended December 31, 2011, 2010 and 2009, YPF's audited consolidated statements of changes in shareholders' equity for the years ended December 31, 2011, 2010 and 2009, and the related notes thereto.

Unless otherwise indicated, the information contained in this annual report reflects:

for the subsidiaries that were consolidated using the global integration method at the date or for the periods indicated, 100% of the assets, liabilities and results of operations of such subsidiaries without excluding minority interests, and

for those subsidiaries whose results were consolidated using the proportional integration method, a *pro rata* amount of the assets, liabilities and results of operations for such subsidiaries at the date or for the periods indicated. For information regarding consolidation, see Note 1(a) to the Audited Consolidated Financial Statements.

The Audited Consolidated Financial Statements and other amounts derived from such Audited Consolidated Financial Statements included in this annual report reflect the effect of changes in the purchasing power of money by the application of the method for remeasurement in constant pesos through February 28, 2003. See Note 1(a) to the Audited Consolidated Financial Statements.

Certain monetary amounts and other figures included in this annual report have been subject to rounding adjustments. Any discrepancies in any tables between the totals and the sums of the amounts are due to rounding.

Forward-Looking Statements

This annual report, including any documents incorporated by reference, contains statements that we believe constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may include statements regarding the intent, belief or current expectations of us and our management, including statements with respect to trends affecting our financial condition, financial ratios, results of operations, business, strategy, geographic concentration, reserves, future hydrocarbon production volumes

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and the Company's ability to satisfy our long-term sales commitments from future supplies available to the Company, our ability to pay dividends in the future and to service our outstanding debt, dates or periods in which production is scheduled or expected to come onstream, as well as our plans with respect to capital expenditures, business, strategy, geographic concentration, cost savings, investments and dividends payout policies. These statements are not a guarantee of future performance and are subject to material risks, uncertainties, changes and other factors which may be beyond our control or may be difficult to predict. Accordingly, our future financial condition, prices, financial ratios, results of operations, business, strategy, geographic concentration, production volumes, reserves, capital expenditures, cost savings, investments and ability to meet our long-term sales commitments or pay dividends or service our outstanding debt could differ materially from those expressed or implied in any such forward-looking statements. Such factors include, but are not limited to, currency fluctuations, inflation, the price of petroleum products, the ability to realize cost reductions and operating efficiencies without unduly disrupting business operations, replacement of hydrocarbon reserves, environmental, regulatory and legal considerations, including the imposition of further government restrictions on the Company's business, changes in our business strategy and operations as a result of the recent change of control over the Company and the implementation of the Expropriation Law, our ability to find partners or raise funding under our current control, the ability to maintain the Company's concessions, and general economic and business conditions in Argentina, as well as those factors described in the filings made by YPF and its affiliates with the Securities and Exchange Commission, in particular, those described in Item 3. Key Information-Risk Factors below and Item 5. Operating and Financial Review and Prospects. YPF does not undertake to publicly update or revise these forward-looking statements even if experience or future changes make it clear that the projected results or condition expressed or implied therein will not be realized.

Oil and Gas Terms

Oil and gas reserves definitions used in this annual report are in accordance with Regulations S-X and S-K, as amended by the U.S. Securities and Exchange Commission's (SEC) final rule, Modernization of Oil and Gas Reporting (Release Nos. 33-8995; 34-59192; FR-78; File No. S7-15-08; December 31, 2008) and relevant guidance notes and letters issued by the SEC's Staff.

The reported reserves contained in this annual report include only our proved reserves and do not include probable reserves or possible reserves.

The following terms have the meanings shown below unless the context indicates otherwise:

acreage : The total area, expressed in acres or km², over which YPF has interests in exploration or production. Net acreage is YPF's interest in the relevant exploration or production area.

concession contracts : A grant of access for a defined area and time period that transfers certain entitlements to produce hydrocarbons from the host country to an enterprise. The company holding the concession generally has rights and responsibilities for the exploration, development, production and sale of hydrocarbon, and typically, an obligation to make payments at the signing of the concession and once production begins pursuant to applicable laws and regulations.

crude oil : Crude oil with respect to YPF's production and reserves includes condensate and natural gas liquids (NGL).

gas : Natural gas.

hydrocarbons : Crude oil and natural gas.

surface conditions : Represents the pressure and temperature conditions at which volumes of oil, gas, condensate and natural gas liquids are measured for report purpose. It is also referred to as standard conditions. For YPF these conditions are 14.7 psi for pressure and 60°F for temperature. All volume units expressed in this report are at surface conditions.

[Back to Contents](#)**Abbreviations:**

bbl	Barrels.
bcf	Billion cubic feet.
bcm	Billion cubic meters.
boe	Barrels of oil equivalent.
boe/d	Barrels of oil equivalent per day.
GWh	Gigawatt hours.
HP	Horse Power.
km	Kilometers.
km ²	Square kilometers.
liquids	Crude oil, condensate and natural gas liquids.
LNG	Liquefied natural gas.
LPG	Liquefied petroleum gas.
m	Thousand.
mdbl/d	Thousand barrels per day.
mcf	Thousand cubic feet.
mcm	Thousand cubic meters.
mboe/d	Thousand barrels of oil equivalent per day.
mm	Million.
mdbl	Million barrels.
mboe	Million barrels of oil equivalent.
mboe/d	Million barrels of oil equivalent per day.
mmBtu	Million British thermal units.
mmcf	Million cubic feet.
mmcf/d	Million cubic feet per day.
mmcm/d	Million cubic meters per day.
mtn	Thousand tons.
MW	Megawatts.
psi	Pound per square inch.
WTI	West Texas Intermediate.

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PART I

ITEM 1. Identity of Directors, Senior Managers and Advisers

Not applicable.

ITEM 2. Offer Statistics and Expected Timetable

Not applicable.

ITEM 3. Key Information

Selected Financial Data

The following tables present our selected financial and operating data. You should read this information in conjunction with our Audited Consolidated Financial Statements and related notes, and the information under Item 5. Operating and Financial Review and Prospects included elsewhere in this annual report.

The financial data as of December 31, 2011, 2010 and 2009 and for the years then ended is derived from our Audited Consolidated Financial Statements, which are included in this annual report. The financial data as of and for the years ended December 31, 2008 and 2007 is derived from our audited financial statements as of December 31, 2009, 2008 and 2007 (the Restated Audited Consolidated Financial Statements), included in our report on Form 6-K furnished to the SEC on March 14, 2011 (SEC Accession No. 0001208646-11-000114), which are not included in this annual report. The financial data as of December 31, 2009, 2008 and 2007 and for the years then ended included in this annual report reflects the effect of the restatement of our Argentine GAAP (as defined below) income tax expense, net income, earnings per ADS, accounts payable (when applicable), investments, other receivables, taxes payable and shareholders' equity from the amounts originally presented to give retroactive effect to a change in Argentine GAAP introduced in 2010 requiring that a formerly off-balance sheet Ps.1,180 million as of December 31, 2009, deferred tax liability be recognized in our financial statements, which had the effect of increasing Argentine GAAP net income by Ps.203 million, Ps.261 million and Ps.290 million in 2009, 2008 and 2007, respectively, and decreasing shareholders' equity by Ps. 1,180 million, Ps.1,383 million and Ps.1,644 million at December 31, 2009, 2008 and 2007, respectively. Our net income and shareholders' equity under U.S. GAAP were unaffected by this change in Argentine GAAP. For a discussion of this change, see Note 1(b) to our Audited Consolidated Financial Statements. Our audited financial statements have been prepared in accordance with generally accepted accounting principles in Argentina, which we refer to as Argentine GAAP and which differ in certain significant respects from generally accepted accounting principles in the United States, which we refer to as U.S. GAAP. Notes 12, 13 and 14 to our Audited Consolidated Financial Statements provide a description of the significant differences between Argentine GAAP and U.S. GAAP, as they relate to us, and a reconciliation to U.S. GAAP of net income and shareholders' equity as of December 31, 2011, 2010 and 2009 and for the years then ended.

On March 20, 2009, the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) approved Technical Resolution No. 26 on the Adoption of the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB). Such resolution was approved by the CNV through General Resolution No. 562/09 on December 29, 2009 (modified by General Resolution No. 576/10 on July 1, 2010), with respect to certain publicly-traded entities subject to Law No. 17,811. Compliance with such rules is mandatory for YPF for the fiscal year beginning on January 1, 2012, with transition date of January 1, 2011. Disclosures concerning the transition from Argentine GAAP to IFRS are provided in Note 16 to our Audited Consolidated Financial Statements. As a result of YPF's transition from Argentine GAAP to IFRS, which is mandatory for YPF for the fiscal year beginning on January 1, 2012, in future filings we will present financial information prepared in accordance with IFRS as issued by the IASB. Accordingly, we will no longer include a reconciliation to U.S. GAAP.

In this annual report, except as otherwise specified, references to \$, U.S.\$ and dollars are to U.S. dollars, and references to Ps. and pesos are Argentine pesos. Solely for the convenience of the reader, peso amounts as of and for the year ended December 31, 2011 have been translated into U.S. dollars at the exchange rate quoted

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by the Argentine Central Bank (*Banco Central de la República Argentina* or Central Bank) on December 31, 2011 of Ps.4.30 to U.S.\$1.00, unless otherwise specified. The exchange rate quoted by Central Bank on May 11, 2012 was Ps.4.44 to U.S.\$1.00. The U.S. dollar equivalent information should not be construed to imply that the peso amounts represent, or could have been or could be converted into U.S. dollars at such rates or any other rate. See [Exchange Rates](#).

Law No. 26,741, which was passed by the Argentine Congress on May 3, 2012 (the [Expropriation Law](#)), among other matters provided for the expropriation of 51% of the share capital of YPF represented by an identical stake of Class D shares owned, directly or indirectly, by Repsol YPF and its controlled or controlling entities. The expropriated shares, which have been declared of public interest, will be assigned as follows: 51% to the federal government and 49% to the governments of the provinces that compose the National Organization of Hydrocarbon Producing States. To ensure compliance with its objectives, the Expropriation Law provides that the National Executive Office, by itself or through an appointed public entity, shall exercise all the political rights associated with the shares subject to expropriation until the transfer of political and economic rights to the provinces that compose the National Organization of Hydrocarbon Producing States is completed. See [Risk Factors](#) [Risks Relating to Argentina](#) The Argentine federal government has taken control over the Company and will operate it according to domestic energy policies in accordance with the Expropriation Law, [Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government](#) The Expropriation Law and [Item 7. Major Shareholders and Related Party Transactions](#).

Furthermore, on April 16, 2012, the Company was notified, through a notarial certification, of Decree No. 530/12 of the National Executive Power, which provides for the temporary intervention of YPF (the [Intervention](#)) for a period of thirty (30) days (which is expected to be extended up to our next Shareholders meeting to be held on June 4, 2012), with the aim of securing the continuity of its business and the preservation of its assets and capital, securing fuel provision and the satisfaction of the country's needs and guaranteeing that the goals of the Expropriation Law, are met. See [Item 4. Information on the Company-Regulatory Framework and Relationship with the Argentine Government-The Expropriation Law](#). In accordance with Article 3 of Decree No. 530/2012, the powers conferred by YPF's bylaws on the Board and/or the President of the Company have been temporarily granted to Julio M. De Vido (the [Intervenor](#)). On May 7, 2012, through Decree No. 676/2012 of the National Executive Power, Mr. Miguel Matías Galuccio was appointed General Manager of the Company during the Intervention. See [Item 6. Directors, Senior Management and Employees-Management of the Company under the Intervention](#). Our next general shareholders meeting, expected to be held on June 4, 2012, will appoint the new members of our Board of Directors. Given the recent passage of the Expropriation Law, we are developing our new business plan and the related new investment, economic and dividend policy for the Company. Our new business plan will be designed in accordance with the goals set forth in the Expropriation Law. See [Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government](#) The Expropriation Law.

The information contained in this annual report for the three years ended December 31, 2011 has been derived from our Audited Consolidated Financial Statements, which were approved by our Board of Directors on March 21, 2012, despite the fact that our Class A shareholder, the Argentine federal government, voted against such financial statements. Following the passage of the Expropriation Law, the Argentine federal government has taken control over the Company (see [Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government](#) The Expropriation Law) and the shareholders meeting which had been called to approve our Audited Consolidated Financial Statements has been postponed until further notice. In furtherance of Decree No. 530/12, the Intervenor has approved the preparation and filing of this annual report with the aim of securing the continuity of the Company's business and the preservation of its assets and capital based on the Audited Consolidated Financial Statements and internal reports existing as of the date prior to the Intervention, whose content has been ratified exclusively by the Company's business areas and departments as of the date of this annual report.

In addition, certain of our concessions in Argentina have recently been revoked by the relevant authorities while the revocation of other concessions is currently being evaluated by the relevant authorities. See [Risk Factors](#) [Risks Relating to Argentina](#) Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions and [Item 8. Legal Proceedings-Arentina-Non-accrued, possible contingencies-Concessions on Hydrocarbon zones - Provincial claims](#). Depending on the outcome of the legal action brought by YPF to challenge these revocations and the negotiations initiated by the Intervenor and its delegates with the relevant provincial authorities, our past performance may not be indicative of future trends or results of the Company and the reserves and production amounts set forth in this annual report could be substantially reduced.

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As of and for Year Ended December 31,

	2011	2011	2010	2009 ⁽¹⁾	2008 ⁽¹⁾	2007 ⁽¹⁾
	(in millions of U.S.\$, except for per share and per ADS data)					
	(in millions of pesos, except for per share and per ADS data)					
Consolidated Income Statement Data:						
<i>Argentine GAAP</i> ⁽²⁾⁽⁵⁾						
Net sales ⁽³⁾⁽⁴⁾	13,185	56,697	44,162	34,320	34,875	29,104
Gross profit	3,434	14,765	14,263	11,143	10,862	10,104
Administrative expenses	(443)	(1,905)	(1,429)	(1,102)	(1,053)	(805)
Selling expenses	(866)	(3,723)	(3,015)	(2,490)	(2,460)	(2,120)
Exploration expenses	(133)	(574)	(344)	(552)	(684)	(522)
Operating income	1,992	8,563	9,475	6,999	6,665	6,657
Income/(Loss) on long-term investments	21	92	79	(9)	97	48
Other (expense)/income, net	(14)	(62)	(155)	159	(376)	(439)
Interest expense	(255)	(1,095)	(931)	(958)	(492)	(292)
Other financial income/(expense) and holding gains/(losses), net	174	748	552	(284)	318	810
Income from sale of long-term investments						5
Reversal/(impairment) of other current assets						69
Income before income tax	1,918	8,246	9,020	5,907	6,212	6,858
Income tax	(686)	(2,950)	(3,230)	(2,218)	(2,311)	(2,482)
Net income	1,232	5,296	5,790	3,689	3,901	4,376
Earnings per share and per ADS ⁽⁶⁾	3.13	13.47	14.72	9.38	9.92	11.13
Dividends per share and per ADS ⁽⁶⁾ (in pesos)	n.a.	14.15	11.30	12.45	23.61	6.00
Dividends per share and per ADS ⁽⁶⁾⁽⁷⁾ (in U.S. dollars)	n.a.	3.39	2.88	3.31	7.37	1.93
<i>U.S. GAAP</i>						
Net sales	12,648	54,385	42,459	32,931	33,103	27,746
Operating income	1,546	6,650	7,690	4,385	5,230	5,176
Net income	1,095	4,707	4,686	2,605	3,014	3,325
Earnings per share and per ADS ⁽⁶⁾ (in pesos)	n.a.	11.97	11.91	6.62	7.66	8.45
Consolidated Balance Sheet Data:						
<i>Argentine GAAP</i> ⁽²⁾⁽⁵⁾						
Cash	209	899	570	669	391	196
Working capital	(1,792)	(7,707)	(4,299)	(2,086)	(2,758)	4,077
Total assets	12,883	55,399	46,589	39,747	38,418	37,468
Total debt ⁽⁸⁾	2,969	12,767	7,789	6,819	4,479	994
Shareholders' equity ⁽⁹⁾	4,357	18,735	19,040	17,701	18,973	24,416
<i>U.S. GAAP</i>						
Total assets	14,952	64,292	53,753	46,544	44,251	40,746
Shareholders' equity	6,602	28,390	27,092	25,717	25,492	29,067
Other Consolidated Financial Data:						
<i>Argentine GAAP</i>						
Fixed assets depreciation	1,271	5,466	5,273	4,832	4,775	4,139

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Cash used in fixed asset acquisitions	2,858	12,289	8,729	5,636	7,035	6,163
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- (1) As restated.
- (2) The consolidated financial statements reflect the effect of changes in the purchasing power of money by the application of the method for remeasurement in constant Argentine pesos set forth in Technical Resolution No. 6 of the Argentine Federation of Professional Councils in Economic Sciences (F.A.C.P.C.E.) and taking into consideration General Resolution No. 441 of the National Securities Commission (CNV), which established the discontinuation of the remeasurement of financial statements in constant Argentine pesos as from March 1, 2003. See Note 1(a) to the Audited Consolidated Financial Statements.
- (3) Includes Ps.2,312 million for the year ended December 31, 2011, Ps.1,684 million for the year ended December 31, 2010, Ps.1,433 million for the year ended December 31, 2009, Ps.1,770 million for the year ended December 31, 2008 and Ps.1,350 million for the year ended December 31, 2007 corresponding to the proportional consolidation of the net sales of investees in which we hold joint control with third parties.

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- (4) Net sales are net to us after payment of a fuel transfer tax, turnover tax and customs duties on hydrocarbon exports. Royalty payments required to be made to a third party, whether payable in cash or in kind, which are a financial obligation, or are substantially equivalent to a production or similar tax, are accounted for as a cost of production and are not deducted in determining net sales. See Note 2(f) to the Audited Consolidated Financial Statements.
- (5) Argentine GAAP income tax expense, net income, earnings per ADS, accounts payable (when applicable), investments, other receivables, taxes payable and shareholders' equity at and for the years ended December 31, 2009, 2008 and 2007 have been restated to give retroactive effect to a change in Argentine GAAP introduced in 2010 requiring that a formerly off-balance sheet Ps.1,180 million deferred tax liability as of December 31, 2009, be recognized in our financial statements. This change had the effect of decreasing Argentine GAAP income tax expense and increasing Argentine GAAP net income by Ps.203 million, Ps.261 million and Ps.290 million in 2009, 2008 and 2007, respectively, and decreasing shareholders' equity by Ps.1,180 million, Ps.1,383 million and Ps.1,644 million at December 31, 2009, 2008 and 2007, respectively. Our net income and shareholders' equity under U.S. GAAP were unaffected by this change in Argentine GAAP. For a discussion of this change, see Note 1(b) to our Audited Consolidated Financial Statements.
- (6) Information has been calculated based on outstanding capital stock of 393,312,793 shares. Each ADS represents one Class D share. There were no differences between basic and diluted earnings per share and ADS for any of the years disclosed.
- (7) Amounts expressed in U.S. dollars are based on the exchange rate as of the date of payment.
- (8) Total debt under Argentine GAAP includes nominal amounts of long-term debt of Ps.4,654 million as of December 31, 2011, Ps.1,613 million as of December 31, 2010, Ps.2,140 million as of December 31, 2009, Ps.1,260 million as of December 31, 2008 and Ps.523 million as of December 31, 2007.
- (9) Our subscribed capital as of December 31, 2011 is represented by 393,312,793 shares of common stock and divided into four classes of shares, with a par value of Ps.10 and one vote per share. These shares are fully subscribed, paid-in and authorized for stock exchange listing.

Exchange Rates

From April 1, 1991 until the end of 2001, the Convertibility Law (Law No. 23,928) established a fixed exchange rate under which the Central Bank was obligated to sell U.S. dollars at one peso per U.S. dollar. On January 6, 2002, the Argentine Congress enacted the Public Emergency Law (Law No. 25,561, the Public Emergency and Foreign Exchange System Reform Law), formally putting an end to the Convertibility Law regime and abandoning over 10 years of U.S. dollar-peso parity. The Public Emergency Law, which has been extended until December 31, 2013 by Law 26,729, grants the executive branch of the Argentine government the power to set the exchange rate between the peso and foreign currencies and to issue regulations related to the foreign exchange market. Following a brief period during which the Argentine government established a temporary dual exchange rate system pursuant to the Public Emergency Law, the peso has been allowed to float freely against other currencies since February 2002 although the government has the power to intervene by buying and selling foreign currency for its own account, a practice in which it engages on a regular basis.

The following table sets forth the annual high, low, average and period-end exchange rates for U.S. dollars for the periods indicated, expressed in nominal pesos per U.S. dollar, based on rates quoted by the Central Bank. The Federal Reserve Bank of New York does not report a noon buying rate for Argentine pesos.

	<u>Low</u>	<u>High</u>	<u>Average</u>	<u>Period End</u>
(pesos per U.S. dollar)				
Year ended December 31,				
2007	3.05	3.18	3.12 ⁽¹⁾	3.15
2008	3.01	3.45	3.18 ⁽¹⁾	3.45
2009	3.45	3.85	3.75 ⁽¹⁾	3.80
2010	3.79	3.99	3.92 ⁽¹⁾	3.98
2011	3.97	4.30	4.15 ⁽¹⁾	4.30
Month				
November 2011	4.24	4.28	4.26	4.28
December 2011	4.28	4.30	4.29	4.30
January 2012	4.30	4.34	4.32	4.34
February 2012	4.33	4.36	4.35	4.36
March 2012	4.34	4.38	4.36	4.38
April 2012	4.38	4.42	4.40	4.42
May 2012 ⁽²⁾	4.43	4.44	4.43	4.44

Source: Central Bank

- (1) Represents the average of the exchange rates on the last day of each month during the period.

(2) Through May 11, 2012.

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No representation is made that peso amounts have been, could have been or could be converted into U.S. dollars at the foregoing rates on any of the dates indicated.

Exchange Controls

Prior to December 1989, the Argentine foreign exchange market was subject to exchange controls. From December 1989 until April 1991, Argentina had a freely floating exchange rate for all foreign currency transactions, and the transfer of dividend payments in foreign currency abroad and the repatriation of capital were permitted without prior approval of the Central Bank. From April 1, 1991, when the Convertibility Law became effective, until December 21, 2001, when the Central Bank closed the foreign exchange market, the Argentine currency was freely convertible into U.S. dollars.

On December 3, 2001, the Argentine government imposed a number of monetary and currency exchange control measures through Decree 1570/01, which included restrictions on the free disposition of funds deposited with banks and tight restrictions on transferring funds abroad (including the transfer of funds to pay dividends) without the Central Bank's prior authorization subject to specific exceptions for transfers related to foreign trade. Since January 2003, the Central Bank has gradually eased these restrictions and expanded the list of transfers of funds abroad that do not require its prior authorization (including the transfer of funds to pay dividends). In June 2003, the Argentine government set restrictions on capital flows into Argentina, which mainly consisted of a prohibition against the transfer abroad of any funds until 180 days after their entry into the country. In June 2005, the government established new regulations on capital flows into Argentina, including increasing the period that certain incoming funds must remain in Argentina to 365 calendar days and requiring that 30% of incoming funds be deposited with a bank in Argentina in a non-assignable, non-interest-bearing account for 365 calendar days. Under the exchange regulations currently in force, restrictions exist in respect of the repatriation of funds or investments by non-Argentine residents. For instance, subject only to limited exceptions, the repatriation by non-Argentine residents of funds received as a result of the sale of the Class D shares in the secondary market is subject to a limit of U.S.\$500,000 per person per calendar month. In order to repatriate such funds abroad, non-Argentine residents also are required to demonstrate that the funds used to make the investment in the Class D shares were transferred to Argentina at least 365 days before the proposed repatriation. The transfer abroad of dividend payments is currently authorized by applicable regulations to the extent that such dividend payments are made in connection with audited financial statements and are approved by a shareholders' meeting.

In recent months, additional foreign exchange regulations have been imposed to purchases of foreign currency and transfers of foreign currency abroad. Such regulations include the requirement for financial institutions to inform in advance and obtain approval from the Argentine Central Bank with respect to any foreign exchange transaction to be entered into through the foreign exchange market. See [Risk Factors](#) [Risks Relating to Argentina](#). We are subject to exchange and capital controls.

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Risk Factors

Risks Relating to Argentina

The Argentine federal government has taken control over the Company and will operate it according to domestic energy policies in accordance with the Expropriation Law

The Expropriation Law, which was passed by Congress on May 3, 2012, provided for the expropriation of 51% of the share capital of YPF represented by an identical stake of Class D shares owned, directly or indirectly, by Repsol YPF and its controlled or controlling entities. The expropriated shares, which have been declared of public interest, will be assigned as follows: 51% to the federal government and 49% to the governments of the provinces that compose the National Organization of Hydrocarbon Producing States. To ensure compliance with its objectives, the Expropriation Law provides that the National Executive Office, by itself or through an appointed public entity, shall exercise all the political rights associated with the shares subject to expropriation until the transfer of political and economic rights to the provinces that compose the National Organization of Hydrocarbon Producing States is completed. Moreover, pursuant to the Expropriation Law, each of the Argentine provinces receiving expropriated shares must enter a shareholder's agreement with the federal government which will provide for the unified exercise of its rights as a shareholder. See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law. In addition, the Argentine federal government is the sole holder of our Class A shares and the federal government and certain provincial governments are the holders of our Class B shares. See Risks Relating to Our Class D Shares and ADSs Certain strategic transactions require the approval of the holder of our Class A shares or may entail a cash tender offer for all of our outstanding capital stock. Consequently, the federal government and the governments of Argentine provinces will be able to determine substantially all matters requiring approval by a majority of our shareholders, including the election of a majority of our directors, and will be able to direct our operations and will be able to cause or prevent a change in our control.

Moreover, the Expropriation Law has declared achieving self-sufficiency in the supply of hydrocarbons as well as in the exploitation, industrialization, transportation and sale of hydrocarbons, a national public interest and a priority for Argentina. In addition, its stated goal is to guarantee socially equitable economic development, the creation of jobs, the increase of the competitiveness of various economic sectors and the equitable and sustainable growth of the Argentine provinces and regions. Given the recent passage of the Expropriation Law, we are developing our new business plan and the related new investment, economic and dividend policy for the Company. Our new business plan will be designed in accordance with the goals set forth in the Expropriation Law. See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law.

On April 16, 2012, the Company was notified, through a notarial certification, of Decree No. 530/12 of the National Executive Power, which provides for the Intervention of YPF for a period of thirty (30) days (which is expected to be extended up to our next Shareholders meeting to be held on June 4, 2012). See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law and Item 6. Directors, Senior Management and Employees-Management of the Company under the Intervention. In accordance with Article 3 of Decree No. 530/2012, the powers conferred by YPF's bylaws on the Board and/or the President of the Company have been temporarily granted to the Intervenor. On May 7, 2012, through Decree No. 676/2012 of the National Executive Power, Mr. Miguel Matías Galuccio was appointed General Manager of the Company during the Intervention. Our next general shareholders' meeting, expected to be held on June 4, 2012, will appoint the new members of our Board of Directors. Thirteen members of our senior management are suspended in their functions during the Intervention of the Company. We expect that the new Board of Directors to be appointed by our next general shareholders' meeting, expected to be held on June 4, 2012, confirm them or replace them by appointing new senior managers.

The information contained in this annual report for the three years ended December 31, 2011 has been derived from our Audited Consolidated Financial Statements, which were approved by our Board of Directors on March 21, 2012, despite the fact that our Class A shareholder, the Argentine federal government, voted against such financial statements. Following the passage of the Expropriation Law, the Argentine federal government has taken control over the Company (see Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law) and the shareholders' meeting which had been called to approve our Audited Consolidated Financial Statements has been postponed until further notice. In furtherance of Decree No. 530/12, the Intervenor has approved the preparation and filing of this annual report with the aim of securing the continuity of the Company's business and the preservation of its assets and capital based on the Audited Consolidated Financial Statements and internal reports existing as of the date prior to the Intervention, whose content has been ratified exclusively by the Company's business areas and departments as of the date of this annual report.

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A significant portion of our outstanding financial indebtedness contains covenants that prohibit a change in the control of the Company or a nationalization event and we may be required to repay some or all of our outstanding debt

A significant portion of our financial debt, totaling approximately U.S.\$1,600 million as of the date of this annual report (U.S.\$2,000 million as of December 31, 2011), provides that certain changes in control and/or nationalization events with respect to us may constitute an event of default. In addition, our outstanding financial indebtedness also contains cross-default provisions and/or cross-acceleration provisions that could cause all of our debt to be accelerated if the debt having changes in control and/or nationalization events provisions goes into default or is accelerated. While as of the date of this annual report we have not received any default notification or debt acceleration request, we may be required to repay some or all of our outstanding debt as a result of the passage of the Expropriation Law. Our management is actively pursuing formal waivers from the corresponding financial creditors. In case those waivers are not obtained and immediate repayment is required, the Company could face short-term liquidity problems. However Management expects that in such case it could obtain financing from several sources, including the Company's operating cash flows and available credit lines. See Item 5. Operating and Financial Review and Prospects Liquidity and Capital Resources Covenants in our indebtedness.

Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions

As of May 14, 2012, the provinces of Chubut, Santa Cruz, Mendoza, Salta, Río Negro and Neuquén had publicly announced that they would be terminating certain of our concessions there due to the Company's alleged failure to make adequate investments in exploration and production in those areas. Assets (net of deferred income tax liabilities and asset retirement obligations) related to the concessions revoked in 2012 totaled approximately Ps.283 million as of December 31, 2011 (0.51% of our total assets as of such date), had a production of approximately 13.5 mmbob in 2011 (7.6% of our production in 2011) and had proved reserves totaling approximately 88.3 mmbob as of December 31, 2011 (8.8% of our total proved reserves as of such date). Assets (net of deferred income tax liabilities and asset retirement obligations) related to the concessions whose revocation is currently being evaluated by the relevant authorities totaled approximately Ps.3,654 million as of December 31, 2011 (6.6% of our total assets as of such date), had a production of approximately 22.9 mmbob in 2011 (12.87% of our production in 2011) and had proved reserves totaling approximately 129.7 mmbob as of December 31, 2011 (12.92% of our total proved reserves as of such date). In addition, prior to the passage of the Expropriation Law, the provincial government of Santa Cruz stated that it may withdraw additional of the Company's concessions.

The Company has alleged that the revocation of these concessions was inappropriate. The Company has taken legal action to seek to prevent the termination of these concessions and management plans to continue to take such steps as necessary. See Item 8. Legal Proceedings Argentina Non-accrued, possible contingencies Concessions on Hydrocarbon zones - Provincial claim. In addition, following the passage of the Expropriation Law, the Intervenor and its delegates have initiated negotiations with the relevant provincial authorities so that the revocations and intimations referred to above are withdrawn. The governors of certain of these provinces have publicly manifested that they will reconsider the matter in view of the stated objectives of the Intervention and the Expropriation Law. However, as of the date of this annual report, we have not been notified of the withdrawal of any of these revocations or intimations. There can be no assurance that the Company will prevail in these proceedings or negotiations or that additional concessions will not be revoked by these or additional provinces. The termination of the concessions identified above would have a material adverse effect on our reserves, production and earnings. Accordingly, oil and gas information presented in this annual report as of and for the year ended December 31, 2011 may not be indicative of our current operations or of our oil and gas information as of and for the year ending December 31, 2012.

Our business is largely dependent upon economic conditions in Argentina

Substantially all of our operations, properties and customers are located in Argentina, and, as a result, our business is to a large extent dependent upon economic conditions prevailing in Argentina. The Argentine economy has experienced significant volatility in past decades, including numerous periods of low or negative growth and high and variable levels of inflation and devaluation. Since the most recent crisis of 2001 and 2002, Argentina's gross domestic product, or GDP, grew at an average annual real rate of approximately 8.5% from 2003 to 2008,

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although the growth rate decelerated to 0.9% in 2009 as a result of the global financial crisis, but recovered in 2010 and 2011, growing at an annual real rate of approximately 9%, according to preliminary official data. No assurances can be given that the current rate of growth will continue in 2012 or subsequent years or that the economy will not contract. Increased rates of inflation in Argentina could increase our costs of operation, in particular labor costs, and may negatively impact our results of operations and financial condition. See [Item 5. Operating and Financial Review and Prospects](#) [Factors Affecting Our Operations](#) [Macroeconomic Conditions](#). If economic conditions in Argentina were to deteriorate, it would likely have an adverse effect on our financial condition and results of operations.

Our domestic operations are subject to extensive regulation

The oil and gas industry is subject to government regulation and control. As a result, our business is to a large extent dependent upon regulatory and political conditions prevailing in Argentina and our results of operations may be adversely affected by regulatory and political changes in Argentina. Therefore, we face risks and challenges relating to government regulation and control of the energy sector, including those set forth below and elsewhere in these risk factors:

limitations on our ability to pass higher domestic taxes, increases in production costs, or increases in international prices of crude oil and other hydrocarbon fuels and exchange rate fluctuations through to domestic prices, or to increase local prices of natural gas (in particular for residential customers);

higher taxes on exports of hydrocarbons;

restrictions on hydrocarbon export volumes driven mainly by the requirement to satisfy domestic demand;

in connection with the Argentine government's policy to provide absolute priority to domestic demand, regulatory orders to supply natural gas and other hydrocarbon products to the domestic retail market in excess of previously contracted amounts;

restrictions on imports of products which could affect our ability to meet our delivery commitments or growth plans, as the case may be; and

the implementation or imposition of stricter quality requirements for petroleum products in Argentina.

The Argentine government has made certain changes in regulations and policies governing the energy sector to give absolute priority to domestic supply at stable prices in order to sustain economic recovery. As a result of the above-mentioned changes, for example, on days during which a gas shortage occurs, exports of natural gas (which are also affected by other government curtailment orders) and the provision of gas supplies to industries, electricity generation plants and service stations selling compressed natural gas are interrupted for priority to be given to residential consumers at lower prices. More recently, the Expropriation Law has declared achieving self-sufficiency in the supply of hydrocarbons as well as in the exploitation, industrialization, transportation and sale of hydrocarbons, a national public interest and a priority for Argentina. In addition, its stated goal is to guarantee socially equitable economic development, the creation of jobs, the increase of the competitiveness of various economic sectors and the equitable and sustainable growth of the Argentine provinces and regions. See [Item 4. Information on the Company](#) [Regulatory Framework and Relationship with the Argentine Government](#)-The Expropriation Law. See [Risks Relating to Argentina](#) The Argentine federal government has taken control over the Company and will operate it according to domestic energy policies in accordance with the Expropriation Law. Moreover, we cannot assure you that changes in applicable laws and regulations, or adverse judicial or administrative interpretations of such laws and regulations, will not adversely affect our results of operations. See [Item 4. Information on the Company](#) [Regulatory Framework and Relationship with the Argentine Government](#).

In January 2007, Law No. 26,197 was enacted, which, in accordance with Article 124 of the National Constitution, provided that Argentine provinces shall be the owners of the hydrocarbon reservoirs located within their territories. Pursuant to the law, the Argentine Congress is charged with enacting laws and regulations aimed at developing mineral resources within Argentina, while the provincial governments are responsible for enforcing

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these laws and administering hydrocarbon fields that fall within the territories of their respective provinces. Certain provincial governments, however, have construed the provisions of Law No. 26,197 and Article 124 to empower the provinces to enact their own regulations concerning exploration and production of oil and gas within their territories. There can be no assurance that regulations or taxes (including royalties) enacted or administered by the provinces will not conflict with federal law, and such taxes or regulations may adversely affect our operations and financial condition.

During 2012, the Argentine authorities have adopted a number of measures that have adversely affected our operations, including the revocation of certain of our concessions (see Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions), the temporary suspension of the benefits granted under the Refining Plus and Petroleum Plus programs (the effects of which extend to benefits accrued and not yet redeemed by YPF at the time of such suspension) and the implementation of a new procedure on jet fuel prices charged to certain domestic companies and fuel prices charged to public bus transportation companies (though the effects of the resolution relating to the fuel prices charged to public bus transportation companies have been temporarily suspended, see Item 8. Financial Information Legal proceedings Argentina Non-accrued, possible contingencies CNDC investigation).

Limitations on local pricing in Argentina may adversely affect our results of operations

In recent years, due to regulatory, economic and government policy factors, our domestic gasoline, diesel and other fuel prices have frequently lagged substantially behind prevailing international and regional market prices for such products. Likewise, the prices at which we sell natural gas in Argentina (particularly to the residential sector) are subject to government regulations and currently are substantially below regional market prices for natural gas. For additional information on domestic pricing for our products, see Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government Market Regulation. We cannot assure you that we will be able to increase the domestic prices of our products, and limitations on our ability to do so would adversely affect our financial condition and results of operations. Similarly, we cannot assure you that hydrocarbon prices in Argentina will match the increases or decreases in hydrocarbon prices at the international or regional levels.

On March 13, 2012, YPF was notified of Resolution No. 17/2012, issued by the Argentine Secretariat of Domestic Commerce, pursuant to which each of YPF, Shell Compañía Argentina de Petróleo, S.A. and ESSO Petrolera Argentina S.R.L were ordered to supply jet fuel for domestic and international air transport (whose price had previously tracked international prices) at a price net of taxes not to exceed 2.7% of the price net of taxes of medium octane gasoline (not premium) offered at its closest service station to the relevant airport, while maintaining its existing supply logistics and its usual supply quantities. According to a later clarification from the Secretary of Domestic Commerce, the beneficiaries of this measure are Aerolíneas Argentinas, S.A., Andes Líneas Aéreas S.A., Austral - Cielos del Sur, LAN Argentina, S.A. and Sol S.A. Líneas Aéreas. In addition, in said resolution, the Argentine Secretariat of Domestic Commerce indicated that it considered convenient to implement a price surveillance system to be implemented by the CNDC.

We are subject to direct and indirect export restrictions, which have affected our results of operations and caused us to declare force majeure under certain of our export contracts

The Argentine Hydrocarbons Law (Law No. 17,319) allows for hydrocarbon exports as long as they are not required for the domestic market and are sold at reasonable prices. In the case of natural gas, Law 24,076 and related regulations require that the needs of the domestic market be taken into account when authorizing long term natural gas exports.

During the last several years, the Argentine authorities have adopted a number of measures that have resulted in restrictions on exports of natural gas from Argentina. Due to the foregoing, we have been obliged to sell a part of our natural gas production previously destined for the export market in the local Argentine market and have not been able to meet our contractual gas export commitments in whole or, in some cases, in part, leading to disputes with our export clients and forcing us to declare *force majeure* under our export sales agreements. We believe that the measures mentioned above constitute *force majeure* events that relieve us from any contingent liability for the failure to comply with our contractual obligations, although no assurance can be given that this position will prevail.

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See Item 4. Information on the Company Exploration and Production Delivery commitments-Natural gas supply contracts, Item 4. Information on the Company Exploration and Production-The Argentine natural gas market, and Item 8. Financial Information Legal Proceedings.

Crude oil exports, as well as the export of most of our hydrocarbon products, currently require prior authorization from the Argentine Secretariat of Energy (pursuant to the regime established under Resolution S.E. No. 1679/04 as amended and supplemented by other regulation). Oil companies seeking to export crude oil or LPG must first demonstrate that the local demand for such product is satisfied or that an offer to sell the product to local purchasers has been made and rejected. Oil refineries seeking to export diesel fuel must also first demonstrate that the local demand of diesel is duly satisfied. Because domestic diesel production does not currently satisfy Argentine domestic consumption needs, we have been prevented since 2005 from selling diesel production in the export market, and thereby obliged to sell in the local market at prevailing domestic prices.

We are unable to predict how long these export restrictions will be in place, or whether any further measures will be adopted that adversely affect our ability to export gas, crude oil and diesel fuel or other products and, accordingly, our results of operations.

The implementation of new export duties and other taxes could adversely affect our results

Since 2002, new duties have been implemented on exports, and have been progressively increased over the years. Resolution 394/2007 of the Ministry of Economy and Production, published on November 16, 2007, amended the export duties on crude oil and other crude derivative products imposed in previous years. The new regime provides that when the WTI international price exceeds the reference price, which is fixed at U.S.\$60.9/barrel, the producer shall be allowed to collect at U.S.\$42/barrel, with the remainder being withheld by the Argentine government as an export tax. If the WTI international price is under the reference price but over U.S.\$45/barrel, a 45% withholding rate will apply. If such price is under U.S.\$45/barrel, the applicable export tax is to be determined by the Argentine government within a term of 90 business days. The withholding rate determined as indicated above also currently applies to diesel, gasoline and other crude derivative products. In addition, the calculation procedure described above also applies to other petroleum products and lubricants based upon different withholding rates, reference prices and prices allowed to producers. See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government Market Regulation.

With respect to natural gas products, Resolution No. 127/2008 of the Ministry of Economy and Production increased export duties applicable to natural gas exports from 45% to 100%, mandating a valuation basis for the calculation of the duty as the highest price established in any contract of any Argentine importer for the import of gas. Resolution No. 127/2008 provides with respect to LPG products (including butane, propane and blends thereof) that if the international price of the relevant LPG product, as notified daily by the Argentine Secretariat of Energy, is under the reference price established for such product in the Resolution (U.S.\$338/m³ for propane, U.S.\$393/m³ for butane and U.S.\$363/m³ for blends of the two), the applicable export duty for such product will be 45%. If the international price exceeds the reference price, the producer shall be allowed to collect the maximum amount established by the Resolution for the relevant product (U.S.\$233/m³ for propane, U.S.\$271/m³ for butane and U.S.\$250/m³ for blends of the two), with the remainder being withheld by the Argentine government as an export tax.

As a result of the aforementioned export tax increases, we may be and, in certain cases, have already been forced to seek the renegotiation of export contracts which had previously been authorized by the Argentine government. We cannot provide assurances that we will be able to renegotiate such contracts on terms acceptable to us.

The imposition of these export taxes has adversely affected our results of operations. We cannot assure you that these taxes will not continue or be increased in the future or that other new taxes will not be imposed.

We may be exposed to fluctuations in foreign exchange rates

Our results of operations are exposed to currency fluctuation and any devaluation of the peso against the U.S. dollar and other hard currencies may adversely affect our business and results of operations. The value of the peso

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has fluctuated significantly in the past and may do so in the future. We are unable to predict whether, and to what extent, the value of the peso may further depreciate or appreciate against the U.S. dollar and how any such fluctuations would affect our business.

We are subject to exchange and capital controls

In 2001 and 2002, as a result of the economic crisis, Argentina imposed exchange controls and transfer restrictions substantially limiting the ability of companies to retain foreign currency or make payments abroad. Decree No. 1722/2011, of October 26, 2011, reestablished Decree No. 2581/64 and requires oil and gas companies (including YPF), among other entities, to repatriate 100% of their foreign currency export receivables. See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government Repatriation of Foreign Currency. In recent months, additional foreign exchange restrictions have been imposed which restrict purchases of foreign currency and transfers of foreign currency abroad. Such restrictions include the requirement for financial institutions to inform in advance and obtain approval from the Argentine Central Bank with respect to any foreign exchange transaction to be entered into through the foreign exchange market. There can be no assurances regarding future modifications to exchange and capital controls. Exchange and capital controls could adversely affect our financial condition or results of operations and our ability to meet our foreign currency obligations and execute our financing plans.

Our access to international capital markets and the market price of our shares are influenced by the perception of risk in Argentina and other emerging economies.

International investors consider Argentina to be an emerging market. Economic and market conditions in other emerging market countries, especially those in Latin America, influence the market for securities issued by Argentine companies. Volatility in securities markets in Latin America and in other emerging market countries may have a negative impact on the trading value of our securities and on our ability and the terms on which we are able to access international capital markets.

Moreover, recent regulatory and policy developments in Argentina, including the passage of the Expropriation Law and the revocation of certain of our concessions, have led to considerable volatility in the market price of our shares and ADSs. YPF's share price has declined by approximately 50% since January 1, 2012. See The Argentine federal government has taken control over the Company and will operate it according to domestic energy policies in accordance with the Expropriation Law. These developments may have a material adverse effect on our ability to raise capital and the trading values of our securities. In addition, the recent downgrades in our credit ratings by Moody's and Fitch Ratings could further impair our capacity to raise capital in the international capital markets, in terms of access and cost, and limit the range of counterparties willing to enter into transactions with us.

A significant portion of our financial debt, totaling approximately U.S.\$1,600 million as of the date of this annual report (U.S.\$2,000 million as of December 31, 2011), provides that certain changes in control and/or nationalization events with respect to us may constitute an event of default. In addition, our outstanding financial indebtedness also contains cross-default provisions and/or cross-acceleration provisions that could cause all of our debt to be accelerated if the debt having changes in control and/or nationalization events provisions goes into default or is accelerated. While as of the date of this annual report we have not received any default notification or debt acceleration request, we may be required to repay some or all of our outstanding debt as a result of the passage of the Expropriation Law. Our management is actively pursuing formal waivers from the corresponding financial creditors. In case those waivers are not obtained and immediate repayment is required, the Company could face short-term liquidity problems. However Management expects that in such case it could obtain financing from several sources, including the Company's operating cash flows and available credit lines.

We may not be able to pay, maintain or increase dividends

Our ability to pay, maintain or increase dividends is based on many factors, including but not limited to the dividend amount distributed in respect of the previous financial year, our net income, anticipated levels of capital expenditures and expected levels of growth. A change in any such factor could affect our ability to pay, maintain or increase dividends, and the exact amount of any dividend paid may vary from year to year. Prior to the passage of the Expropriation Law, the Argentine government made repeated public statements that YPF has paid too much of

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its earnings in dividends and requested the Company to withhold dividend payments for 2010 and 2011 and invest the related funds in exploration and production activities in Argentina. In this context, in March 2012, our Board of Directors decided not to pay a cash dividend but rather offer a scrip dividend with respect to 2011 and remaining undistributed prior years' earnings. This proposal as well as our accounting documentation corresponding to Fiscal Year N° 35, ended December 31, 2011, are expected to be evaluated by our shareholders. On April 23, 2012 the Intervention of the Company has decided to suspend, until further notice, the call notice of the General Ordinary Shareholders' Meeting to be held on April 25, 2012, in order to guarantee the normality of the meeting and protect the interests of the Company and its shareholders and the transparency in the market. The agenda for that meeting includes the evaluation of our accounting documentation corresponding to Fiscal Year N° 35. We expect that the new members of our Board of Directors to be appointed at the General Ordinary Shareholders' Meeting of June 4, 2012 lift the aforementioned suspension. Our ability to pay cash dividend, irrespective of the level of our earnings, is uncertain in the current environment, including as a result of the passage of the Expropriation Law, and we may not pay cash dividends for the short term. See "The Argentine federal government has taken control over the Company and will operate it according to domestic energy policies in accordance with the Expropriation Law."

Risks Relating to the Argentine Oil and Gas Business and Our Business

Oil and gas prices could affect our level of capital expenditures

We budget capital expenditures related to exploration, development, refining and distribution activities by taking into account, among other things, market prices for our hydrocarbon products. In the event that current domestic prices for certain products prevail or decrease, our ability to improve our hydrocarbon recovery rates, find new reserves and carry out certain of our other capital expenditure plans is likely to be adversely affected, which in turn would have an adverse effect on our results of operations.

Our reserves and production are likely to decline

Argentina's oil and gas fields are mature and our reserves and production are likely to decline as reserves are depleted. While our efforts to replace reserves have allowed us to increase our proved reserves by 2.1% during 2011 after declining by 3.1% in 2010, our production has continued to decline in 2011 (production declined by approximately 8.4% and 5.7% in 2011 and 2010, respectively, on a boe basis). We are engaged in efforts to mitigate declines in our reserves and production by adding reserves through technological enhancements aimed at improving our recovery factors as well as through deepwater offshore exploration and development of tight gas. These efforts are subject to material risks and may prove unsuccessful due to risks inherent to the oil and gas industry.

In addition, in 2012, our reserves and production have been affected by the revocation of certain of our concessions in Argentina by the relevant provincial authorities. Assets (net of deferred income tax liabilities and asset retirement obligations) related to the concessions revoked in 2012 totaled approximately Ps.283 million as of December 31, 2011 (0.51% of our total assets as of such date), had a production of approximately 13.5 mmbob in 2011 (7.6% of our production in 2011) and had proved reserves totaling approximately 88.3 mmbob as of December 31, 2011 (8.8% of our total proved reserves as of such date). In addition, the revocation of other concessions in Argentina is currently being evaluated by the relevant provincial authorities. Assets (net of deferred income tax liabilities and asset retirement obligations) related to the concessions whose revocation is currently being evaluated by the relevant authorities totaled approximately Ps.3,654 million as of December 31, 2011 (6.6% of our total assets as of such date), had a production of approximately 22.9 mmbob in 2011 (12.87% of our production in 2011) and had proved reserves totaling approximately 129.7 mmbob as of December 31, 2011 (12.92% of our total proved reserves as of such date). In addition, prior to the passage of the Expropriation Law, the provincial government of Santa Cruz stated that it may withdraw additional of the Company's concessions. See "Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions" and Item 8. Legal Proceedings Argentina Non-accrued, possible contingencies Concessions on Hydrocarbon zones Provincial claims. While we have initiated legal action to protect our interests and the Intervenor and its delegates are in negotiations with the relevant provincial authorities, we cannot provide assurances that such action or negotiations will be successful or that additional concessions beyond those currently identified will not be revoked. In addition, the governors of certain of these provinces have publicly manifested that they will reconsider the matter in view of the stated objectives of the Intervention and the Expropriation Law. However, as of the date of this annual report, we have not been notified of the withdrawal of any of these revocations or intimations. Accordingly, oil and

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gas information presented in this annual report as of and for the year ended December 31, 2011 may not be indicative of our current operations or of our oil and gas information as of and for the year ending December 31, 2012.

Our oil and natural gas reserves are estimates

Our oil and gas 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 economic and operating conditions. The accuracy of proved reserve estimates depends on a number of factors, assumptions and variables, some of which are beyond our control. Factors susceptible to our control include drilling, testing and production after the date of the estimates, which may require substantial revisions to reserves estimates; the quality of available geological, technical and economic data used by us and our interpretation thereof; the production performance of our reservoirs and our recovery rates, both of which depend in significant part on available technologies as well as our ability to implement such technologies and the relevant know-how; the selection of third parties with which we enter into business; and the accuracy of our estimates of initial hydrocarbons in place, which may prove to be incorrect or require substantial revisions. Factors mainly beyond our control include changes in prevailing oil and natural gas prices, which could have an effect on the quantities of our proved reserves (since the estimates of reserves are calculated under existing economic conditions when such estimates are made); changes in the prevailing tax rules, other government regulations and contractual conditions after the date estimates are made (which could make reserves no longer economically viable to exploit); and certain actions of third parties, including the operators of fields in which we have an interest.

As a result of the foregoing, measures of reserves are not precise and are subject to revision. Any downward revision in our estimated quantities of proved reserves could adversely impact our financial results by leading to increased depreciation, depletion and amortization charges and/or impairment charges, which would reduce earnings and shareholders' equity.

The oil and gas industry is subject to particular economic and operational risks

Oil and gas exploration and production activities are subject to particular economic and industry-specific operational risks, some of which are beyond our control, such as production, equipment and transportation risks, and natural hazards and other uncertainties, including those relating to the physical characteristics of onshore and offshore oil or natural gas fields. Our operations may be curtailed, delayed or cancelled due to bad weather conditions, mechanical difficulties, oil or natural gas spills or leaks, shortages or delays in the delivery of equipment, compliance with governmental requirements, fire, explosions, blow-outs, pipe failure, abnormally pressured formations, and environmental hazards, such as oil spills, gas leaks, ruptures or discharges of toxic gases. If these risks materialize, we may suffer substantial operational losses and disruptions to our operations and harm to our reputation. Drilling may be unprofitable, not only with respect to dry wells, but also with respect to wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs are taken into account.

We may not have sufficient insurance to cover all the operating hazards that we are subject to

As discussed under "The oil and gas industry is subject to particular economic and operational risks" and "We may incur significant costs and liabilities related to environmental, health and safety matters," our exploration and production operations are subject to extensive economic, operational, regulatory and legal risks. We maintain insurance covering us against certain risks inherent in the oil and gas industry in line with industry practice, including loss of or damage to property and equipment, control-of well incidents, loss of production or income incidents, removal of debris, sudden and accidental seepage pollution, contamination and clean up and third-party liability claims, including personal injury and loss of life, among other business risks. However, our insurance coverage is subject to deductibles and limits that in certain cases may be materially exceeded by our liabilities. In addition, certain of our insurance policies contain exclusions that could leave us with limited coverage in certain events. See "Item 4. Information on the Company Insurance." In addition, we may not be able to maintain adequate insurance at rates or on terms that we consider reasonable or acceptable or be able to obtain insurance against certain risks that materialize in the future. If we experience an incident against which we are not insured, or

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the costs of which materially exceed our coverage, it could have a material adverse effect on our business, financial condition and results of operations.

Argentine oil and gas production concessions and exploration permits are subject to certain conditions and may not be renewed

The Hydrocarbons Law provides for oil and gas concessions to remain in effect for 25 years as from the date of their award, and further provides for the concession term to be extended for up to 10 additional years, subject to terms and conditions approved by the grantor at the time of the extension. The authority to extend the terms of current and new permits, concessions and contracts has been vested in the governments of the provinces in which the relevant area is located (and the federal government in respect of offshore areas beyond 12 nautical miles). In order to be eligible for the extension, any concessionaire and permit holder must have complied with its obligations under the Hydrocarbons Law and the terms of the particular concession or permit, including evidence of payment of taxes and royalties, the supply of the necessary technology, equipment and labor force and compliance with various environmental, investment and development obligations. Under the Hydrocarbons Law, non-compliance with these obligations and standards may also result in the imposition of fines and in the case of material breaches, following the expiration of applicable cure periods, the revocation of the concession or permit. The expiration of part of our concessions occurs in 2017. We cannot provide assurances that these concessions will be extended or that additional investment, royalty payment or other requirements will not be imposed on us in order to obtain extensions. The termination of, or failure to obtain the extension of, a concession or permit, our its revocation, could have a material adverse effect on our business and results of operations. See Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions.

Our acquisition of exploratory acreage and crude oil and natural gas reserves is subject to heavy competition

We face intense competition in bidding for crude oil and natural gas production areas, which are typically auctioned by governmental authorities, especially those areas with the most attractive crude oil and natural gas reserves. Some provinces of Argentina, including La Pampa, Neuquén and Chubut, have created provincial government-owned companies to develop activities in the oil and gas industry. Energía Argentina S.A. (ENARSA), the Argentine state-owned energy company, has also entered the market, particularly in the context of offshore exploration. As a result, the conditions under which we are able to access new exploratory or productive areas could be adversely affected.

We may incur significant costs and liabilities related to environmental, health and safety matters

Our operations, like those of other companies in the oil and gas industry, are subject to a wide range of environmental, health and safety laws and regulations in the countries in which we operate. These laws and regulations have a substantial impact on our operations and those of our subsidiaries, and could result in material adverse effects on our financial position and results of operation. A number of events related to environmental, health and safety matters, including changes in applicable laws and regulations, adverse judicial or administrative interpretations of such laws and regulations, changes in enforcement policy, the occurrence of new litigation or development of pending litigation, and the development of information concerning these matters, could result in new or increased liabilities, capital expenditures, reserves, losses and other impacts that could have a material adverse effect on our financial condition and results of operations. See Item 8. Financial Information?Legal Proceedings, Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government Argentine Environmental Regulations and Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government U.S. Environmental Regulations. Environmental, health and safety regulation and jurisprudence in Argentina is developing at a rapid pace and no assurance can be provided that such developments will not increase our cost of doing business and liabilities. In addition, due to concern over the risk of climate change, a number of countries have adopted, or are considering the adoption of, new regulatory requirements to reduce greenhouse gas emissions, such as carbon taxes, increased efficiency standards, or the adoption of cap and trade regimes. If adopted in Argentina, these requirements could make our products more expensive as well as shift hydrocarbon demand toward relatively lower-carbon sources such as renewable energies.

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We are party to a number of legal proceedings

As described under Item 8. Financial Information Legal Proceedings, we are party to a number of labor, commercial, civil, tax, criminal, environmental and administrative proceedings that, either alone or in combination with other proceedings, could, if resolved in whole or in part adversely to us, result in the imposition of material costs, fines, judgments or other losses. While we believe that we have provisioned such risks appropriately based on the opinions and advice of our external legal advisors and in accordance with applicable accounting rules, certain loss contingencies, particularly those relating to environmental matters, are subject to change as new information develops and it is possible that losses resulting from such risks, if proceedings are decided in whole or in part adversely to us, could significantly exceed any accruals we have provided.

Our business depends to a significant extent on our production and refining facilities and logistics network

Our oil and natural gas field facilities, refineries and logistics network are our principal production facilities and distribution network on which a significant portion of our revenues depends. Although we insure our properties on terms we consider prudent and have adopted and maintain safety measures, any significant damage to, accident or other production stoppage at our facilities or network could materially and adversely affect our production capabilities, financial condition and results of operations.

We could be subject to organized labor action

Although we consider our current relations with our workforce to be good, our operations have been affected by organized work disruptions and stoppages in the past and we cannot assure you that we will not experience them in the future, which could adversely affect our business and revenues. Labor demands are commonplace in Argentina's energy sector and unionized workers have blocked access to and damaged our plants in the recent past. Our operations were affected occasionally by labor strikes in recent years. See Item 5. Operating and Financing Review and Prospects Factors Affecting Our Operations Macroeconomic Conditions.

Risks Relating to Our Class D Shares and ADSs

The market price for our shares and ADSs may be subject to significant volatility

The market price of our ordinary shares and ADSs may fluctuate significantly due to a number of factors, including, among others, our actual or anticipated results of operations and financial condition; speculation over the impact of the Expropriation Law in our business and operations, investor perceptions of investments relating to Argentina and political and regulatory developments affecting our industry or the Company. In addition, recent regulatory and policy developments in Argentina, including the passage of the Expropriation Law and the revocation of certain of our concessions, have led to considerable volatility in the market price of our shares and ADSs. YPF's share price has declined by approximately 50% since January 1, 2012. These developments, as well as concerns about the implementation of new measures or decisions which further adversely affect our interests, may have a material adverse effect on the trading values of our securities.

We are currently not in compliance with NYSE continued listing requirements regarding our Audit Committee and are at risk of being delisted from the NYSE

Since the passage of Decree No. 530/12 of the National Executive Power, which provides for the Intervention of YPF, all powers, duties and responsibilities of the Audit Committee of the Company have been transferred to the government-appointed Intervenor. See Item 6. Directors, Senior Management and Employees-Management of the Company under the Intervention and Item 6. Directors, Senior Management and Employees-The Audit Committee. Accordingly, since April 16, 2012, the Company no longer has an audit committee that satisfies the requirements of Rule 10A-3 under the Securities Exchange Act of 1934, as amended. If we fail to cure this deficiency, NYSE rules provide that the NYSE may initiate suspension and delisting procedures with respect to our securities. The delisting of our ADSs would require any trading in these securities to occur in the over-the-counter market and could adversely affect the market prices and liquidity of the markets for these securities. If our ADSs are delisted from the NYSE, there may be a limited market for our ADSs, trading in our ADSs may become more difficult and the price of our ADSs could decrease even further. Specifically, you may not be able to resell your

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ADSs at or above the price you paid for such ADSs or at all. In addition, if our ADSs are delisted, our ability to raise additional capital would likely be impaired.

Certain strategic transactions require the approval of the holder of our Class A shares or may entail a cash tender offer for all of our outstanding capital stock

Under our by-laws, the approval of the Argentine government, the sole holder of our Class A shares, is required to undertake certain strategic transactions, including a merger, an acquisition that results in the purchaser holding 15% or more of our capital stock or an acquisition that results in the purchaser holding a majority of our capital stock, requiring consequently the approval of the National State (the holder of our Class A share) for such decisions.

In addition, under our by-laws, an acquisition that results in the purchaser holding 15% or more of our capital stock would require such purchaser to make a public cash tender offer for all of our outstanding shares and convertible securities, which could discourage certain investors from acquiring significant stakes in our capital stock. See Item 10. Additional Information Certain Provisions Relating to Acquisitions of Shares.

Restrictions on the movement of capital out of Argentina may impair your ability to receive dividends and distributions on, and the proceeds of any sale of, the Class D shares underlying the ADSs

Argentine law currently permits the government to impose temporary restrictions on capital movements in circumstances where a serious imbalance develops in Argentina's balance of payments or where there are reasons to foresee such an imbalance. Although the transfer of funds abroad in order to pay dividends currently does not require Central Bank approval, restrictions on the movement of capital to and from Argentina may, if imposed, impair or prevent the conversion of dividends, distributions, or the proceeds from any sale of Class D shares, as the case may be, from pesos into U.S. dollars and the remittance of the U.S. dollars abroad. The Argentine government has recently tightened U.S. dollar exchange regulations.

Under the terms of our deposit agreement with the depositary for the ADSs, the depositary will convert any cash dividend or other cash distribution we pay on the shares underlying the ADSs into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If this conversion is not possible for any reason, including regulations of the type described in the preceding paragraph, the deposit agreement allows the depositary to distribute the foreign currency only to those ADR holders to whom it is possible to do so. If the exchange rate fluctuates significantly during a time when the depositary cannot convert the foreign currency, you may lose some or all of the value of the dividend distribution.

Under Argentine law, shareholder rights may be different from other jurisdictions

Our corporate affairs are governed by our by-laws and by Argentine corporate law, which differ from the legal principles that would apply if we were incorporated in a jurisdiction in the United States or in other jurisdictions outside Argentina. In addition, rules governing the Argentine securities markets are different and may be subject to different enforcement in Argentina than in other jurisdictions.

Actual or anticipated sales of a substantial number of Class D shares could decrease the market prices of our Class D shares and the ADSs

The Petersen Group owns ADSs representing approximately 25.46% of our capital stock. In addition, as described in greater detail under Item 7. Major Shareholders and Related Party Transactions Registration Rights and Related Agreements, we have filed and undertaken to maintain an effective shelf registration statement for the benefit of the lenders under the senior secured term loan facility provided to Petersen Energía to enable it to enter into the Petersen Transaction (as defined in Item 7. Major Shareholders and Related Party Transactions). The lenders under the senior secured term loan facility, upon the acceleration of such facility following the occurrence and continuation of an event of default under such facility, will be able to freely sell up to approximately 25% of our outstanding capital stock under the shelf registration statement. Sales of a substantial number of Class D shares or ADSs by the Petersen Group, such lenders or any other present or future significant shareholder, or the anticipation of such sales, could decrease the trading price of our Class D shares and the ADSs. See Item 7. Major Shareholders

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and Related Party Transactions. The Petersen Group's ability to service its indebtedness under the senior secured term loan facility may be substantially adversely affected by our inability to pay cash dividends.

You may be unable to exercise preemptive, accretion or other rights with respect to the Class D shares underlying your ADSs

You may not be able to exercise the preemptive or accretion rights relating to the shares underlying your ADSs (see Item 10. Additional Information Preemptive and Accretion Rights) unless a registration statement under the U.S. Securities Act of 1933 (the Securities Act) is effective with respect to those rights or an exemption from the registration requirements of the Securities Act is available. We are not obligated to file a registration statement with respect to the shares relating to these preemptive rights, and we cannot assure you that we will file any such registration statement. Unless we file a registration statement or an exemption from registration is available, you may receive only the net proceeds from the sale of your preemptive rights by the depositary or, if the preemptive rights cannot be sold, they will be allowed to lapse. As a result, U.S. holders of Class D shares or ADSs may suffer dilution of their interest in our company upon future capital increases.

In addition, under the Argentine Corporations Law, foreign companies that own shares in an Argentine corporation are required to register with the Superintendency of Corporations (*Inspección General de Justicia*, or IGJ) in order to exercise certain shareholder rights, including voting rights. If you own our Class D shares directly (rather than in the form of ADSs) and you are a non-Argentine company and you fail to register with IGJ, your ability to exercise your rights as a holder of our Class D shares may be limited.

You may be unable to exercise voting rights with respect to the Class D shares underlying your ADSs at our shareholders' meetings

The depositary will be treated by us for all purposes as the shareholder with respect to the shares underlying your ADSs. As a holder of ADRs representing the ADSs being held by the depositary in your name, you will not have direct shareholder rights and may exercise voting rights with respect to the Class D shares represented by the ADSs only in accordance with the deposit agreement relating to the ADSs. There are no provisions under Argentine law or under our by-laws that limit the exercise by ADS holders of their voting rights through the depositary with respect to the underlying Class D shares. However, there are practical limitations on the ability of ADS holders to exercise their voting rights due to the additional procedural steps involved in communicating with these holders. For example, holders of our shares will receive notice of shareholders' meetings through publication of a notice in an official gazette in Argentina, an Argentine newspaper of general circulation and the bulletin of the BASE, and will be able to exercise their voting rights by either attending the meeting in person or voting by proxy. ADS holders, by comparison, will not receive notice directly from us. Instead, in accordance with the deposit agreement, we will provide the notice to the depositary. If we ask it to do so, the depositary will mail to holders of ADSs the notice of the meeting and a statement as to the manner in which instructions may be given by holders. To exercise their voting rights, ADS holders must then instruct the depositary as to voting the Class D shares represented by their ADSs. Due to these procedural steps involving the depositary, the process for exercising voting rights may take longer for ADS holders than for holders of Class D shares, and Class D shares represented by ADSs may not be voted as you desire. Class D shares represented by ADSs for which the depositary fails to receive timely voting instructions may, if requested by us, be voted as we instruct at the corresponding meeting.

In addition to the limitations referred to above, the Company has been recently notified of the preliminary injunction granted by a First Instance Labor Court in Tierra del Fuego Province, which provides for the temporal suspension of the exercise of the voting and economic rights attached to 45,215,888 of our ADSs. See Item 10. Additional Information Capital Stock.

Shareholders outside of Argentina may face additional investment risk from currency exchange rate fluctuations in connection with their holding of our Class D shares or the ADSs

We are an Argentine company and any future payments of dividends on our Class D shares will be denominated in pesos. The peso has historically fluctuated significantly against many major world currencies, including the U.S. dollar. A depreciation of the peso would likely adversely affect the U.S. dollar or other currency equivalent of any

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dividends paid on our Class D shares and could result in a decline in the value of our Class D shares and the ADSs as measured in U.S. dollars.

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ITEM 4. Information on the Company

History and Development of YPF

Overview

YPF is a limited liability company (*sociedad anónima*), incorporated under the laws of Argentina for an unlimited term. Our address is Macacha Güemes 515, C1106BKK Ciudad Autónoma de Buenos Aires, Argentina and our telephone number is (011-54-11) 5441-2000. Our legal name is YPF Sociedad Anónima and we conduct our business under the commercial name YPF .

We are Argentina's leading energy company, operating a fully integrated oil and gas chain with leading market positions across the domestic upstream and downstream segments. Our upstream operations consist of the exploration, development and production of crude oil, natural gas and LPG. Our downstream operations include the refining, marketing, transportation and distribution of oil and a wide range of petroleum products, petroleum derivatives, petrochemicals, LPG and bio-fuels. Additionally, we are active in the gas separation and natural gas distribution sectors both directly and through our investments in several affiliated companies. In 2011, we had consolidated net sales of Ps.56,697 million (U.S.\$13,185 million) and consolidated net income of Ps.5,296 million (U.S.\$1,232 million).

Most of our predecessors were state-owned companies with operations dating back to the 1920s. In November 1992, the Argentine government enacted the Privatization Law (Law No. 24,145), which established the procedures for our privatization. In accordance with the Privatization Law, in July 1993, we completed a worldwide offering of 160 million Class D shares that had previously been owned by the Argentine government. As a result of that offering and other transactions, the Argentine government's ownership interest in our capital stock was reduced from 100% to approximately 20% by the end of 1993.

Since 1999 and until the passage of the Expropriation Law (Law No. 26,741), we were controlled by Repsol YPF, an integrated oil and gas company headquartered in Spain with global operations. Repsol YPF owned approximately 99% of our capital stock from 2000 until 2008, when the Petersen Group purchased, in different stages, shares representing 15.46% of our capital stock. In addition, Repsol YPF granted certain affiliates of Petersen Energía an option to purchase up to an additional 10% of our outstanding capital stock, which was exercised in May 2011.

On May 3, 2012, the Argentine Congress passed the Expropriation Law. Among other matters, the Expropriation Law provided for the expropriation of 51% of the share capital of YPF represented by an identical stake of Class D shares owned, directly or indirectly, by Repsol YPF and its controlled or controlling entities. The expropriated shares, which have been declared of public interest, will be assigned as follows: 51% to the federal government and 49% to the governments of the provinces that compose the National Organization of Hydrocarbon Producing States. To ensure compliance with its objectives, the Expropriation Law provides that the National Executive Office, by itself or through an appointed public entity, shall exercise all the political rights associated with the shares subject to expropriation until the transfer of political and economic rights to the provinces that compose the National Organization of Hydrocarbon Producing States is completed. See Item 3. Key Information Risk Factors-Risks Relating to Argentina The Argentine federal government has taken control over the Company and will operate it according to domestic energy policies in accordance with the Expropriation Law, Regulatory Framework and Relationship with the Argentine Government The Expropriation Law and Item 7. Major Shareholders and Related Party Transactions.

Furthermore, on April 16, 2012, the Company was notified, through a notarial certification, of Decree No. 530/12 of the National Executive Power, which provides for the Intervention of YPF for a period of thirty (30) days (which is expected to be extended up to our next Shareholders meeting to be held on June 4, 2012), with the aim of securing the continuity of its business and the preservation of its assets and capital, securing fuel provision and the satisfaction of the country's needs, and guaranteeing that the goals of the Expropriation Law, are met. See Regulatory Framework and Relationship with the Argentine Government The Expropriation Law. In accordance with Article 3 of Decree No. 530/2012, the powers conferred by YPF's bylaws on the Board and/or the President of the Company have been temporarily granted to the Intervenor. On May 7, 2012, through Decree No. 676/2012 of the

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National Executive Power, Mr. Miguel Matías Galuccio was appointed General Manager of the Company during the Intervention. Our next general shareholders meeting, expected to be held on June 4, 2012, will appoint the new members of our Board of Directors. See Item 6. Directors, Senior Management and Employees-Management of the Company under the Intervention. Given the recent passage of the Expropriation Law, we are developing our new business plan and the related new investment, economic and dividend policy for the Company. Our new business plan will be designed in accordance with the goals set forth in the Expropriation Law. See Regulatory Framework and Relationship with the Argentine Government The Expropriation Law.

The information contained in this annual report for the three years ended December 31, 2011 has been derived from our Audited Consolidated Financial Statements, which were approved by our Board of Directors on March 21, 2012, despite the fact that our Class A shareholder, the Argentine federal government, voted against such financial statements. Following the passage of the Expropriation Law, the Argentine federal government has taken control over the Company (see Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law) and the shareholders meeting which had been called to approve our Audited Consolidated Financial Statements has been postponed until further notice. In furtherance of Decree No. 530/12, the Intervenor has approved the preparation and filing of this annual report with the aim of securing the continuity of the Company's business and the preservation of its assets and capital based on the Audited Consolidated Financial Statements and internal reports existing as of the date prior to the Intervention, whose content has been ratified exclusively by the Company's business areas and departments as of the date of this annual report.

In addition, certain of our concessions in Argentina have recently been revoked by the relevant authorities while the revocation of other concessions is currently being evaluated by the relevant authorities. See Item 3. Key Information Risk Factors Risks Relating to Argentina Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions and Item 8. Legal Proceedings Argentina Non-accrued, possible contingencies Concessions on Hydrocarbon zones Provincial claims. Depending on the outcome of the legal action brought by YPF to challenge these revocations and the negotiations initiated by the Intervenor and its delegates with the relevant provincial authorities, our past performance may not be indicative of future trends or results of the Company and the reserves and production amounts set forth in this annual report could be substantially reduced.

Upstream Operations

As of December 31, 2011, we held interests in more than 90 oil and gas fields in Argentina, accounting for approximately 39% of the country's total production of crude oil, excluding natural gas liquids, and approximately 37% of its total natural gas production, including natural gas liquids, in 2011, according to information provided by the Argentine Secretariat of Energy.

We had proved reserves, as estimated as of December 31, 2011, of approximately 585 mmbbl of oil, including condensates and natural gas liquids, and approximately 2,361 bcf of gas, representing aggregate reserves of approximately 1,004 mmboe.

In 2011, we produced approximately 100 mmbbl of oil (274 mbbbl/d), including condensates and natural gas liquids, and approximately 441 bcf of gas (1,208 mmcf/d).

Downstream Operations

We are Argentina's leading refiner with operations conducted at three wholly-owned refineries with combined annual refining capacity of approximately 116 mmbbl (319.5 mbbbl/d). We also have a 50% interest in Refinería del Norte, S.A. (Refinor), an entity jointly controlled with and operated by Petrobras Energía S.A., which has a refining capacity of 26.1 mbbbl/d.

Our retail distribution network for automotive petroleum products as of December 31, 2011 consisted of 1,557 YPF-branded service stations, and we estimate we held approximately 31% of all gasoline service stations in Argentina.

We are one of the leading petrochemical producers in Argentina and in the Southern Cone of Latin America, with operations conducted through our Ensenada and Plaza Huincul sites. In addition, Profertil S.A. (Profertil), a company that we jointly control with Agrium Holdco Spain S.L. (Agrium), is one of the leading producers of urea in the Southern Cone.

The following chart illustrates our organizational structure, including our principal subsidiaries, as of the date of this annual report.

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The map below illustrates the location of our productive basins, refineries, storage facilities and crude oil and multi-product pipeline networks as of December 31, 2011.

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For a description of our principal capital expenditures and divestitures, see Item 5. Operating and Financial Review and Prospects-Liquidity and Capital Resources-Capital investments, expenditures and divestitures.

The Argentine Market

Argentina is the second largest producer of natural gas and the fourth largest producer of crude oil in Central and South America, based on 2010 production, according to the 2010 edition of the BP Statistical Review of World Energy, published in June 2011.

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In response to the economic crisis of 2001 and 2002, the Argentine government, pursuant to the Public Emergency Law (Law No. 25,561), established export taxes on certain hydrocarbon products. In subsequent years, in order to satisfy growing domestic demand and abate inflationary pressures, this policy was supplemented by constraints on domestic prices, temporary export restrictions and subsidies on imports of natural gas and diesel. As a result, until 2008, local prices for oil and natural gas products had remained significantly below those prevalent in neighboring countries and international commodity exchanges.

After declining during the economic crisis of 2001 and 2002, Argentina's gross domestic product, or GDP, grew at an average annual real rate of approximately 8.5% from 2003 to 2008, although the growth rate decelerated to 0.9% in 2009 as a result of the global financial crisis, but recovered in 2010 and 2011, growing at an annual real rate of approximately 9%, according to preliminary official data. Driven by this economic expansion and stable domestic prices, energy demand has increased significantly during the same period, outpacing energy supply (which in the case of oil declined). For example, Argentine natural gas and diesel consumption grew at average annual rates of approximately 4.7% and 2.8%, respectively, during the period 2003-2010, according to the BP Statistical Review and the Argentine Secretariat of Energy. As a result of this increasing demand and actions taken by the Argentine regulatory authorities to support domestic supply, exported volumes of hydrocarbon products, especially natural gas, diesel and gasoline, declined steadily over this period. At the same time, Argentina has increased hydrocarbon imports, becoming a net importer of certain products, such as diesel, and increased imports of gas (including NGL). In 2003, Argentina's net exports of diesel amounted to approximately 1,349 mcm, while in 2011 its net imports of diesel amounted to approximately 1,995 mcm, according to information provided by the Argentine Secretariat of Energy. Significant investments in the energy sector are being carried out, and additional investments are expected to be required in order to support continued economic growth, as the industry is currently operating near capacity.

Demand for diesel in Argentina exceeds domestic production. In addition, the import prices of refined products have been in general substantially higher than the average domestic sales prices of such products, rendering the import and resale of such products less profitable. As a result, service stations experience temporary shortages and are required to suspend or curtail diesel sales. While we are engaged in efforts to operate our refineries near their capacity, during peak demand periods we are forced to prorate supplies among our service stations according to historical sales levels.

On May 3, 2012, the Expropriation Law was passed by Congress. The Expropriation Law has declared achieving self-sufficiency in the supply of hydrocarbons as well as in the exploitation, industrialization, transportation and sale of hydrocarbons, a national public interest and a priority for Argentina. In addition, its stated goal is to guarantee socially equitable economic development, the creation of jobs, the increase of the competitiveness of various economic sectors and the equitable and sustainable growth of the Argentine provinces and regions. See Regulatory Framework and Relationship with the Argentine Government The Expropriation Law.

History of YPF

Beginning in the 1920s and until 1990, both the upstream and downstream segments of the Argentine oil and gas industry were effectively monopolies of the Argentine government. During this period, we and our predecessors were owned by the state, which controlled the exploration and production of oil and natural gas, as well as the refining of crude oil and marketing of refined petroleum products. In August 1989, Argentina enacted laws aimed at the deregulation of the economy and the privatization of Argentina's state-owned companies, including us. Following the enactment of these laws, a series of presidential decrees were promulgated, which required, among other things, us to sell majority interests in our production rights to certain major producing areas and to undertake an internal management and operational restructuring program.

In November 1992, Law No. 24,145 (referred to as the Privatization Law), which established the procedures by which we were to be privatized, was enacted. In accordance with the Privatization Law, in July 1993, we completed a worldwide offering of 160 million Class D shares that had previously been owned by the Argentine government.

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As a result of that offering and other transactions, the Argentine government's ownership percentage in our capital stock was reduced from 100% to approximately 20% by the end of 1993.

In January 1999, Repsol YPF acquired 52,914,700 Class A shares in block (14.99% of our shares) which were converted to Class D shares. Additionally, on April 30, 1999, Repsol YPF announced a tender offer to purchase all outstanding Class A, B, C and D shares (the Offer). Pursuant to the Offer, in June 1999, Repsol YPF acquired an additional 82.47% of our outstanding capital stock. Repsol YPF acquired additional stakes in us from minority shareholders and other transactions in 1999 and 2000.

Between 2004 and 2005 we made non-strategic asset divestitures totaling U.S.\$239.5 million.

On February 21, 2008, Petersen Energía purchased 58,603,606 of our ADSs, representing 14.9% of our capital stock, from Repsol YPF for U.S.\$2,235 million. In addition, Repsol YPF granted certain affiliates of Petersen Energía options to purchase up to an additional 10.1% of our outstanding capital stock within four years. On May 20, 2008, PEISA exercised an option to purchase shares representing 0.1% of our capital stock. Additionally, PEISA launched a tender offer to purchase all of the shares of YPF that were not already owned by them at a price of U.S.\$49.45 per share or ADS. Repsol YPF, pursuant to its first option agreement with Petersen Energía, had stated that it would not tender YPF shares to PEISA. A total of 1,816,879 shares (including Class D shares and ADSs), representing approximately 0.462% of our total shares outstanding, were tendered. On May 3, 2011, PEISA exercised an option to acquire from Repsol YPF shares or ADSs representing 10.0% of our capital stock and on May 4, 2011, Repsol YPF acknowledged and accepted such exercise.

On May 3, 2012, the Argentine Congress passed the Expropriation Law. Among other matters, the Expropriation Law provided for the expropriation of 51% of the share capital of YPF represented by an identical stake of Class D shares owned, directly or indirectly, by Repsol YPF and its controlled or controlling entities. The expropriated shares, which have been declared of public interest, will be assigned as follows: 51% to the federal government and 49% to the governments of the provinces that compose the National Organization of Hydrocarbon Producing States. See Item 3. Key Information Risk Factors Risks Relating to Argentina The Argentine federal government has taken control over the Company and will operate it according to domestic energy policies in accordance with the Expropriation Law. As of the date of this annual report, the transfer of the expropriated shares between National Executive Office and the provinces that compose the National Organization of Hydrocarbon Producing States is still pending. According to Article 8 of the Expropriation Law, the distribution of the shares among the provinces that accept their transfer must be conducted in an equitable manner, considering their respective levels of hydrocarbon production and proved reserves. To ensure compliance with its objectives, the Expropriation Law provides that the National Executive Office, by itself or through an appointed public entity, shall exercise all the political rights associated with the shares subject to expropriation until the transfer of political and economic rights to the provinces that compose the National Organization of Hydrocarbon Producing States is completed. In addition, in accordance with Article 9 of the Expropriation Law, each of the Argentine provinces to which expropriated shares are allocated must enter a shareholder's agreement with the federal government which will provide for the unified exercise of its rights as a shareholder. See

Regulatory Framework and Relationship with the Argentine Government The Expropriation Law and Item 7. Major Shareholders and Related Party Transactions.

Furthermore, on April 16, 2012, the Company was notified, through a notarial certification, of Decree No. 530/12 of the National Executive Power, which provides for the Intervention of YPF for a period of thirty (30) days (which is expected to be extended up to our next Shareholders meeting to be held on June 4, 2012), with the aim of securing the continuity of its business and the preservation of its assets and capital, securing fuel provision and the satisfaction of the country's needs, and guaranteeing that the goals of the Expropriation Law, are met. See Regulatory Framework and Relationship with the Argentine Government The Expropriation Law. In accordance with Article 3 of Decree No. 530/2012, the powers conferred by YPF's bylaws on the Board and/or the President of the Company have been temporarily granted to the Intervenor. On May 7, 2012, through Decree No. 676/2012 of the National Executive Power, Mr. Miguel Matías Galuccio was appointed General Manager of the Company during the Intervention. Our next general shareholders' meeting, expected to be held on June 4, 2012, will appoint the new members of our Board of Directors. See Item 6. Directors, Senior Management and Employees Management of the Company under the Intervention. Given the recent passage of the Expropriation Law, we are developing our new business plan and the related new investment, economic and dividend policy for the Company.

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Our new business plan will be designed in accordance with the goals set forth in the Expropriation Law. See Regulatory Framework and Relationship with the Argentine Government The Expropriation Law.

In addition, certain of our concessions in Argentina have recently been revoked by the relevant authorities while the revocation of other concessions is currently being evaluated by the relevant authorities. See Item 3. Key Information-Risk Factors-Risks Relating to Argentina-Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions and Item 8. Legal Proceedings Argentina Non-accrued, possible contingencies Concessions on Hydrocarbon zones Provincial claims. Depending on the outcome of the legal action brought by YPF to challenge these revocations and the negotiations initiated by the Intervenor and its delegates with the relevant provincial authorities, our past performance may not be indicative of future trends or results of the Company and the reserves and production amounts set forth in this annual report could be substantially reduced.

Business Organization

We currently conduct our business according to the following organization:

Upstream, which consists of our Exploration and Production segment;

Downstream, which consists of our Refining and Marketing and Chemicals segments; and

Corporate and other, which consists of our Corporate and Other segment.

The Exploration and Production segment's sales to third parties in Argentina and abroad include sales of natural gas and services fees (primarily for the transportation, storage and treatment of hydrocarbons and products). In addition, crude oil produced by us in Argentina, or received from third parties in Argentina pursuant to service contracts, is transferred from Exploration and Production to Refining and Marketing at transfer prices established by us, which generally seek to approximate Argentine market prices.

The Refining and Marketing segment purchases crude oil from the Exploration and Production segment and from third parties. Refining and Marketing activities include crude oil refining and transportation, as well as the marketing and transportation of refined fuels, lubricants, LPG, compressed natural gas and other refined petroleum products in the domestic wholesale and retail markets and the export markets.

The Chemicals segment sells petrochemical products both in the domestic and export markets.

Additionally, we record certain assets, liabilities and costs under the Corporate and Other segment, including corporate administration costs and assets and certain construction activities, mainly related to the oil and gas industry, through our subsidiary A-Evangelista S.A. and its subsidiaries.

Substantially all of our operations, properties and customers are located in Argentina. However, we carry out exploration activities in the United States and Guyana, and hold an interest in a producing field in the United States and in two exploratory areas in Uruguay (see Exploration and Production Principal properties International properties). Additionally, we market lubricants and specialties in Brazil and Chile and carry out some construction activities related to the oil and gas industry in Uruguay, Bolivia, Brazil and Peru, through our 100% owned company A-Evangelista S.A. and its subsidiaries.

The following table sets forth net sales and operating income for each of our lines of business for the years ended December 31, 2011, 2010 and 2009:

For the Year Ended December 31,

	2011	2010	2009
--	------	------	------

(in millions of pesos)

Net Sales⁽¹⁾

Exploration and Production⁽²⁾

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To unrelated parties	3,814	4,611	4,757
To related parties	1,166	981	751

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	For the Year Ended December 31,		
	2011	2010	2009
	(in millions of pesos)		
Intersegment sales and fees ⁽³⁾	20,129	17,428	14,473
Total Exploration and Production	25,109	23,020	19,981
Refining and Marketing ⁽⁴⁾			
To unrelated parties	46,774	34,209	25,733
To related parties	1,004	917	627
Intersegment sales and fees	1,766	1,668	1,202
Total Refining and Marketing	49,544	36,794	27,562
Chemicals			
To unrelated parties	2,632	2,445	1,932
Intersegment sales and fees	2,188	1,871	1,105
Total Chemicals	4,820	4,316	3,037
Corporate and Other			
To unrelated parties	1,307	999	520
Intersegment sales and fees	651	358	350
Total Corporate and Others	1,958	1,357	870
Less intersegment sales and fees	(24,734)	(21,325)	(17,130)
Total net sales⁽⁵⁾	56,697	44,162	34,320
Operating Income (Loss)			
Exploration and Production	4,977	6,210	5,379
Refining and Marketing	3,649	3,313	1,896
Chemicals	1,451	874	559
Corporate and Other	(1,383)	(952)	(820)
Consolidation adjustments	(131)	30	(15)
Total operating income	8,563	9,475	6,999

- (1) Net sales are net to us after payment of a fuel transfer tax, turnover tax and customs duties on exports. Royalty payments required to be made to a third party, whether payable in cash or in kind, which are a financial obligation, or are substantially equivalent to a production or severance tax, are accounted for as a cost of production and are not deducted in determining net sales. See -Exploration and Production-Oil and gas production, production prices and production costs and Note 2 (f) to the Audited Consolidated Financial Statements.
- (2) Includes exploration costs in Argentina, Guyana and the United States and production operations in Argentina and the United States.
- (3) Intersegment sales of crude oil to Refining and Marketing are recorded at transfer prices established by us, which generally seek to approximate Argentine market prices.
- (4) Includes LPG activities.
- (5) Total net sales include export sales of Ps.6,770 million, Ps.5,678 million and Ps.4,904 million, for the years ended December 31, 2011, 2010 and 2009, respectively. The export sales were mainly to Chile and Brazil.

Exploration and Production

Principal properties

Our production is concentrated in Argentina and our domestic operations are subject to numerous risks. See Item 3. Key Information Risk Factors. Certain provinces in Argentina have recently requested YPF to submit statements of discharge in relation to the Company's alleged breach of its investment obligations with respect to

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certain concessions. As of the date of this annual report, certain of these concessions have been revoked by the relevant authorities while the revocation of other concessions is currently being evaluated by the relevant authorities. Assets (net of deferred income tax liabilities and asset retirement obligations) related to the concessions revoked in 2012 totaled approximately Ps.283 million as of December 31, 2011 (0.51% of our total assets as of such date), had a production of approximately 13.5 mmbob in 2011 (7.6% of our production in 2011) and had proved reserves totaling approximately 88.3 mmbob as of December 31, 2011 (8.8% of our total proved reserves as of such date). Assets (net of deferred income tax liabilities and asset retirement obligations) related to the concessions whose revocation is currently being evaluated by the relevant authorities totaled approximately Ps.3,654 million as of December 31, 2011 (6.6% of our total assets as of such date), had a production of approximately 22.9 mmbob in 2011 (12.87% of our production in 2011) and had proved reserves totaling approximately 129.7 mmbob as of December 31, 2011 (12.92% of our total proved reserves as of such date). In addition, prior to the passage of the Expropriation Law, the provincial government of Santa Cruz stated that it may withdraw additional of the Company's concessions. The Company has initiated legal action to challenge these revocations. In addition, following the passage of the Expropriation Law, the Intervenor and its delegates have initiated negotiations with the relevant provincial authorities so that the revocations and intimations referred to above are withdrawn. The governors of certain of these provinces have publicly manifested that they will reconsider the matter in view of the stated objectives of the Intervention and the Expropriation Law. However, as of the date of this annual report, we have not been notified of the withdrawal of any of these revocations or intimations. See Item 3. Key Information Risk Factors Risks Relating to Argentina Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions and Item 8. Legal Proceedings Argentina Non-accrued, possible contingencies Concessions on Hydrocarbon zones Provincial claims.

In addition, on May 3, 2012, the Expropriation Law was passed by Congress. The Expropriation Law has declared achieving self-sufficiency in the supply of hydrocarbons as well as in the exploitation, industrialization, transportation and sale of hydrocarbons, a national public interest and a priority for Argentina. Its stated goal is to guarantee socially equitable economic development, the creation of jobs, the increase of the competitiveness of various economic sectors and the equitable and sustainable growth of the Argentine provinces and regions. There may be changes in our business strategy and operations as a result of the Expropriation Law or otherwise resulting from the ongoing changes in our management. See Item 3. Key Information Risk Factors-Risks Relating to Argentina The Argentine federal government has taken control over the Company and will operate it according to domestic energy policies in accordance with the Expropriation Law and Regulatory Framework and Relationship with the Argentine Government The Expropriation Law.

The following table sets forth information with regard to YPF's developed and undeveloped acreage by geographic area as of December 31, 2011:

At December 31, 2011				
	Developed⁽¹⁾		Undeveloped⁽²⁾	
	Gross⁽³⁾	Net⁽⁴⁾	Gross⁽³⁾	Net⁽⁴⁾
(thousands of acres)				
South America	1,494	1,108	50,521	28,707
Argentina	1,494	1,108	42,520	23,419
Rest of South America ⁽⁵⁾			8,001	5,288
North America ⁽⁶⁾	17	3	282	160
Total	1,511	1,111	50,803	28,867

(1) Developed acreage is spaced or assignable to productive wells.

(2) Undeveloped acreage encompasses those leased acres on which wells have not been drilled or completed to a point that would permit the production of economic quantities of oil or gas regardless of whether such acreage contains proved reserves.

(3) A gross acre is an acre in which YPF owns a working interest.

(4) Net acreage equals gross acreage after deducting third party interests.

(5) Relates to Guyana, Uruguay and Paraguay. In the case of Paraguay, YPF's undeveloped acreage totaled 3,825 thousand acres as of December 31, 2011 and was related to a prospecting permit granted to YPF by Resolution 1703 of the Ministry

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of Public Works and Communications of Paraguay (*Ministerio de Obras Públicas y Comunicaciones*). The permit will expire on September 16, 2012, prior to which date YPF will have to communicate to the Directorate of Hydrocarbons of Paraguay its decision to extend for one year the referred permit, convert the related area into an exploration block or leave the area.

(6) Relates only to the United States.

As of December 31, 2011, none of our exploratory undeveloped acreage corresponded to exploration permits which will expire in 2012 in accordance with Law 17,319. However, as a result of the expiration in 2012 of the first, second or third exploration terms of certain of our exploration permits, we will be required to relinquish a fixed portion of the acreage related to each such expiring permit, as set forth in Law 17,319, as long as exploitable quantities of oil or gas are not discovered in such areas (in which case we may seek to obtain a declaration of their commercial viability from the relevant authorities, and the related areas would then be subject to exploitation concessions). Provided no such discoveries are made in 2012, we will be required to relinquish approximately 1.9 thousand square kilometers of exploratory undeveloped acreage (approximately 2.6% of our 73 thousand square kilometers of net exploratory undeveloped acreage as of December 31, 2011) during 2012. We are entitled to decide, according to our best interest, which portions of each of the exploration permits to keep, within the required relinquishment percentage. Therefore, the areas to be relinquished consist usually of acreage where drilling has not been successful and that are considered non-core lease acreage.

We do not have any material undeveloped acreage related to our production concessions expiring in the near term.

Additionally, as of May 14, 2012, the provinces of Chubut, Santa Cruz, Mendoza, Salta, Río Negro and Neuquén had publicly announced that they would be terminating certain of our concessions there due to the Company's alleged failure to make adequate investments in exploration and production in those areas. Net acreage related to the concessions revoked in 2012 totaled approximately 259 thousands of acres as of December 31, 2011. Net acreage related to the concessions whose revocation is currently being evaluated by the relevant authorities totaled approximately 2,231 thousands of acres as of December 31, 2011.

Argentine properties

Argentina is the second largest gas and fourth largest oil producing nation in Central and South America according to the 2010 edition of the BP Statistical Review of World Energy, published in June 2011. Oil has historically accounted for the majority of the country's hydrocarbon production and consumption, although the relative share of natural gas has increased rapidly in recent years. As of the date of this annual report, a total of 24 sedimentary basins have been identified in the country, according to the Plan Exploratorio Argentina (Argentina Exploratory Plan) described below. Six of these are combined onshore/offshore and three are entirely offshore. Argentina's total onshore acreage is composed of approximately 408 million acres, and total offshore acreage consists of 194 million acres on the South Atlantic shelf within the 200-meter depth line. A substantial portion of the country's estimated 602 million acres in sedimentary basins has yet to be evaluated by exploratory drilling. Commercial production is concentrated in five basins: Neuquina, Cuyana and Golfo San Jorge in central Argentina, Austral in southern Argentina (which includes onshore and offshore fields), and the Noroeste basin in northern Argentina. The Neuquina and Golfo San Jorge basins are the most significant basins for our activities in Argentina.

The following table shows our gross and net interests in productive oil and gas wells in Argentina by basin, as of December 31, 2011:

Basin	Wells ⁽¹⁾⁽²⁾⁽³⁾			
	Oil		Gas	
	Gross	Net	Gross	Net
<i>Onshore</i>	11,559	9,818	828	529
Neuquina	3,620	3,050	681	466
Golfo San Jorge	6,975	6,119	37	37
Cuyana	797	700		

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Basin	Wells ⁽¹⁾⁽²⁾⁽³⁾			
	Oil		Gas	
	Gross	Net	Gross	Net
Noroeste	30	9	57	14
Austral	137	41	53	12
<i>Offshore</i>			8	4
Total	11,559	9,919	836	533

(1) In addition to productive oil and gas wells located in Argentina, we have interests in oil wells located in the United States (7 gross wells and 1 net well, as of December 31, 2011).

(2) A gross well is a well in which YPF owns a working interest. A net well is deemed to exist when the sum of fractional ownership working interests in gross wells equals one. The number of net wells is the sum of the fractional working interests owned in gross wells expressed as whole numbers and fractions of whole numbers.

(3) Gross and net wells include one oil well and three gas wells with multiple completions.

The table below provides certain information with respect to our net working interests in our principal oil and gas fields in Argentina at December 31, 2011, all of which are mature:

Areas ⁽¹⁾	Interest %	Production 2011		Proved Reserves as of December 31, 2011			Basin / Location	Development Stage of the area
		Oil (mdbl)	Gas (mmcf)	Oil (mdbl)	Gas (mmcf)	BOE (mboe)		
Loma La Lata	100%	14,870	182,496	78,813	1,083,583	271,793	Neuquina	Mature Field
Los Perales ⁽²⁾	100%	4,364	9,377	38,140	55,288	47,987	Golfo San Jorge	Mature Field
San Roque	34%	2,735	39,684	11,032	178,514	42,824	Neuquina	Mature Field
Chihuido La Salina	100%	4,569	13,921	19,604	80,733	33,982	Neuquina	Mature Field
El Portón	100%	2,612	15,362	12,902	112,673	32,968	Neuquina	Mature Field
Chihuido Sierra Negra	100%	6,523	1,702	28,616	8,838	30,190	Neuquina	Mature Field
Seco León ⁽³⁾	100%	3,302	3,007	24,758	13,161	27,102	Golfo San Jorge	Mature Field
Barranca Baya ⁽³⁾	100%	3,103	644	26,088	4,759	26,935	Golfo San Jorge	Mature Field
Puesto Hernández	79%	3,036		26,731		26,731	Neuquina	Mature Field
Acambuco	22%	371	16,994	2,296	135,226	26,379	Noroeste	Mature Field
Manantiales Behr ⁽³⁾	100%	6,841	4,467	22,815	10,717	24,723	Golfo San Jorge	Mature Field
Aguada Toledo Sierra Barrosa	100%	824	26,932	7,966	89,942	23,984	Neuquina	Mature Field
Vizcacheras	100%	2,937	437	22,396	3,176	22,962	Cuyana	Mature Field
CNQ 7A	50%	4,493		22,361		22,361	Neuquina	Mature Field
Magallanes	56%	361	5,364	4,137	97,204	21,449	Austral	Mature Field

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Barrancas	100%	2,065	114	20,167	1,057	20,356	Cuyana	Mature Field
La Ventana								
Central	(4)	1,498	177	19,429	2,776	19,924	Cuyana	Mature Field
Cerro								
Fortunoso	100%	1,657		18,848		18,848	Neuquina	Mature Field
Desfiladero								
Bayo	100%	2,897	126	18,094	1,578	18,375	Neuquina	Mature Field
Aguada								
Pichana	27%	1,986	33,021	4,166	77,985	18,055	Neuquina	Mature Field
Tierra del								
Fuego	30%	784	14,989	3,482	74,951	16,830	Austral	Mature Field
Chihuido La								
Salina Sur	100%	1,473	10,611	5,777	40,318	12,957	Neuquina	Mature Field
Lomas del							Golfo San	
Cuy ⁽³⁾	100%	2,024	630	11,627	6,528	12,790	Jorge	Mature Field

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- (1) Exploitation areas.
 - (2) The concession relating to this area has been revoked by the relevant authorities. See Item 3. Key Information Risk Factors-Risks Relating to Argentina Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions and Item 8. Legal Proceedings Argentina Non-accrued, possible contingencies Concessions on Hydrocarbon zones Provincial claims.
 - (3) The revocation of the concession relating to this area is currently being evaluated by the relevant authorities. See Item 3. Key Information-Risk Factors Risks Relating to Argentina Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions and Item 8. Legal Proceedings-Argentina Non-accrued, possible contingencies Concessions on Hydrocarbon zones Provincial claims.
 - (4) 69.6% for crude oil and 60% for natural gas liquids and natural gas.
- As of December 31, 2011, approximately 82% of our proved crude oil reserves in Argentina were concentrated in the Neuquina (48%) and Golfo San Jorge (34%) basins, and approximately 94% of our proved gas reserves in Argentina were concentrated in the Neuquina (76%), Noroeste (11%) and Austral (7%) basins.

As of December 31, 2011, YPF held 141 exploration permits and production concessions in Argentina. YPF directly operates 103 of them, including 43 exploration permits and 60 production concessions.

Exploration permits. As of December 31, 2011, YPF held 48 exploration permits in Argentina, 44 of which were onshore exploration permits and four of which were offshore exploration permits. YPF had 100% ownership of three onshore permits, and its participating interests in the rest varied between 40% and 90%. YPF had 100% ownership of one offshore permit, and its participating interests in the rest varied between 30% and 35%.

Production concessions. As of December 31, 2011, YPF had 93 production concessions in Argentina. YPF had a 100% ownership interest in 54 production concessions, and its participating interests in the remaining 39 production concessions varied between 12.2% and 98%. As of the date of this annual report, 7 of these production concessions have been revoked by the relevant authorities, and the revocation of 21 of these production concessions is currently being evaluated by the relevant authorities.

Our production declines in recent periods are attributable mainly to the continuing maturity of our fields, although work stoppages and pipeline issues have on occasion also contributed to production declines and capital project delays. During the year 2011, a series of labor and community conflicts resulted in lost production of approximately 9.6 mmbob in areas we operate.

Joint ventures and contractual arrangements in Argentina.

As of December 31, 2011, we participated in 44 exploration and 27 production joint ventures and contractual arrangements (24 of which were not operated by YPF) in Argentina. Our interests in these joint ventures and contractual arrangements ranged from 12.2% to 98%, and our obligations to share exploration and development costs varied under these agreements. In addition, under the terms of some of these joint ventures, we have agreed to indemnify our joint venture partners in the event that our rights with respect to such areas are restricted or affected in such a way that the purpose of the joint venture cannot be achieved. For a list of the main exploration and production joint ventures in which we participated as of December 31, 2011, see Note 6 to the Audited Consolidated Financial Statements. We are also a party to a number of other contractual arrangements that arose through the renegotiation of service contracts and risk contracts. The concession relating to one of our joint ventures was terminated by the authorities of Chubut. While we have initiated legal action to challenge this revocation, if we do not prevail in the relevant proceedings we expect this joint venture to terminate. Assets (net of deferred income tax liabilities and asset retirement obligations) related to such joint venture (and the related concession) totaled approximately Ps.66 million as of December 31, 2011 (0.12% of our total assets as of such date), had a production of approximately 0.9 mmbob in 2011 (0.50% of our production in 2011) and had proved reserves totaling 4.9 mmbob as of December 31, 2011 (0.49% of our total proved reserves as of such date). See Item 3. Key Information Risk Factors Risks Relating to Argentina Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions and Item 8. Legal Proceedings Argentina Non-accrued, possible contingencies Concessions on Hydrocarbon zones Provincial claims.

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International properties

United States. As of December 31, 2011, we had mineral rights in 54 blocks in the United States, comprised of 49 exploratory blocks, with a net surface area of 647 square kilometers and five development blocks, with a net surface area of 17 square kilometers. Our U.S. subsidiaries' net proved reserves in these properties in the United States as of December 31, 2011 were 0.9 mmbbl. Our U.S. subsidiaries' net hydrocarbon production in these properties in the United States for 2011 was 0.5 mmbbl.

The Neptune Field is located approximately 120 miles from the Louisiana coast within the deepwater region of the Central Gulf of Mexico. The unitized field area comprises Atwater Valley Blocks 573, 574, 575, 617 and 618. Our indirect subsidiary, Maxus U.S. Exploration Company, has a 15% working interest in the field. The other joint venture participants are BHP Billiton (35%), Marathon Oil Corp. (30%) and Woodside Petroleum Ltd (20%). BHP Billiton is the operator of the Neptune Field and the associated production facilities. The Neptune reserves are being produced using a standalone, tension leg platform (TLP) located in Green Canyon Block 613 within 4,230 feet of water. Production began on July 8, 2008. The platform supports seven sub-sea development wells which are tied back to the TLP via a subsea gathering system.

In 2011, YPF Holdings Inc. (YPF Holdings) participated in the drilling of the Coronado exploration prospect in the Gulf of Mexico with a net interest of 15%. YPF Holdings' total net investment was U.S.\$21.2 million. The well was abandoned due to technical reasons.

In addition, YPF Holdings has entered into various operating agreements and capital commitments associated with the exploration and development of its oil and gas properties. Such contractual, financial and/or performance commitments are not material, except for commitments related to the Neptune Project located in the vicinity of the Atwater Valley Area, Blocks 573, 574, 575, 617 and 618. Total commitments remaining as of December 31, 2011 for the Neptune Project are minimum pipeline transportation payment obligations of U.S.\$9 million.

Our operations in the United States, through YPF Holdings, are subject to certain environmental claims. See Environmental Matters YPF Holdings Operations in the United States.

Guyana. As of December 31, 2011, YPF held, through YPF Guyana Ltd., a wholly-owned subsidiary of YPF International, S.A., a 30% working interest in a petroleum prospecting license (the Petroleum Prospecting License) as part of a petroleum agreement (the Petroleum Agreement) in connection with the Georgetown block, offshore Guyana. The surface exploratory area attributable to YPF Guyana Ltd.'s working interest is 2,520 square kilometers, which represents approximately 622.7 thousand undeveloped acres. The Petroleum Prospecting License expires on November 25, 2012 and, in accordance with an Addendum to the Petroleum Agreement entered into with the Guyana government on September 28, 2011, YPF agreed to begin drilling an exploration well before the end of 2011.

In October 2011, the Georgetown block consortium approved the 2012 Budget that included U.S.\$159.13 million (U.S.\$47.74 million, considering YPF Guyana Ltd.'s working interest) for the Jaguar-1 exploration well. The consortium has agreed on the location of the Jaguar-1 well, with a total depth of 21,450 ft. The Georgetown block consortium agreed to contract a jackup drilling rig (Atwood Beacon, from Atwood Oceanics), and upgrade it for a high pressure/high temperature well. The Atwood Beacon drilling jackup commenced drilling operations on December 5, 2011, fulfilling the contractual obligation of the Petroleum Agreement and the subsequent Addendum; and drilling operations are ongoing. The entire operation is expected to take approximately 180 days to complete, including hydrocarbon appraisal, plug and abandonment.

Peru. After participating in exploratory rounds, we expect that blocks 180, 182 and 184 in Huallaga basin and 176 in Ucayali basin will be officially allocated by the Peruvian Government to the Consortium to which YPF belongs. YPF holds a 25% share in the Consortium formed with Repsol YPF (which is the operator with a 25% interest) and Ecopetrol (50%). During the first two exploratory periods (30 months) following the official allocation of these blocks, the activity to be performed will consist in the re-processing of existing seismic data and the recording of 1,150 km of 2D seismic data.

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Colombia. Our participation in five blocks was negotiated in Colombia during 2011: Catguas A and B, Carboneras, COR12, COR14 and COR33. The first two blocks are located in Catatumbo basin, while the remaining three are located in the Cordillera Oriental basin.

As of the date of this annual report, the official allocation of these blocks and the required approvals of the competent state bodies are pending. YPF's share in these blocks will range from 10% to 60% and is expected to be the operator of four of them. The total surface of the new mining domain is 3,398 km². The exploratory activity to be performed in the two years following the official allocation of these blocks will be the acquisition of 180 km of 2D seismic and 50 km² of 3D seismic data and the drilling of two boreholes.

Paraguay. The Manduvira Prospecting Permit was awarded 100% to YPF in September 2011. It covers a total surface of 15,475 km² and is located in the Eastern area of Paraguay, within the scope of the Chacoparaná basin. YPF's goal in this area is to explore unconventional resources and the scheduled activity includes the acquisition of 100 km of 2D seismic data towards the end of 2012 and the drilling of an appraisal well in 2013.

Chile Onshore. In 2011, YPF submitted proposals to participate in the farm out arrangement offered by ENAP in connection with Chile's Magallanes basin. YPF was declared winner of the following two exploration blocks: (i) San Sebastián, where YPF (40%) will act as operator, in partnership with Wintershall (10%) and ENAP (50%), and (ii) Marazzi / Lago Mercedes, where YPF (50%) will act as operator, in partnership with ENAP (50%).

Total commitments with respect to the awarded exploration blocks during the first exploratory period includes the acquisition of 672 km² of 3D seismic data and the drilling of 8 exploratory wells. Activities are expected to begin by the end of 2012.

Uruguay (i) Deep Water Offshore- Punta del Este basin:

Area 3: YPF (40%) acts as operator, in partnership with Petrobras Uruguay(40%) and Galp (20%). Exploration is in the first geological and geophysical evaluation stage.

Area 4: YPF (40%) has two partners in this block, Petrobras Uruguay (40%), which acts as operator, and Galp (20%). Exploration is in the first geological and geophysical evaluation stage.

(ii) Onshore:

On January 19, 2012, the Arapey block was awarded entirely to YPF through a prospect agreement. The block is located onshore and has a surface area of 9,700 km². YPF's goal in this block is to explore unconventional resources. Scheduled activity for 2012 includes seismic data reprocessing and the performance of geological studies.

Oil and Gas Reserves

Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible (from a given date forward, from known reservoirs, and under existing economic conditions, operating methods and government regulations) prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within reasonable time. In some cases, substantial investments in new wells and related facilities may be required to recover proved reserves.

Information on net proved reserves as of December 31, 2011, 2010 and 2009 was calculated in accordance with the SEC rules and FASB's ASC 932 as amended. Accordingly, crude oil prices used to determine reserves were calculated at the beginning of each month, for crude oils of different quality produced by the Company. The Company considered the realized prices for crude oil in the domestic market taking into account the effect of exports taxes as in effect as of each of the corresponding years (until 2011 for the years ended December 31, 2010 and 2009, in accordance with Law No. 26,217, and until 2016 for the year ended December 31, 2011, in accordance with Law No. 26,732). For the years beyond the mentioned periods, the Company considered the unweighted average price of

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the first-day-of-the-month for each month within the twelve-month period ended December 31, 2011, 2010 and 2009, respectively, which refers to the WTI prices adjusted by each different quality produced by the Company. Additionally, since there are no benchmark market natural gas prices available in Argentina, the Company used average realized gas prices during the year to determine its gas reserves. Information on net proved reserves as of January 1, 2009 was calculated using year-end prices and costs, respectively.

Net reserves are defined as that portion of the gross reserves attributable to the interest of YPF after deducting interests owned by third parties. In determining net reserves, the Company excludes from its reported reserves royalties due to others, whether payable in cash or in kind, where the royalty owner has a direct interest in the underlying production and is able to make lifting and sales arrangements independently. By contrast, to the extent that royalty payments required to be made to a third party, whether payable in cash or in kind, are a financial obligation, or are substantially equivalent to a production or severance tax, the related reserves are not excluded from the reported reserves despite the fact that such payments are referred to as royalties under local rules. The same methodology is followed in reporting our production amounts.

Gas reserves exclude the gaseous equivalent of liquids expected to be removed from the gas on concessions and leases, at field facilities and at gas processing plants. These liquids are included in net proved reserves of crude oil and natural gas liquids.

Technology used in establishing proved reserves additions

YPF's estimated proved reserves as of December 31, 2011, are based on estimates generated through the integration of available and appropriate data, utilizing well-established technologies that have been demonstrated in the field to yield repeatable and consistent results. Data used in these integrated assessments include information obtained directly from the subsurface via wellbore, such as well logs, reservoir core samples, fluid samples, static and dynamic pressure information, production test data, and surveillance and performance information. The data utilized also include subsurface information obtained through indirect measurements, including high quality 2-D and 3-D seismic data, calibrated with available well control. Where applicable, surface geological information was also utilized. The tools used to interpret and integrate all these data included both proprietary and commercial software for reservoir modeling, simulation and data analysis. In some circumstances, where appropriate analog reservoir models are available, reservoir parameters from these analog models were used to increase the reliability of our reserves estimates.

For further information on the estimation process of our proved reserves, see Internal controls on reserves and reserves audits.

Net Proved Developed and Undeveloped Reserves as of December 31, 2011

The following table sets forth our estimated net proved developed and undeveloped reserves of crude oil and natural gas at December 31, 2011.

Proved Developed Reserves	Oil ⁽¹⁾	Natural Gas	Total ⁽²⁾
	(mmbbl)	(bcf)	(mmboe)
Consolidated Entities			
South America			
Argentina	436	1,758	750
North America			
United States	1	2	1
Total Consolidated Entities	437	1,760	751
Equity-Accounted Entities			
South America			
Argentina	1	37	8
North America			
United States			
Total Equity-Accounted Entities	1	37	8
Total Proved Developed Reserves⁽³⁾	438	1,797	759



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Proved Undeveloped Reserves	Oil⁽¹⁾	Natural Gas	Total⁽²⁾
	(mmbbl)	(bcf)	(mmboe)
Consolidated Entities			
South America			
Argentina	147	602	254
North America			
United States	*	*	*
Total Consolidated Entities	147	602	254
Equity-Accounted Entities			
South America			
Argentina			
North America			
United States			
Total Equity-Accounted Entities			
Total Proved Undeveloped Reserves⁽⁴⁾	147	602	254

Total Proved Reserves⁽⁵⁾	Oil⁽¹⁾	Natural Gas	Total⁽²⁾
	(mmbbl)	(bcf)	(mmboe)
Consolidated Entities			
Developed Reserves	437	1,760	751
Undeveloped Reserves	147	602	254
Total Consolidated Entities	584	2,362	1,005
Equity-Accounted entities			
Developed Reserves	1	37	8
Undeveloped Reserves			
Total Equity-Accounted Entities	1	37	8
Total Proved Reserves⁽⁶⁾	585	2,399	1,013

* Not material

(1) Includes crude oil, condensate and natural gas liquids.

(2) Volumes of natural gas in the table above and elsewhere in this annual report have been converted to boe at 5.615 mcf per barrel.

(3) Includes approximately 59 mmboe of natural gas liquids (58 mmboe of which relate to consolidated entities).

(4) Includes approximately 14 mmboe of natural gas liquids (which relate to consolidated entities).

(5) Proved oil reserves of consolidated entities include an estimated approximately 76 mmbbl of crude oil, condensate and natural gas liquids in respect of royalty payments which, as described above, are a financial obligation, or are substantially equivalent to a production or similar tax. Proved reserves of natural gas of consolidated entities include an estimated approximately 254 bcf of natural gas in respect of such payments. Equity-accounted entities' reserves in respect of royalty payments which are a financial obligation, or are substantially equivalent to a production or similar tax, are not material.

(6) Includes approximately 74 mmboe of natural gas liquids (73 mmboe of which relate to consolidated entities).

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As of May 14, 2012, concessions representing 7.6% of our production in 2011 and 8.8% of our proved reserves as of December 31, 2011 have been revoked by the relevant authorities. In addition, the revocation of concessions representing 12.92% of our production in 2011 and 12.93% of our proved reserves as of December 31, 2011 is currently being evaluated by the relevant authorities. See Item 3. Key Information Risk Factors Risks Relating to Argentina Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions and Item 8. Legal Proceedings Argentina Non-accrued, possible contingencies Concessions on Hydrocarbon zones Provincial claims.

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Changes in our proved undeveloped reserves during 2011

YPF had estimated net proved undeveloped reserves of 254 mmboe at December 31, 2011, which represented approximately 25% of the 1,005 mmboe total reported proved reserves as of such date. This compares to estimated net proved undeveloped reserves of 231 mmboe at December 31, 2010 (approximately 24% of the 982 mmboe total reported proved reserves as of such date).

The 10% increase in net proved undeveloped reserves in 2011 is mainly attributable to the addition of new proved undeveloped reserves related to extensions and discoveries (33.0 mmboe) and new development studies for primary and secondary recovery projects (23.6 mmboe), which exceeded reductions of our proved undeveloped reserves in 2011, which primarily relate to the transfer from proved undeveloped to proved developed reserves resulting from our development activity and revisions to previous estimates. The largest transfers were associated with the drilling of new wells (17.6 mmboe), gas compression (9.2 mmboe) and improved recovery projects (6.2 mmboe).

YPF's total expenditure to advance the development of reserves was approximately U.S.\$1,510 million during 2011, of which U.S.\$454 million was allocated to projects related to proved undeveloped reserves.

As at December 31, 2011, we did not have material amounts of proved undeveloped reserves in individual fields or countries that have remained undeveloped for five years or more after being disclosed as proved undeveloped reserves.

Internal controls on reserves and reserves audits

All of our oil and gas reserves held in consolidated companies have been estimated by our petroleum engineers. In order to meet the high standard of reasonable certainty, reserves estimates are stated taking into consideration additional guidance as to reservoir economic producibility requirements, acceptable proved area extensions, drive mechanisms and improved recovery methods, marketability under existing economic and operating conditions and project maturity.

Where applicable, the volumetric method is used to determine the original quantities of petroleum in place. Estimates are made by using various types of logs, core analysis and other available data. Formation tops, gross thickness, and representative values for net pay thickness, porosity and interstitial fluid saturations are used to prepare structural maps to delineate each reservoir and isopachous maps to determine reservoir volume. Where adequate data is available and where circumstances are justified, material-balance and other engineering methods are used to estimate the original hydrocarbon in place.

Estimates of ultimate recovery are obtained by applying recovery factors to the original quantities of petroleum in place. These factors are based on the drive mechanisms inherent in the reservoir, analysis of the fluid and rock properties, the structural position of the reservoir and its production history. In some instances, comparisons are made with similar production reservoirs in the areas where more complete data is available.

Where adequate data is available and where circumstances are justified, material-balance and other engineering methods are used to estimate ultimate recovery. In these instances, reservoir performance parameters such as cumulative production, production rate, reservoir pressure, gas oil ratio behavior and water production are considered in estimating ultimate recovery.

In certain cases where the above methods could not be used, proved reserves are estimated by analogy to similar reservoirs where more complete data are available.

Prior to the Intervention and the passage of the Expropriation Law, we followed an established process to control the quality of reserves booking (including with respect to our reserves as of December 31, 2011). This process was integrated into the internal control system of YPF and had the components described below. We cannot assure you that our new management, which we expect to be appointed by our next general shareholders meeting, on June 4, 2012, will not change or replace this process.

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- (a) The Reserves Control Direction (RCD) was separate and independent from the Exploration and Production segment. RCD's activity was overseen by YPF's Audit Committee, which was also responsible for supervising the procedures and systems used in the recording of and internal control over the Company's hydrocarbon reserves. The primary objectives of the RCD were to ensure that YPF's proved reserves estimates and disclosure were in compliance with the rules of the SEC, the Financial Accounting Standard Board (FASB), and the Sarbanes-Oxley Act, and to review annual changes in reserves estimates and the reporting of YPF's proved reserves. The RCD was responsible for preparing the information to be publicly disclosed concerning YPF's reported proved reserves of crude oil and natural gas. In addition, the RCD was also responsible for providing training to personnel involved in the reserves estimation and reporting process within YPF. The RCD was managed by and staffed with individuals that had an average of more than 20 years of technical experience in the petroleum industry, including in the classification and categorization of reserves under the SEC guidelines. The RCD staff included several individuals who hold advanced degrees in either engineering or geology, as well as individuals who hold bachelor's degrees in various technical studies. Several members of the RCD were registered with or affiliated to the relevant professional bodies in their fields of expertise.
- (b) Until April 16, 2012, when the Company was notified of the Intervention, the Reserves Control Director, head of the RCD, was responsible for overseeing the preparation of the reserves estimates and reserves audits conducted by third party engineers. Such former director has over 30 years of experience in reservoir-engineering, geology and geophysics, reserves estimates, project development, finance and general accounting regulation and with well-rounded exposure to international operations. Over the past five years, he had been responsible for the supervision over YPF's governance and compliance procedures in respect of reserves estimates. He is an active member of the Society of Petroleum Engineers (SPE) and serves on its Editorial Committee for Reservoir Engineering and Evaluation. In addition, he holds a petroleum engineering degree from Universidad Central de Venezuela, MSc and PhD degrees in petroleum engineering from Pennsylvania State University in the United States, and an MBA from Instituto de Estudios Superiores de Administración in Venezuela. Consistent with our internal control system requirements, the Reserves Control Director's compensation was not affected by changes in reported reserves.
- (c) A quarterly internal review by the RCD of changes in proved reserves submitted by the Exploration and Production business unit and associated with properties where technical, operational or commercial issues had arisen.
- (d) A Quality Reserve Coordinator (QRC) was assigned at each Exploration and Production business unit of YPF to ensure that there were effective controls in the proved reserves estimation and approval process of the estimates of YPF and the timely reporting of the related financial impact of proved reserves changes. Our QRCs were responsible for reviewing proved reserves estimates. The qualification of each QRC was made on a case-by-case basis with reference to the recognition and respect of such QRC's peers. YPF would normally consider a QRC to be qualified if such person (i) had a minimum of 10 years of practical experience in petroleum engineering or petroleum production geology, with at least five years of such experience in charge of the estimate and evaluation of reserves information, and (ii) had either (A) obtained, from a college or university of recognized stature, a bachelor's or advanced degree in petroleum engineering, geology or other related discipline of engineering or physical science, or (B) received, and was maintaining in good standing, a registered or certified professional engineer's license or a registered or certified professional geologist's license, or the equivalent thereof, from an appropriate governmental authority or professional organization.
- (e) A formal review through technical review committees to ensure that both technical and commercial criteria were met prior to the commitment of capital to projects.
- (f) Our internal audit team, which examined the effectiveness of YPF's financial controls, designed to ensure the reliability of reporting and safeguarding of all the assets and examining YPF's compliance with the law, regulations and internal standards.

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- (g) All volumes booked were submitted to a third party reserves audit on a periodic basis. The properties selected for a third party reserves audit in any given year were selected on the following basis:
- i. all properties on a three year cycle, and
 - ii. recently acquired properties not submitted to a third party reserves audit in the previous cycle and properties with respect to which there is new information which could materially affect prior reserves estimates.

For those areas submitted to third party reserves audit, YPF's proved reserves figures had to be within 7% of the third party reserves audit figures for YPF to declare that the volumes have been ratified by a third party reserves audit. In the event that the difference was greater than the tolerance, YPF would reestimate its proved reserves to achieve this tolerance level or should disclose the third party figures.

In 2011, DeGolyer & MacNaughton audited areas operated by YPF in the Golfo San Jorge and Neuquina basins, Gaffney, Cline & Associates Inc. audited non-operated areas in Argentina and Ryder Scott Petroleum Consultants audited unconventional reserves in the Loma La Lata field and surrounding blocks. The audits of DeGolyer & MacNaughton and Gaffney, Cline & Associates Inc. were performed as of September 30, 2011, in fields which, according to our estimates, contained, in the aggregate, 435 mmboe proved reserves (51 mmboe of which were proved undeveloped reserves) as of such date, which represented approximately 43% of our proved reserves and 23% of our proved undeveloped reserves in Argentina as of that date. The audit of Ryder Scott Petroleum Consultants was performed as of December 31, 2011, in fields which contained, in the aggregate, 33 mmboe proved reserves (29 mmboe of which were proved undeveloped reserves) as of such date, which represented approximately 3% of our proved reserves and 11% of our proved undeveloped reserves in Argentina as of that date. A copy of the related reserves audit reports are filed as Exhibits to this annual report.

We are required, in accordance with Resolution S.E. No. 324/06 of the Argentine Secretariat of Energy, to file annually and by March 31 of every year details of our estimates of our oil and gas reserves and resources with the Argentine Secretariat of Energy, as defined in that resolution and certified by an external auditor. The aforementioned certification and external audit only have the meaning established by Resolution S.E. No. 324/06, and are not to be interpreted as a certification or external audit of oil and gas reserves under SEC rules. We last filed such a report for the year ended December 31, 2011 and the estimates of our proved oil and gas reserves filed with the Argentine Secretariat of Energy are materially higher than the estimates of our proved oil and gas reserves contained in this annual report mainly because: (i) information filed with the Argentine Secretariat of Energy includes all properties of which we are operators, irrespective of the level of our ownership interests in such properties; (ii) information filed with the Argentine Secretariat of Energy includes other categories of reserves and resources different to proved reserves that are not included in this annual report, which contains estimates of proved reserves consistent with the SEC's guidance; and (iii) the definition of proved reserves under Resolution S.E. No. 324/06 is different from the definition of proved oil and gas reserves established in Rule 4-10(a) of Regulation S-X. Accordingly, all proved oil and gas reserve estimates included in this annual report reflect only proved oil and gas reserves consistent with the rules and disclosure requirements of the SEC.

Oil and gas production, production prices and production costs

The following table shows our oil (including crude oil, condensate and natural gas liquids) and gas production on an as sold and daily basis for the years indicated. In determining net production, we exclude royalties due to others, whether payable in cash or in kind, where the royalty owner has a direct interest in such production and is able to make lifting and sales arrangements independently. By contrast, to the extent that royalty payments required to be made to a third party, whether payable in cash or in kind, are a financial obligation, or are substantially equivalent to a production or severance tax, they are not excluded from our net production amounts despite the fact that such payments are referred to as royalties under local rules. This is the case for our production in Argentina, where royalty expense is accounted for as a production cost.

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Oil production⁽¹⁾⁽²⁾	2011	2010	2009
	(mmbbl/d)		
Consolidated Entities			
South America			
Argentina	272	291	300
North America			
United States	1	2	2
Total Consolidated Entities	273	293	302
Equity-Accounted Entities			
South America			
Argentina	1	1	1
Total Equity-Accounted Entities	1	1	1
Total Oil Production⁽³⁾	274	294	303

Natural gas production⁽²⁾	2011	2010	2009
	(mmcf/d)		
Consolidated Entities			
South America			
Argentina	1,049	1,170	1,289
North America			
United States	3	2	2
Total Consolidated Entities	1,052	1,172	1,291
Equity-Accounted Entities			
South America			
Argentina	38	39	43
Total Equity-Accounted Entities	38	39	43
Total Natural Gas Production⁽⁴⁾⁽⁵⁾	1,090	1,211	1,335

Oil equivalent production⁽²⁾⁽⁶⁾	2011	2010	2009
	(mmboe/d)		
Consolidated Entities			
Oil	273	293	302
Natural gas	187	209	230
Equity-Accounted Entities			
Oil	*	1	1
Natural gas	7	7	8

Total Oil Equivalent Production	467	510	541
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- (1) Includes crude oil, condensate and natural gas liquids.
 - (2) Loma La Lata field in Argentina contains over 27% of our total proved reserves expressed on an oil equivalent barrel basis. Oil production in this field was 15, 16 and 17 mbbl for the years ended December 31, 2011, 2010 and 2009 respectively. Natural gas production in the Loma La Lata field was 182, 194 and 207 bcf for the years ended December 31, 2011, 2010 and 2009 respectively.
 - (3) Oil production for the years 2011, 2010 and 2009 includes an estimated approximately 12, 13 and 12 mmbbl, respectively, of crude oil, condensate and natural gas liquids in respect of royalty payments which are a financial obligation, or are substantially equivalent to a production or similar tax. Equity-accounted entities production of crude oil, condensate and natural gas liquids in respect of royalty payment which are a financial obligation, or are substantially equivalent to a production or similar tax, is not material.
 - (4) Natural gas production for the years 2011, 2010 and 2009 includes an estimated approximately 48, 50 and 54 bcf, respectively, of natural gas in respect of royalty payments which are a financial obligation, or are substantially equivalent to a production or similar tax. Equity-accounted entities production of natural gas in respect of royalty payments which are a financial obligation, or are substantially equivalent to a production or similar tax, is not material.

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- (5) Does not include volumes consumed or flared in operation and inventory changes (whereas sale volumes shown in the reserves table included in Supplemental Information on Oil and Gas Exploration and Production Activities-Oil and Gas Reserves include such amounts).
- (6) Volumes of natural gas been converted to an oil equivalent basis at 5.615 mcf per barrel.

As of May 14, 2012, concessions representing 7.6% of our production in 2011 and 8.8% of our proved reserves as of December 31, 2011 have been revoked by the relevant authorities. In addition, the revocation of concessions representing 12.87% of our production in 2011 and 12.92% of our proved reserves as of December 31, 2011 is currently being evaluated by the relevant authorities. See Item 3. Key Information Risk Factors Risks Relating to Argentina Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions and Item 8. Legal Proceedings-Argentina Non-accrued, possible contingencies Concessions on Hydrocarbon zones Provincial claims.

The composition of the crude oil produced by us in Argentina varies by geographic area. Almost all crude oil produced by us in Argentina has very low or no sulfur content. We sell substantially all the crude oil we produce in Argentina to our Refining and Marketing business segment. Most of the natural gas produced by us is of pipeline quality. All of our gas fields produce commercial quantities of condensate, and substantially all of our oil fields produce associated gas.

The following table sets forth the average production costs and average sales price by geographic area for 2011, 2010 and 2009:

Production costs and sales price	Total	Argentina	United States
(Ps./boe)			
Year ended December 31, 2011			
Lifting costs	48.24	48.24	48.93
Local taxes and similar payments ⁽¹⁾	2.03	2.04	
Transportation and other costs	15.25	15.23	18.07
	<u>65.52</u>	<u>65.51</u>	<u>67</u>
Average production costs	65.52	65.51	67
Average oil sales price	245.86	244.69	412.19
Average natural gas sales price	55.24	55.21	111.74
Year ended December 31, 2010			
Lifting costs	32.94	32.85	54.89
Local taxes and similar payments ⁽¹⁾	1.42	1.43	
Transportation and other costs	11.32	11.27	21.29
	<u>45.68</u>	<u>45.55</u>	<u>76.18</u>
Average production costs	45.68	45.55	76.18
Average oil sales price	193.62	193.53	289.59
Average natural gas sales price	50.54	50.50	113.26
Year ended December 31, 2009			
Lifting costs	24.48	24.42	37.17
Local taxes and similar payments ⁽¹⁾	1.05	1.05	
Transportation and other costs	7.02	6.96	19.07
	<u>32.55</u>	<u>32.43</u>	<u>56.24</u>
Average production costs	32.55	32.43	56.24
Average oil sales price	157.28	157.05	201.12
Average natural gas sales price	46.49	46.18	109.22

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- (1) Does not include *ad valorem* and severance taxes, including the effect of royalty payments which are a financial obligation or are substantially equivalent to such taxes, in an amount of approximately Ps.19.50 per boe, Ps.15.40 per boe and Ps.12.97 per boe for the years ended December 31, 2011, 2010 and 2009, respectively.

[Back to Contents](#)**Drilling and other exploratory and development activities**

The following table shows the number of wells drilled by us or consortiums in which we had a working interest in Argentina during the periods indicated.

Wells Drilled in Argentina⁽¹⁾	For the Year Ended December 31,		
	2011	2010	2009
Gross wells drilled⁽¹⁾			
Exploratory			
Productive	18	6	3
Oil	17	5	2
Gas	1	1	1
Dry	4	8	12
Total	22	14	15
Development			
Productive	553	709	494
Oil	529	680	456
Gas	24	29	38
Dry	8	8	18
Total	561	717	512
Net wells drilled⁽²⁾			
Exploratory			
Productive	15	6	1
Oil	14	5	1
Gas	1	1	
Dry	2	6	8
Total	17	12	9
Development			
Productive	494	616	402
Oil	485	601	380
Gas	9	15	22
Dry	8	7	18
Total	502	623	420

(1) Gross wells include all wells in which we have an interest. In addition to wells drilled in Argentina, we participated in the drilling of the following gross wells in North America: one dry exploratory well in 2009, one exploratory well which was abandoned due to technical reasons in 2011, and nine development wells during the last three years, seven of which were productive.

- (2) Net wells equals gross wells after deducting third party interests. In addition to wells drilled in Argentina, net wells drilled in North America round to one well.

Drilling and other activities in Argentina

Our project portfolio, updated in May 2011, included more than 1,400 projects to develop proved, probable and possible reserves, in addition to exploration and development resources, all focused mainly on crude oil and the evaluation and development of unconventional resources in the Neuquina basin. The financial viability of these investments and reserves recovery efforts, however, will generally depend on the prevailing economic and regulatory conditions in Argentina, as well as the market prices of hydrocarbon products.

Historically, we have been fully dedicated to identifying new opportunities in both infill potential and improved sweep efficiency in our mature fields. These efforts are guided by subsurface modeling conducted by in-house multidisciplinary teams. Furthermore a strong emphasis has been placed in surveillance activities to improve current

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mature water injection projects. Tertiary recovery is being pursued with polymer and surfactant flooding in mature reservoirs in both Golfo San Jorge and Neuquén basins.

On May 3, 2012, the Expropriation Law was passed by Congress. The Expropriation Law has declared achieving self-sufficiency in the supply of hydrocarbons as well as in the exploitation, industrialization, transportation and sale of hydrocarbons, a national public interest and a priority for Argentina. In addition, its stated goal is to guarantee socially equitable economic development, the creation of jobs, the increase of the competitiveness of various economic sectors and the equitable and sustainable growth of the Argentine provinces and regions. There may be changes in our business strategy and operations as a result of the Expropriation Law or resulting from the introduction of our new management. See Item 3. Key Information Risk Factors Risks Relating to Argentina-The Argentine federal government has taken control over the Company and will operate it according to domestic energy policies in accordance with the Expropriation Law and Regulatory Framework and Relationship with the Argentine Government The Expropriation Law.

During 2011, our main exploratory activities in Argentina have had the following principal focuses:

Offshore

Shallow water. Following the drilling campaign performed during 2008 and 2009, YPF has re-evaluated the E2 block area of the Austral Basin (currently operated by ENAP Sipetrol which holds a 33% working interest and where YPF and ENARSA have a 33% working interest each), in search of new exploratory well opportunities. The Company, together with its partners, is currently carrying out the relevant regional studies in order to support the new prospects under evaluation. The Company is also evaluating the remaining areas of the Austral Basin which are not assigned by the Government to any other company with the intention of preparing its participation in future bids.

Deep water. YPF currently participates in four blocks:

CAA-40 and CAA-46. The drilling of the Malvinas well x-1 in the Malvinas basin, which reached a True Vertical Depth (TVD) of 2,000 meters, revealed no evidence of the presence of hydrocarbons. Since the well drilled was sterile, it was subsequently abandoned. In December 2011, the CAA-40 area was reverted to the Secretariat of Energy. With respect to the CAA-46 area, 50% was reverted to the Government in accordance with the law and, following the withdrawal of its partners in December 2011, YPF's share increased from 33.5% to 100%.

E-1. YPF holds a 35% working interest in this Colorado basin block, where ENARSA holds a 35% interest, Petrobras Argentina a 25% interest, and Petrouuguay a 5% interest. Geological and geophysical activity is underway to determine the probable location of a well.

E3. YPF holds a 30% working interest in this Colorado basin block, where ENARSA holds a 35% interest and Petrobras Argentina holds a 35% interest. During 2011, geological and geophysical studies were carried out in order to define the design of the seismic to be registered. The 2D seismic registration is planned for 2012.

Onshore

Unconventional oil and gas

(i) Shale oil

Neuquina Basin. Within the framework of the Exploratory and Production Development Program 2010/2014, the first development stage has been completed with 15 vertical wells in the northern area of Loma La Lata and Loma Campana, in the province of Neuquén, all of them with initial productions varying from 200 to 600 boe/d. Our main focus in this area is the shale oil in the Vaca Muerta formation. As a result of our exploratory efforts, 22.83 mmbbl (net) of oil proved reserves and 55,220 mmcf (net) of gas proved reserves were incorporated during 2011 from the Loma La Lata and the Loma Campana blocks.

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Furthermore, and continuing with the exploratory project in the area of the Vaca Muerta formation, the drilling of two vertical wells was completed in the Bajada de Añelo and La Amarga Chica blocks. The BAñ.x-2 well yielded an average daily high quality production of approximately 250 boe/d (48° API), while the LACH.x-3 well yielded 400 boe/d (35° API) during initial tests. The result of these wells is in line with prior results and increases the Vaca Muerta production area's potential. As a result, 41 mmbbl (net) of oil proved reserves and 51.8 mmcf (net) of gas proved reserves were incorporated during 2011 from the Bajada del Añelo and the La Amarga Chica blocks.

Concerning the activity outside the northern area of Loma La Lata and adjacent blocks, the ChSN.xp-623 well was completed in the Chihuido de la Sierra Negra block. This borehole confirmed a 300 meters thickness in the Vaca Muerta formation. The bottom 150 meters were stimulated, obtaining up to 100 boe/d of high quality oil (37° API). Currently, we are awaiting the analysis of crown data concerning this well in order to adjust future stimulation programs. Nevertheless, oil production in the lower half area of Vaca Muerta has already been tested.

Additionally, drillings continued in wells LCav.x-2 (in the Bandurria Block), MMo.x-1 (in Mata Mora) and LAm.x-2 (in the Loma Amarilla block), while drillings were initiated in Corr.x-1 (in the Corralera block).

Within the Exploratory and Production Development Program 2010/2014, the commencement of the BdT.x-3 boreholes in the Bajo del Toro block and the LoAm.x-3 well in the Loma Amarilla block, both aimed at shale oil in the Vaca Muerta formation, are planned for the first quarter of 2012.

With respect to blocks which are not operated by YPF, the drilling of boreholes LA.x-137 and LA.x-138 in the Lindero Atravesado block (which is operated by Pan American Energy) was finished. These wells are expecting completion, and are expected to enable the outline of the southern area of Loma La Lata.

San Jorge Gulf Basin. During 2011, the evaluation of the D-129 well formation was carried out in the north, south and west flanks of the San Jorge Gulf Basin, aimed at shale oil. Samples extracted from 21 existing wells in the basin were sent for analysis in order to obtain relevant geochemical data. Based on the results of these tests, three locations were selected for drilling, among which the following two commenced activity during the last quarter of 2011:

The first well drilled was ECh.xp-159 (drilled in December 2011), in the Cañadón Yatel block, which drilling stage was concluded in December 2011. The well is currently expecting stimulation and assay.

The LP.xp-2529 well (drilled started in December 2011), in the Los Perales - Las Mesetas block, was drilled subsequently. The well is currently expecting stimulation and assay.

There are plans to begin drilling well LC.xp-818, in the Lomas del Cuy block, during the first half of 2012. The stimulation of the wells referred to above involve massive hydraulic fracturing such as that performed in the Vaca Muerta formation in the Neuquina basin.

(ii) *Shale gas*

Neuquina Basin. Within the Exploratory and Production Development Program 2010/2014, the drilling of well CA.x-5 was initiated in the Cerro Arena block, and exploration is planned to start in the first half of 2012 with wells CLMi.x-1 in the Cerro Las Minas block, EOr.x-2 in El Orejano and LDMo.x-1 in the Lomas del Molle block.

At the end of 2011, the extended production assay of the LLLK.x-2h well started in the Loma La Lata block. This is the first horizontal well in the Vaca Muerta formation and has a horizontal extension of 600 m. During 2011, seven fracturing stages were performed. This well, which target is shale gas, is not in production yet.

With respect to blocks which are not operated by YPF, the drilling of the AP.x-1001 well in the Aguada Pichana block was completed.

In addition, commencement of the drilling of the well ACas.x-1, in the Aguada de Castro block (which is operated by Total Austral and contains shale gas resources) started in the first quarter of 2012.

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Conventional oil and gas

(i) *Productive basins*

Chachahuén block. The first exploratory boreholes were performed in the Chachahuén block. The results were positive and are now under production evaluation for potential reserves incorporation. The initial exploratory campaign consisted in the drilling of three wells with depths between 1,500 and 1,000 meters. The boreholes documented the development of an average useful thickness of 10 meters, corresponding to conventional reservoirs in the Rayoso formation (*Miembro Clástico*). After drilling and starting production in the first of the wells, initial outflows of 200 boe/d (24 API°) were recorded. The Company has also confirmed an area of extension towards the southeast of the abovementioned discovery with conditions that are similar to the evaluated area.

Incorporation of exploratory acreage. During 2011, the Company participated actively in the bidding processes of exploratory blocks, which resulted in the incorporation of approximately 45,000 km² of surface corresponding to the Neuquina, Cuyo and San Jorge Gulf basins.

Papagayos formation. During 2011, the evaluation of the Papagayos play in mature exploitation areas of the Cuyo basin was started. During January 2012, we started drilling the Vizcacheras Oeste x-2 well, which reached a TVD of 2,060 meters. The borehole documented the development of hydrocarbon-impregnated sandy layers corresponding to the Papagayos formation, which is currently expecting completion.

Liásico Inferior. The geological and structural models are under review in order to define exploratory opportunities.

Ramos xp-1012. The evaluation phase was completed producing negative results.

Quintuco Formation. The LLL No x-1 well in the Loma La Lata block and L Cav.x-2 in the Bandurria Block were completed and both are currently in production.

(ii) *Border areas*

Los Tordillos Oeste block. Based on the analysis of the 3D seismic data acquired in the last quarter of 2010, the location of two exploratory wells was established in the Los Tordillos Oeste block (in the province of Mendoza) in partnership with Sinopec Argentina (formerly Occidental Exploration and Production, Inc.), with a 50% interest each. The pertinent environmental certificates have been processed by the enforcement authorities for both of these wells. We expect the certificates to be granted by mid-2012, at which point we will be able to begin drilling. These new project should allow us to fulfill our investment commitments, the term for which was extended based on article 1 of Resolution 546/09 of the province of Mendoza.

Tamberías block. During the first quarter of 2011, the first Ansilta es-1 well was drilled in the Tamberías block (in the province of San Juan), in which YPF holds a 100% interest. Approximately 2,507 meters of the stratigraphic column of the basin were researched, with no evidence of hydrocarbons presence. Consequently, the block was returned to the Government authorities at the end of the second exploratory period on March 12, 2012.

CGSJ V/A and Gan Gan blocks. YPF operates the CGSJ V/A and the CCA-1 (Gan Gan) blocks in the Cañadón Asfalto basin (in the province of Chubut) in partnership with Wintershall, which holds a 25% working interest. With respect to CGSJ V/A, we have committed to reprocess the 724 km of existing 2D seismic data in connection with the continuation of the second exploration period. In the Gan Gan block, the Las Coloradas es-1 well was drilled in the last quarter of 2011, with the objective of investigating the Cañadón Asfalto formation at a deeper basin position than the Gorro Frigio es-1 well, which is located 70 km to the southwest and proved the existence of oil of low maturity. The Gorro Frigio es-1 well, with a final depth of 2,067 meters, confirmed the presence of volcanic rocks; however, oil was not identified in the column drilled in the Cañadón Asfalto formation and the well was abandoned. The result of the Las Coloradas es-1 well will allow us to reevaluate the exploratory potential of the rest of the block.

Río Barrancas block. In the Río Barrancas block, the drilling of the Puesto Chacaico x-1 well was completed, reaching a depth of 836 m. The well showed fresh hydrocarbon impregnations in several units of Lower Cretaceous, thus confirming the existence of an active oil system in this border area of the Neuquina basin. The completion of the well was performed in the Agrío and Huitin formation with negative results.

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Bolsón del Oeste block. In the Bolsón del Oeste block (in the province of La Rioja), which is operated by YPF (100%), 310 km of 2D seismic were recorded in order to enhance our knowledge of the subsurface of both the northern area of Bolsón del Bermejo and the central area of Bolsón de Pagancillo. The location of the well to be drilled during 2012 will be defined based on this information, which constitutes part of the commitment undertaken for the second exploratory period.

Argentina Exploratory Plan

During 2011, the third phase of the Argentina Exploratory Plan, announced in December 2009, was completed. Its main purpose was to perform an analysis of the exploratory play level in the existing sedimentary basins within the territories of the 12 provinces which are party to such plan: Entre Ríos, Formosa, Chaco, Córdoba, San Juan, Buenos Aires, Santa Cruz, Santa Fe, La Rioja, Tucumán, Salta and Misiones. Moreover, five new specific agreements were signed with public and private universities in order to perform surface geological studies and apply potential geophysical methods in these provinces.

During 2010, in the Loma La Lata Field, we continued implementing our comprehensive plan for the improvement and optimization of our oil and gas production facilities through the interconnection of our primary separation units by means of a low pressure gas pipe line. This seeks to minimize losses incurred in the production process and support our pipe infrastructure. We also initiated Ultra Low Pressure pilot production, through the installation of mobile motor compressors at the wellhead. Furthermore, as part of our comprehensive plan for secondary recovery, in an area comprising Aguada Toledo - Sierra Barrosa, we implemented a drilling program comprising of 10 new wells, the repair of 14 existing wells, producers and injectors, and improvements to our surface facilities. In this region we also initiated unconventional gas development activities with respect to tight gas in the Lajas formation by means of workover operations (the fracture of existing wells) and began to drill new wells in the last quarter of 2011, in conjunction with Vale do Rio Dolce, our joint venture partner at Lajas.

In the El Medanito oilfield (100% owned by YPF), subsequent to our aggressive delineation drilling campaign and second generation waterflooding pilot in the central west region, and a further drilling campaign and waterflooding pilot in the southwest region in 2010 and 2011, respectively, our drilling activities planned for 2012 include the continued extensive re-development throughout this area and the finalization of facilities we began constructing in 2010. Our waterflooding pilot in the southwest region, if successful, would facilitate the incorporation of proved reserves from secondary recovery, further to our incorporation of primary reserves in 2010 and 2011. In 2013, we plan to continue our extensive drilling project in the south region and conduct prospecting activities to assess the remaining potential throughout the rest of the region.

In 2011, in the Llanquanelo field, we continued production testing and delineation activities with the drilling of two new wells in distinct areas of the field and deeper reservoirs. We completed our drilling activities planned for Loma de la Mina, completing eight new wells in distinct positions of the block. We also continued the targeted drilling of eight wells at Cerro Fortunoso and drilled two new wells in Valle del Río Grande, from one of which we have obtained data critical to our non-conventional oil exploration in 2012. Our continued development of the Desfiladero Bayo field included the drilling of five new productive wells and four water injection wells, as well as four well conversions at the Desfiladero Bayo Infill, which seek to improve the injectivity profile of this field for its prospective development. We continued our Vizcacheras Pinch Out project in Mendoza Norte drilling 10 wells, completing workovers and their associated facilities.

The Manantiales Behr Integral Development project includes the El Alba, La Carolina, Grimbeek and Sur Manantiales projects. Currently, the area has 840 oil production wells and 15 gas production wells. In 2011, we drilled 196 wells across various projects, which represented a total estimated investment of U.S.\$283 million for this period. The overall objective of this new project is the comprehensive development of new areas, to facilitate the construction of new wells, the implementation of new enhanced oil recovery projects and to provide developmental support through the relevant surface facilities. We have identified our greatest development potential at our Grimbeek, El Alba and La Carolina projects, our pilot polymer injection project at Grimbeek II, our surfactant injection project at Sur Manantiales Behr and further potential infill drilling opportunities that we have detected in some areas. The development group is formed of 15 experts comprised, among others, of geologists, geophysicists, engineers, petrophysicists, technicians and a team leader. As of May ____, 2012, the revocation of the concession relating to this area was being evaluated by the relevant authorities. See Item 3. Key Information Risk Factors

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Risks Relating to Argentina—Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions and Item 8. Legal Proceedings Argentina Non-accrued, possible contingencies Concessions on Hydrocarbon zones Provincial claims.

At Santa Cruz in 2011, we implemented 13 integral development projects across four development areas (Las Heras, El Guadal, Los Perales and Cañadón Seco), comprising a total portfolio of 79 projects. The principal integral projects include Cerro Grande, Maurek, Seco León and Los Perales. 65 wells have been drilled in connection with these projects, which, inclusive of associated facilities costs, represent a total estimated investment of U.S.\$150 million. The main objective of these integral projects is the comprehensive development of such areas through the construction of new wells, the implementation of new enhanced oil recovery projects and the provision of development support through the appropriate surface facilities. On April 18, 2012, YPF was notified of Decree No. 575/12, which declares the expiration of the concessions relating to the areas Los Perales Las Mesetas, Cañadon Vasco y Pico Truncado El Cordón Los Monos and Cerro Piedra-Cerro Guadal Norte. On May 4, 2012, YPF filed a motion of reconsideration of Decree No. 575/12 with the governor of the Santa Cruz Province. See Item 3. Key Information Risk Factors Risks Relating to Argentina Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions and Item 8. Legal Proceedings Argentina Non-accrued, possible contingencies Concessions on Hydrocarbon zones Provincial claims.

Non-operated areas

In the CNQ7A block, operated by Petro Andina Resources Argentina S.A. (PAR) (in which we have a 50% working interest), the delineation of the El Corcobo Norte, Jagüel Casa de Piedra, Cerro Huanul Sur and Puesto Pinto Reservoirs was completed in 2011 and development of these reservoirs has begun. In December 2011, a pilot polymer injection project was initiated at the El Corcobo Norte reservoir.

In 2011, the drilling of exploratory wells at both JCPE-x1 and JCPE-x2 proved economically feasible. Both wells are currently in production though they did not incorporate reserves in 2011 as completion occurred at the end of such year at which time they remained under evaluation. Development plans for 2012 with respect to these wells are not finalized and remain under review.

In Aguada Pichana block, operated by Total Austral S.A. (in which we have a 27.27% working interest), the completion of the exploration and delineation phases of the Las Cárceles project has been achieved and development of the area has commenced, with 18 wells having been drilled to date.

3D seismic imaging has been undertaken in Las Cárceles Oeste, and analysis of the data is underway. An exploratory well AP.xp-1001 is being drilled to target Shale Gas in Vaca Muerta (our first shale drilling operation joint venture) and it is awaiting completion.

In the Tierra del Fuego area, operated by Apache Corp, (where YPF holds a 30% working interest), some brownfield exploration activity has been undertaken. The interpretation of the 3D seismic data retrieved has provoked numerous prospective drilling projects, mainly in the block's southern area.

Activities in rest of the world

For information regarding our exploration and development activities in the United States, Guyana, Uruguay, Colombia, Peru, Paraguay and Chile, see Principal properties International properties .

Additional information on our present activities

The following table shows the number of wells in the process of being drilled as of December 31, 2011.

Number of wells in the process of being drilled	As of December 31, 2011	
	Gross	Net
Argentina	52	51
Rest of South America		
North America	1	0.15
Total	53	51.15



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Delivery commitments

We are committed to providing fixed and determinable quantities of crude oil and natural gas in the near future under a variety of contractual arrangements.

With respect to crude oil, we sell substantially all of our Argentine production to our Refining and Marketing business segment to satisfy our refining requirements. As of December 31, 2011, we were not contractually committed to deliver any barrel of crude oil in the future.

As of December 31, 2011, we were contractually committed to deliver 42,485 mmcm of natural gas in the future, of which approximately 18,719, mmcm will have to be delivered in the period from 2012 through 2014. According to our estimates as of December 31, 2011, our contractual delivery commitments for the next three years could be met with our own production and, if necessary, with purchases from third parties.

However, since 2004 the Argentine government has established regulations for both the export and internal natural gas markets which have affected Argentine producers' ability to export natural gas. Consequently, since 2004 we have been forced in many instances to partially or fully suspend natural gas export deliveries that are contemplated by our contracts with export customers. Charges to income totaling Ps.88 million, Ps.411 million and Ps.139 million have been recorded in 2011, 2010 and 2009, respectively, in connection with our contractual commitments in the natural gas export market.

Among the regulations adopted by the Argentine government, on June 14, 2007, the Argentine Secretariat of Energy passed Resolution No. 599/07, according to which we were compelled to enter into an agreement with the Argentine government regarding the supply of natural gas to the domestic market during the period 2007 through 2011 (the Agreement 2007-2011). On January 5, 2012, the Official Gazette published Resolution S.E. No. 172, which temporarily extends the rules and criteria established by Resolution No. 599/07 until new legislation is passed replacing such rules and criteria. On February 17, 2012, we filed a motion for reconsideration of Resolution S.E. No. 172 with the Argentine Secretariat of Energy.

YPF has not entered into any contractual commitment to supply natural gas to the domestic market. The purpose of the Agreement 2007-2011 is to guarantee the supply of natural gas to the domestic market at the demand levels registered in 2006, plus the growth in demand by residential and small commercial customers. See Regulatory Framework and Relationship with the Argentine Government Market Regulation and Item 3. Key Information Risk Factors Risks Relating to Argentina We are subject to direct and indirect export restrictions, which have affected our results of operations and caused us to declare force majeure under certain of our export contracts. According to our estimates as of December 31, 2011, supply requirements under the Agreement 2007-2011 (which we were compelled to enter into and which was approved by a resolution that has been challenged by us) could be met with our own production and, if necessary, with purchases from third parties. Additionally, on October 4, 2010, the National Gas Regulatory Authority (ENARGAS) issued Resolution No. 1410/2010, which approves the *Procedimiento para Solicitudes, Confirmaciones y Control de Gas* setting new rules for natural gas dispatch applicable to all participants in the gas industry and imposing new and more severe priority demand gas restrictions on producers. See Regulatory Framework and Relationship with the Argentine Government Market Regulation.

We have appealed the validity of the aforementioned regulations and have invoked the occurrence of a force majeure event (government action) under our export natural gas purchase and sales agreements, although certain counterparties to such agreements have rejected our position. See Item 8. Financial Information Legal Proceedings-Argentina-Accrued, probable contingencies Alleged defaults under natural gas supply contracts , Item 8. Financial Information Legal Proceedings Argentina Non-accrued, possible contingencies Claims related to the gas market and others and Item 8. Financial Information Legal Proceedings Argentina Non-

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accrued, remote contingencies Arbitration with AES Uruguaiana Empreendimentos S.A. (AESU), Companhia de Gás do Estado do Rio Grande do Sul (Sulgás) and Transportadora de Gas del Mercosur S.A. (TGM).

In addition, on May 3, 2012, the Expropriation Law was passed by Congress. The Expropriation Law has declared achieving self-sufficiency in the supply of hydrocarbons as well as in the exploitation, industrialization, transportation and sale of hydrocarbons, a national public interest and a priority for Argentina. In addition, its stated goal is to guarantee socially equitable economic development, the creation of jobs, the increase of the competitiveness of various economic sectors and the equitable and sustainable growth of the Argentine provinces and regions. We cannot assure you that the implementation of the Expropriation Law will not further impact on our ability to meet our delivery commitments. See Item 3. Key Information Risk Factors Risks Relating to Argentina The Argentine federal government has taken control over the Company and will operate it according to domestic energy policies in accordance with the Expropriation Law and Regulatory Framework and Relationship with the Argentine Government The Expropriation Law.

Moreover, certain of our concessions in Argentina have recently been revoked by the relevant provincial authorities while the revocation of other concessions is currently being evaluated by the relevant authorities. See Item 3. Key Information Risk Factors Risks Relating to Argentina Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions and Item 8. Legal Proceedings Argentina Non-accrued, possible contingencies Concessions on Hydrocarbon zones Provincial claims. Our ability to meet our delivery obligations could be affected if additional concessions were revoked.

Natural gas supply contracts

The Argentine government has established regulations for both the export and internal natural gas markets which have affected Argentine producers' ability to export natural gas under their contracts. YPF's principal supply contracts are briefly described below.

We are currently committed to supply a daily quantity of 125 mmcf/d to the Methanex plant in Cabo Negro, Punta Arenas, in Chile (under four agreements which expire between 2017 and 2025). Pursuant to instructions from the Argentine government, deliveries were interrupted from 2007.

We currently have several supply contracts with Chilean electricity producers (through the Gas Andes pipeline linking Mendoza, Argentina to Santiago, Chile, which has a transportation capacity of 353 mmcf/d (designed capacity with compression plants)), including:

a 15-year contract (signed in 1998) to provide 63 mmcf/d to the San Isidro Electricity Company (Endesa) in Quillota, Chile (all of this plant's natural gas needs);

a 15-year contract (signed in 1999) to supply 20% of the natural gas requirements of the electricity company, Colbun (approximately 11 mmcf/d); and

a 15-year contract (signed in 2003) to supply 35 mmcf/d to Gas Valpo, a distributor of natural gas in Chile. This contract has been modified, becoming an interruptible supply contract.

We also have a 21-year contract (entered into in 1999) to deliver 93 mmcf/d of natural gas to a Chilean distribution company (Innergy) that distributes natural gas to residential and industrial clients through a natural gas pipeline (with a capacity of 318 mmcf/d) connecting Loma La Lata (Neuquén, Argentina) with Chile.

Finally, in Chile we also have natural gas supply contracts with certain thermal power plants in northern Chile (Edelnor, Electroandina, Nopel and Endesa) utilizing two natural gas pipelines (with a carrying capacity of 300 mmcf/d each) connecting Salta, Argentina, to Northern Chile (Región II). The contracts with Edelnor and Electroandina have been modified, becoming interruptible supply contracts.

In Brazil, we entered into a 20-year supply contract in 2000 to provide 99 mmcf/d of natural gas to the thermal power plant of AES Uruguaiana Empreendimentos S.A. (AESU) through a pipeline linking Aldea Brasileira, Argentina, to Uruguaiana, Brazil (with a capacity of 560 mmcf/d). In May 2009, AESU notified us of the termination of the contract. We are currently in arbitration with AESU. See Item 8. Financial Information Legal

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Proceedings Argentina Accrued, probable contingencies Alleged defaults under natural gas supply contracts and Item 8. Financial Information Legal Proceedings-Argentina Non-accrued, remote contingencies Arbitration with AES Uruguaiana Empreendimentos S.A. (AESU), Companhia de Gás do Estado do R o Grande do Sul (Sulg s) and Transportadora de Gas del Mercosur S.A. (TGM).

Because of certain regulations implemented by the Argentine government (see The Argentine natural gas market, below), we could not meet our export commitments and were forced to declare *force majeure* under our natural gas export sales agreements, although certain counterparties have rejected our position (see Item 8. Financial Information Legal Proceedings). As a result of actions taken by the Argentine authorities, through measures described in greater detail under Regulatory Framework and Relationship with the Argentine Government Market Regulation Natural gas , we have been forced to reduce the export volumes authorized to be provided under the relevant agreements and permits as shown in the chart below:

Year	Maximum Contracted Volumes (MCV) ⁽¹⁾ (mmcm)	Restricted Volumes ⁽²⁾ (mmcm)	Percentage of Restricted Volumes vs. MCV
2009	5,920.0	2,835.5	47.9%
2010	6,120.4	3,842.2	62.8%
2011	6,120.4	2,785.3	45.5%

(1) Reflects the maximum quantities committed under our natural gas export contracts. Includes all of our natural gas export contracts pursuant to which natural gas is exported to Chile.

(2) Reflects the volume of contracted quantities of natural gas for export that were not delivered.

The Argentine natural gas market

We estimate (based on preliminary reports of amounts delivered by transport companies) that natural gas consumption in Argentina totaled approximately 1,629 bcf in 2011. We estimate that the number of users connected to distribution systems throughout Argentina amounted to approximately 7.8 million as of December 31, 2011. The domestic natural gas market has grown significantly over recent years, driven by the forces of economic growth and domestic price constraints. We believe that the natural gas market will continue to grow, though not at the same rate as it has recently done.

In 2011, we sold approximately 41% of our natural gas to local residential distribution companies, approximately 10% to NGV (Natural Gas Vehicle), approximately 48% to industrial users (including Mega and Profertil) and power plants, and approximately 1% in exports to foreign markets (Chile). Sales are affected by increased consumption by residential consumers during winter months (June-August). During 2011, approximately 80% of our natural gas sales were produced in the Neuquina basin. In 2011, our domestic natural gas sales volumes were 4 % less than those in 2010, primarily as a result of the decrease in our production. See Item 5. Operating and Financial Review and Prospects Factors Affecting Our Operations Relative maturity of our oil and gas assets.

The Argentine government has taken a number of steps aimed at satisfying domestic natural gas demand, including pricing regulations, export controls and higher export taxes and domestic market injection requirements. These regulations were applied to all Argentine exporting producers, affecting natural gas exports from every producing basin. See Delivery commitments Natural gas supply contracts . Exporting producers, such as us, complied with the Argentine government's directions to curtail exports in order to supply gas to the domestic market, whether such directions are issued pursuant to resolutions or otherwise. Resolutions adopted by the Argentine government provide penalties for non-compliance. Rule SSC No. 27/2004 issued by the Undersecretary of Fuels (Rule 27), for example, punishes the violation of any order issued thereunder by suspending or revoking the production concession. Resolutions No. 659 and No. 752 also provide that producers not complying with injection orders will have their concessions and export permits suspended or revoked and state that pipeline operators are prohibited from shipping any natural gas injected by a non-complying exporting producer.

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The Argentine government began suspending natural gas export permits pursuant to Rule 27 in April 2004, and in June 2004 the Argentine government began issuing injection orders to us under Resolution No. 659. Thereafter, the volumes of natural gas required to be provided to the domestic market under the different mechanisms described above have continued to increase substantially. The regulations pursuant to which the Argentine government has restricted natural gas export volumes in most cases do not have an express expiration date. Likewise, we have not received any documentation indicating that the Argentine government will suspend or withdraw these actions. Accordingly, we are unable to predict how long these measures will be in place, or whether such measures or any further measures adopted will affect additional volumes of natural gas.

See Regulatory Framework and Relationship with the Argentine Government for additional information on these and other related regulations.

Argentine natural gas supplies

Most of our proved natural gas reserves in Argentina are situated in the Neuquina basin (approximately 76% as of December 31, 2011), which is strategically located in relation to the principal market of Buenos Aires and is supported by sufficient pipeline capacity during most of the year. Accordingly, we believe that natural gas from this region has a competitive advantage compared to natural gas from other regions. The capacity of the natural gas pipelines in Argentina has proven in the past to be inadequate at times to meet peak-day winter demand, and there is no meaningful storage capacity in Argentina. Since privatization, local pipeline companies have added capacity, improving their ability to satisfy peak-day winter demand but no assurances can be given that this additional capacity will be sufficient to meet demand.

In order to bridge the gap between supply and demand, especially with respect to peak-day winter demand, the Argentine government has entered into gas import agreements. The Framework Agreement between the Bolivian and the Argentine governments (executed on June 29, 2006) provides for natural gas imports from Bolivia to Argentina to be managed by ENARSA. In May 2010, we accepted the offer made by ENARSA for the sale to us of a minimum amount of 2.5 mmcm/d of natural gas obtained by ENARSA from the Republic of Bolivia through May 1, 2011. During 2011, quantity and price conditions were renegotiated with ENARSA. According to the new conditions, which are set to expire in May 2012, ENARSA undertook to sell us a minimum amount of 1.5 mmcm/d of natural gas during the winter of 2011 and 1.0 mmcm/d of natural gas during the summer of 2011 and 2012, at two different fixed prices based on the customers to which YPF subsequently sells the natural gas bought under the agreement.

YPF provides regasification services to ENARSA since May 2008. In 2008, YPF executed a Charter Party Agreement and a Regasification Services Agreement with Exceletrate Energy to provide and operate a 138,000 m³ regasification vessel moored at the Bahía Blanca Port facilities, which initially allowed for the supply of up to 8 mmcm/d of natural gas and, since the first quarter of 2011, up to 12.5 mmcm/d. This agreement expired on October 30, 2011. Pursuant to ENARSA's request, YPF executed a new Charter Party Agreement with Exceletrate Energy, which will expire on October 31, 2015. This will allow YPF to provide and operate a 151,000 m³ regasification vessel moored at the Bahía Blanca Port facilities with the capacity to supply up to 17 mmcm/d of natural gas.

Since beginning its operations, the vessel referred to above has converted liquefied natural gas (LNG) into its gaseous state (natural gas) in an approximate amount of 5.46 bcm, which has been injected into a pipeline which feeds the Argentine national network. Most of this volume was supplied during the peak demand period, i.e., winter. In 2011, natural gas injected into the network amounted to approximately 2.42 bcm.

During 2011, YPF, acting as the operator of the UTE Escobar (a joint venture formed by YPF and ENARSA), finalized the construction of a new LNG Regasification Terminal (GNL Escobar), which is located in the km 74.5 of the Paraná River. The GNL Escobar terminal was constructed in nine months and began operations as scheduled. The GNL Escobar terminal has a Floating, Storage and Regasification Unit permanently moored at the new port facilities, for which UTE Escobar has executed a Charter Party Agreement and a Regasification Services Agreement with Exceletrate Energy to provide and operate a 151,000 m³ regasification vessel moored at the GNL Escobar terminal with the capacity to supply up to 17 mmcm/d of natural gas. The total volume injected into the network by this vessel was 1.59 bcm in 2011.

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Natural gas transportation and storage capacity

Decree No. 180/2004 created two trust funds to help finance an expansion of the North Pipeline operated by Transportadora Gas del Norte S.A. (TGN), whose capacity increased by 1.8 mmcm/d (63.6 mmcf/d) in 2005, and an expansion of the San Martín Pipeline operated by Transportadora Gas del Sur S.A. (TGS), whose capacity increased by 2.9 mmcm/d (102.4 mmcf/d) in 2005. Both expansions are currently operating. In 2008, there was an additional expansion of approximately 67 mmcf/d in the pipelines operated by TGS, and additional works were completed in 2009. Additionally, during 2010, a new expansion of the San Martín pipeline (located in the Strait of Magellan and connected to compression plants in the mainland) with an increase in capacity of 5 mmcm/d (176.6 mmcf/d) was completed and is currently in operation.

Natural gas is delivered by us through our own gathering systems to the trunk lines from each of the major basins. The capacity of the natural gas transportation pipelines in Argentina is mainly used by distribution companies. A major portion of the available capacity of the transportation pipelines is booked by firm customers, mainly during the winter, leaving capacity available for interruptible customers to varying extents throughout the rest of the year.

We have utilized natural underground structures located close to consuming markets as underground natural gas storage facilities, with the objective of storing natural gas during periods of low demand and selling the natural gas stored during periods of high demand. Our principal gas storage facility, Diadema, is located in the Patagonia region, near Comodoro Rivadavia City. The injection of natural gas into the reservoir started in January 2001.

On July 1, 2011, the Gasoducto de Integración Juana Azurduy (Juana Azurduy Integration Gas Pipeline) started transporting gas produced in the Tarija Department's main gas fields, in Bolivia, and delivered by YPFB (the Bolivian state-owned oil company) to ENARSA under the Framework Agreement. The 32-inches pipeline extends 20 miles and delivers Bolivian gas either to the Campo Duran refinery, operated by Refinor, or the Gasoducto Norte, operated by TGN. Its initial transmission capacity is 35 mmcf/d and it will be increased according to the ramp up in contracted volumes set forth in the Framework Agreement.

Other investments and activities

Natural gas liquids

We participated in the development of Mega to increase its ability to separate liquid petroleum products from natural gas. Mega allowed YPF, through the fractionation of gas liquids, to increase production at the Loma La Lata gas field by approximately 5.0 mmcm/d in 2001.

We own 38% of Mega, while Petrobras and Dow Chemical have stakes of 34% and 28%, respectively.

Mega operates:

A separation plant, which is located in the Loma La Lata, in the province of Neuquén.

A natural gas liquids fractionation plant, which produces ethane, propane, butane and natural gasoline. This plant is located in the city of Bahía Blanca in the province of Buenos Aires.

A pipeline that links both plants and that transports natural gas liquids.

Transportation, storage and port facilities in the proximity of the fractionation plant.

Mega commenced operations at the beginning of 2001. Mega's maximum annual production capacity is 1.35 million tons of natural gasoline, LPG and ethane. YPF is Mega's main supplier of natural gas. The production of the fractionation plant is used mainly in the petrochemical operations of Petroquímica Bahía Blanca (PBB) and is also exported by tanker to Petrobras facilities in Brazil.

Pursuant to resolutions No. 1982/2011 and 1991/2011 of ENARGAS, since December 1, 2011, Mega is required to pay, on a monthly basis, a fee of Ps.0.405 per cubic meter of natural gas it purchases. This requirement

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has a significant impact on the operations of Mega and has been challenged by the company. If the appeal is not favorably resolved to Mega, this fee could significantly adversely affect Mega's ability to continue operating. The Audited Consolidated Financial Statements included elsewhere in this annual report do not include any impairment of assets to be accrued if Mega were to cease its activity.

Electricity market generation

We participate in three power stations with an aggregate installed capacity of 1,622 megawatts (MW):

- a 45% interest in Central Térmica Tucumán (410 MW combined cycle) through Pluspetrol Energy Sociedad Anónima (Pluspetrol Energy);
- a 45% interest in Central Térmica San Miguel de Tucumán (370 MW combined cycle) through Pluspetrol Energy; and
- a 40% interest in Central Dock Sud (775 MW combined cycle and 67 MW gas turbines), directly and through Inversora Dock Sud S.A.

In 2011 Central Dock Sud generated 5,151 GWh and Pluspetrol Energy generated 4,302 GWh. The total energy collectively generated by both power plants was 9,453 GWh (5,5% higher than in 2010), which represented 8.1% of Argentina's electricity generation in 2011.

Additionally, we own assets that are part of Filo Morado Partnership, which has an installed capacity of 63 MW. However the relevant facilities have not been in operation since November 2008.

We also own and operate power plants supplied with natural gas produced by us, which produce power for use by us in other business units:

- Los Perales power plant (74 MW), which is located in the Los Perales natural gas field;
- Chihuido de la Sierra Negra power plant (40 MW); and
- the power plant located at the Plaza Huincul refinery (40 MW).

Natural gas distribution

We currently hold through our subsidiary YPF Inversora Energética S.A. (YPF Inversora Energética) a 45.33% stake in Gas Argentino S.A. (GASA), which in turn holds a 70% stake in Metrogas S.A. (Metrogas), which is a natural gas distributor in southern Buenos Aires and one of the main distributors in Argentina. During 2011, Metrogas distributed approximately 20.6 mmcm of natural gas per day to 2.2 million customers in comparison with approximately 19.6 mmcm of natural gas per day distributed to 2.2 million customers in 2010.

GASA's debt issues. The economic crisis that affected the country at the end of 2001 and beginning of 2002 caused a severe deterioration of the financial and operational situation of GASA. Thus the decision was made on March 25, 2002 to suspend payment of principal and interest on its entire financial debt. From then on, Metrogas' management has focused on an efficient and rational use of its cash flow in order to be able to comply with all of the legal requirements agreed with the Argentine government with respect to its services. After negotiating a restructuring of the outstanding debt with its creditors, GASA reached and executed on December 7, 2005 an agreement (the Master Restructuring Agreement, or MRA) with its creditors, by which they would exchange debt for equity in GASA and/or Metrogas. The MRA was presented to the Argentine National Antitrust Protection Board (*Comisión Nacional de Defensa de la Competencia* or CNDC) and ENARGAS, and was subject to their approval as a condition precedent to the closing of the MRA. The MRA included a creditors' option to terminate the agreement if the closing of the debt restructuring had not occurred by December 7, 2006. The MRA obtained ENARGAS' approval but the CNDC's approval was pending. On May 15, 2008, certain bond holders communicated to YPF Inversora Energética that they were terminating the MRA. After the termination of the MRA, three different entities claiming to be bond holders of GASA commenced four different judicial proceedings against GASA aiming to collect a total of U.S.\$46 million, including interest and fees, and one of them, Coolbrand LLC,

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started a separate proceeding (*Coolbrand c/Gasa s/acción subrogatoria*). On May 11, 2009, GASA was notified of a bankruptcy petition brought by Continental Energy Investment LLC, and on May 19, 2009, GASA filed a voluntary reorganization petition (*concurso preventivo*), which was approved on June 8, 2009. The period to verify credits ended on October 7, 2009. On February 10, 2010, the judge declared all the credits verified but for one presented by one of GASA's advisors. GASA was given an exclusivity period to negotiate with verified creditors. On March 12, 2010, GASA filed motions for review (*incidentes de revisión*) of credits verified by Coolbrand LLC, Amanda Venture, Latam Energy and Continental Energy. The filing of these motions does not suspend the voluntary reorganization petition.

On August 9, 2010 the judge decided, taking into consideration Metrogas S.A.'s voluntary reorganization petition, to modify and extend the date to present GASA's proposal to the creditors to March 9, 2012. On February 10, 2012, GASA presented a draft scheme of arrangement addressed to verified unsecured creditors who have been declared admissible. Additionally, GASA requested the judge an extension of the exclusivity period to negotiate with verified creditors, which was resolved favorably. Such period will end on August 16, 2012.

Metrogas' debt issues. In 2006, Metrogas reached an agreement with its main creditors in order to restructure its financial debt and align its future financial commitments to the expected generation of funds. The main objective of the restructuring process was to modify certain terms and conditions included in its outstanding loans and negotiable agreements by adjusting interest rates and the amortization period so as to align them with the expected cash flow required for repayment of the indebtedness. Accordingly, on April 20, 2006, Metrogas entered into an out-of-court preventive agreement with creditors representing approximately 95% of its unsecured indebtedness, which became effective in May 2006. In October 2008, Metrogas executed an interim agreement (*Acuerdo Transitorio*) with the Unit for the Renegotiation and Analysis of Public Service Contracts (*Unidad de Renegociación y Análisis de Contratos de Servicios Públicos*, or UNIREN), including a limited tariff increase that is intended to fund certain projects that Metrogas is required to undertake. The government approved this agreement, which was published in the Official Gazette on April 14, 2009, but it has not been implemented since the new tariff chart has not yet been issued. The negotiation of the general tariff of Metrogas (*Acta Acuerdo de Renegociación Contractual Integral*) with the UNIREN remains pending.

Metrogas' financial condition continued to deteriorate in 2009. On June 17, 2010, the board of directors of Metrogas, following the advice of Metrogas' external legal advisors and considering Metrogas' inability to fulfill certain payment obligations, decided that Metrogas should file a voluntary reorganization petition (*concurso preventivo*), which was filed on such date.

On the same date, Metrogas was notified of the Resolution No. I-1260 dictated by ENARGAS, which determined the judicial intervention of the company for a 120 days term. Antonio Gómez was named Intervenor of Metrogas. The resolution justifies the intervention decision on the filing of a voluntary reorganization petition by Metrogas, and states that the intervention shall control administration and disposition acts of Metrogas which can in any manner affect the regular gas distribution. Moreover, it orders the execution of due diligence and the determination of the value of all Metrogas assets. Metrogas appealed such resolution and asked for a preliminary order to cease the effects of the intervention. The request for a preliminary order was rejected on September 8, 2010. Subsequent resolutions of ENARGAS extended the judicial intervention, which is still in effect as of the date of this annual report.

On July 15, 2010, the judge approved the commencement of Metrogas' voluntary reorganization proceedings. The period to provide evidence on claimed credits ended on November 10, 2010. On April 20, 2011 the judge issued a report regarding the acceptance or rejection of the creditors listed by the official receiver. On May 3, 2011, Metrogas proposed to treat all of its creditors as general creditors (*acreedores quirografarios*), i.e., creditors without any privileges. On June 24, 2011 the official receiver issued a report explaining the reasons for Metrogas' economic insolvency, providing information on its assets and liabilities, time and causes of the insolvency, actions of the company subject to review and an opinion about the categorization of the creditors, among others.

On July 2011, Metrogas filed with the court a Debt Restructuring Proposal, which was subsequently amended by Metrogas on December 1, 2011. The proposal includes a debt haircut of 46.8% of the credit claims admitted by the court and the issuance of new debt securities, with a maturity date of December 31, 2018 and an interest rate of 8.875%. Current bond holders are set to vote on such proposal on June 18, 2012.

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As of both December 31, 2011 and December 31, 2010, YPF had an allowance for the total value of its investment in YPF Inversora Energética.

Refining and Marketing

During 2011, our Refining and Marketing activities included crude oil refining and transportation, and the marketing and transportation of refined fuels, lubricants, LPG, compressed natural gas and other refined petroleum products in the domestic wholesale and retail markets and certain export markets.

The Refining and Marketing segment is organized into the following divisions:

Refining and Logistic Division;

Refining Division

Logistic Division

Trading Division

Domestic Marketing Division; and

LPG General Division.

We market a wide range of refined petroleum products throughout Argentina through an extensive network of sales personnel, YPF-owned and independent distributors, and a broad retail distribution system. In addition, we export refined products, mainly from the port at La Plata. The refined petroleum products marketed by us include gasoline, diesel, jet fuel, kerosene, heavy fuel oil and other crude oil products, such as motor oils, industrial lubricants, LPG and asphalts.

Refining division

We wholly own and operate three refineries in Argentina:

La Plata refinery, located in the province of Buenos Aires;

Luján de Cuyo refinery, located in the province of Mendoza; and

Plaza Huincul refinery, located in the province of Neuquén (together referred as the refineries).

Our three wholly-owned refineries have an aggregate refining capacity of approximately 319,500 barrels per calendar day. The refineries are strategically located along our crude oil pipeline and product pipeline distribution systems. In 2011, our crude oil production, substantially all of which was destined to our refineries, represented approximately 77% of the total crude oil processed by our refineries. Through our stake in Refinor, we also own a 50% interest in a 26,100 barrel-per-calendar-day refinery located in the province of Salta, known as Campo Durán.

The following table sets forth the throughputs and production yields for our three wholly-owned refineries for each of the three years ended December 31, 2011, 2010 and 2009:

For the Year Ended December 31,		
2011	2010	2009
(mmboe)		

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Throughput crude/Feedstock(1)	107	112.4	114.0
<i>Production</i>			
Diesel fuel	43.5	44.1	46.0
Gasoline	30.8	31.8	32.5
Jet fuel	6.4	6.9	6.5

[Back to Contents](#)**For the Year Ended December 31,**

	2011	2010	2009
Base oils	1.2	1.3	1.1
(thousands of tons)			
Fuel oil	991	1,440	1,214
Coke	897	906	875
LPG	620	586	550
Asphalt	195	205	228

(1) Does not include throughput for Refinor. During 2011, 2010 and 2009, Refinor processed approximately 3.9, 4.5 and 5.2 mmbbl, respectively (1.9, 2.2 and 2.6 mmbbl, respectively, attributable to YPF's interest in Refinor).

During 2011, overall volumes of crude oil/feedstock processed decreased by 4.2% compared with 2010 (our refinery capacity utilization was 89.0%, compared with 93.2% in 2010) due mainly to overhauls at our refineries, as well as the lower availability in the market of some specific crude oil (Medanito) used by our refineries as well as for lubricants production in our La Plata refinery. Additionally, union conflicts affected the operations in the Golfo San Jorge basin, resulting in a lack of crude during the first months of 2011. On the other hand, improvements in operation processes resulted in an increase in the yields of naphtha and distillates. During 2010, overall volumes of crude oil/feedstock processed decreased by 1.8% compared with 2009 (our refinery capacity utilization was 93.2%, compared to 94.9% in 2009) due mainly to factors similar to those that affected volumes of crude oil/feedstock processed in 2011. In particular, in 2010, we experienced overhauls at our refineries, lower availability of Medanito than in 2009 and union conflicts with fishing workers which affected the operations of Puerto Rosales, and resulted in limited crude oil availability from the Golfo San Jorge basin.

The La Plata refinery is the largest refinery in Argentina, with a nominal capacity of 189,000 barrels of crude oil per calendar day. The refinery includes three distillation units, two vacuum distillation units, two catalytic cracking units, two coking units, a coker naphtha hydrotreater unit, a platforming unit, a gasoline hydrotreater, a diesel fuel hydrofinishing unit, an isomerization unit, an FCC (fluid cracking catalysts) naphtha splitter and desulfuration unit, and a lubricants complex. The refinery is located at the port in the city of La Plata, in the province of Buenos Aires, approximately 60 kilometers from the City of Buenos Aires. During 2011, the refinery processed approximately 161 mmbbl/d. The capacity utilization rate at the La Plata refinery for 2011 was 85.0%. As mentioned above, capacity utilization was affected by maintenance overhauls (including the overhaul of one of the atmospheric towers, Topping D), lack of Medanito oil and union strikes, which affected the availability of crude oil from the Golfo San Jorge basin. In 2010, the refinery processed approximately 175 mmbbl/d. The capacity utilization rate at the La Plata refinery for 2010 was 92.7%. The crude oil processed at the La Plata refinery comes mainly from our own production in the Neuquina and Golfo San Jorge basins. Crude oil supplies for the La Plata refinery are transported from the Neuquina basin by pipeline and from the Golfo San Jorge basin by vessel, in each case to Puerto Rosales, and then by pipeline from Puerto Rosales to the refinery.

In October 2009, we commenced developing a detailed engineering project for a new Gasoil Hydrotreater Unit (HTG B), seeking to comply with Resolution 478/09, which requires that diesel fuel that will be sold in large cities be produced with a maximum level of sulfur of 500 parts per million. The civil work in the refinery began in September 2010. Start up is expected by mid-2012.

The construction of a new coker unit in La Plata refinery has been approved to increase the coking capacity by 30% and to replace an old unit. This will allow higher utilization rates of the refinery. The development of a detailed engineering began during the second half of 2010. The construction of the coke drums, fractionation columns and furnace has commenced, and the compressor, feed pumps and most important equipments have been bought. The civil work in the refinery began during the first months of 2011. Start up is expected by 2014.

The Luján de Cuyo refinery has a nominal capacity of 105,500 barrels per calendar day, the third largest capacity among Argentine refineries. The refinery includes two distillation units, a vacuum distillation unit, two coking units, one catalytic cracking unit, a platforming unit, a Methyl TerButil Eter (MTBE) unit, an isomerization unit, an alkylation unit, a naphtha splitter, and hydrocracking and hydrotreating units. During 2011, the refinery processed approximately 103 thousand barrels of crude oil per calendar day. During 2011, the capacity utilization rate was 2.1% higher than in 2010 (mainly as a result of the maintenance overhaul performed at the FCC),

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reaching a rate of 97.7%. During 2010, the refinery processed approximately 101 thousand barrels of crude oil per calendar day. Because of its location in the western province of Mendoza and its proximity to significant distribution terminals owned by us, the Luján de Cuyo refinery has become the primary facility responsible for providing the central provinces of Argentina with petroleum products for domestic consumption. The Luján de Cuyo refinery receives crude supplies from the Neuquina and Cuyana basins by pipeline directly into the facility. Approximately 89.7% of the crude oil processed at the Luján de Cuyo refinery in 2011 (and 87.0% of the crude oil processed in this refinery in 2010) was produced by us. Most of the crude oil purchased from third parties comes from oil fields located in the provinces of Neuquén or Mendoza.

In November 2010, we started up a new furnace in Topping III (in the Luján de Cuyo refinery) replacing the three furnaces previously in operation. Provided other upgrades are made in certain installations, this will allow us to increase the nominal capacity of the unit by 2,500 barrels per calendar day. In order to comply with government regulations on sulfur specifications for fuels, which will become effective during 2012, the Luján de Cuyo refinery is constructing a naphtha Hydrotreater Unit (HTN II) and upgrading an existing gasoil Hydrotreater Unit (HDS III). The start up of the first project will begin during the second half of 2012, while the second project, which relates to an existing unit (bought in the Philippines) that will be upgraded with a new reactor constructed in Argentina, will commence at the end of 2012.

The Plaza Huincul refinery, located near the town of Plaza Huincul in the province of Neuquén, has an installed capacity of 25,000 barrels per calendar day. During 2011, the refinery processed approximately 20.9 thousand barrels of crude oil per calendar day. In this period, the capacity utilization rate was 2.9% lower than in 2010, reaching a rate of 83.6%. This decrease was mainly due to the maintenance overhaul performed at the distillation unit in September 2011. During 2010, the refinery processed approximately 22 thousand barrels of crude oil per calendar day. In this period, the capacity utilization rate was 86.5%. The only products currently produced commercially at the refinery are gasoline, diesel fuel and jet fuel, which are sold primarily in nearby areas and in the southern regions of Argentina. Heavier products, to the extent production exceeds local demand, are blended with crude oil and transported by pipeline from the refinery to La Plata refinery for further processing. The Plaza Huincul refinery receives its crude supplies from the Neuquina basin by pipeline. Crude oil processed at the Plaza Huincul refinery is mostly produced by us. In 2011, 21.7% of the refinery's crude supplies were purchased from third parties, while in 2010, such purchases reached 23.7% of the refinery's crude supplies.

During 1997 and 1998, each of our refineries were certified under ISO (International Organization for Standardization) 9001 (quality performance) and ISO 14001 (environmental performance). The Luján de Cuyo and Plaza Huincul refineries were also certified under OHSAS 18001 (security performance) in 1999 and 2009, respectively. Between 2007 and 2010, our refineries were recertified under ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:2007.

Logistic division*Crude oil and products transportation and storage*

We have available for our use a network of five major pipelines, two of which are wholly-owned by us. The crude oil transportation network includes nearly 2,700 kilometers of crude oil pipelines with approximately 640,000 barrels of aggregate daily transportation capacity of refined products. We have total crude oil tankage of approximately 7 mmbbl and maintain terminal facilities at five Argentine ports.

Information with respect to YPF's interests in its network of crude oil pipelines is set forth in the table below:

From	To	YPF Interest	Length (km)	Daily Capacity (barrels per day)
Puesto Hernández	Luján de Cuyo refinery	100%	528	85,200
Puerto Rosales	La Plata refinery	100%	585	316,000
La Plata refinery	Dock Sud	100%	52	106,000
Brandesen	Campana	30%	168	120,700
Puesto Hernández/ P. Huincul/Allen	Puerto Rosales	37%	888 ⁽¹⁾	232,000

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From	To	YPF Interest	Length (km)	Daily Capacity (barrels per day)
Puesto Hernández	Concepción (Chile)	(2)	428 ⁽³⁾	114,000

(1) Includes two parallel pipelines of 513 kilometers each from Allen to Puerto Rosales, with a combined daily throughput of 232,000 barrels.

(2) We hold a 36% interest in Oleoducto Transandino Argentina S.A., which operated the Argentine portion of the pipeline, and a 18% interest in Oleoducto Transandino Chile S.A., which operated the Chilean portion of the pipeline.

(3) This pipeline ceased operating on December 29, 2005.

We own two crude oil pipelines in Argentina. One connects Puesto Hernández to the Luján de Cuyo refinery (528 kilometers), and the other connects Puerto Rosales to the La Plata refinery (585 kilometers) and extends to Shell's refinery in Dock Sud at the Buenos Aires port (another 52 kilometers). We also own a plant for the storage and distribution of crude oil in the northern province of Formosa with an operating capacity of 19,000 cubic meters, and two tanks in the city of Berisso, in the province of Buenos Aires, with 60,000 cubic meters of capacity. We own 37% of Oleoductos del Valle S.A., operator of an 888-kilometer pipeline network, its main pipeline being a double 513 kilometer pipeline that connects the Neuquina basin and Puerto Rosales.

We hold, through Oleoducto Transandino Argentina S.A. and Oleoducto Transandino Chile S.A., an interest in the 428-kilometer Transandean pipeline, which transported crude oil from Argentina to Concepción in Chile. This pipeline ceased operating on December 29, 2005, as a consequence of the interruption of oil exports resulting from decreased production in the north of the province of Neuquén. The assets related to this pipeline were reduced to their recovery value.

We also own 33.15% of Terminales Marítimas Patagónicas S.A., operator of two storage and port facilities: Caleta Córdova (province of Chubut), which has a capacity of 314,000 cubic meters, and Caleta Olivia (province of Santa Cruz), which has a capacity of 246,000 cubic meters. We also have a 30% interest in Oiltanking Ebytem S.A., operator of the maritime terminal of Puerto Rosales, which has a capacity of 480,000 cubic meters, and of the crude oil pipeline that connects Brandsen (60,000 cubic meters of storage capacity) to the ESSO refinery in Campana (168 km), in the province of Buenos Aires.

In Argentina, we also operate a network of multiple pipelines for the transportation of refined products with a total length of 1,801 kilometers. We also own 16 plants for the storage and distribution of refined products and seven LPG plants with an approximate aggregate capacity of 1,641,415 cubic meters. Three of our storage and distribution plants are annexed to the refineries of Luján de Cuyo, La Plata and Plaza Huincul. Ten of our storage and distribution plants have maritime or river connections. We operate 54 airplane refueling facilities (40 of them are wholly-owned) with a capacity of 24,000 cubic meters, own 27 trucks, 116 suppliers and 16 dispensers. These facilities provide a flexible countrywide distribution system and allow us to facilitate exports to foreign markets, to the extent allowed pursuant to government regulations. Products are shipped mainly by truck, ship or river barge.

In 2010 and 2011, we completed the construction of tanks and facilities for the reception and blending of ethanol in the storage plants of Luján de Cuyo, Monte Cristo, La Matanza, San Lorenzo and Barranqueras, in order to facilitate compliance with the new specifications for gasoline set forth by Law 26,093. YPF is currently blending ethanol in the Luján de Cuyo, Monte Cristo, San Lorenzo and La Matanza storage plants. In 1998, our logistic activities were certified under ISO (International Organization for Standardization) 9001 (quality performance) and ISO 14001 (environmental performance), and recertified in 2008 under ISO 9001:2008 and ISO 14001:2004. In 2010, logistics activities were also certified under OHSAS 18001 (security performance).

Trading division

Our Trading Division sells refined products and crude oil to international customers and oil to domestic oil companies. Exports include crude oil, unleaded gasoline, diesel fuel, fuel oil, LPG, light naphtha and virgin naphtha.

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This Division's export sales are made principally to Brazil and the rest of South America. Sales to international customers for the years 2011 and 2010 totaled Ps.3,333 million and Ps.3,325 million, respectively, 54% and 69% of which, respectively, represented sales of refined products and 46% and 31% of which, respectively, represented sales of marine fuels. On a volume basis, in 2011 and 2010 sales to international customers consisted of 4.4 mmbbl and 6.3 mmbbl of refined products, respectively, and 3.68 mmbbl and 3.32 mmbbl of marine fuels, respectively. Domestic sales of crude oil totaled Ps.524 million and Ps.467 million and 1.9 mmbbl and 2.3 mmbbl in 2011 and 2010, respectively. Domestic sales of marine fuels totaled Ps.755 million and Ps.511 million and 1.8 mmbbl and 1.5 mmbbl in 2011 and 2010, respectively. In addition, imports have increased, principally of high and low sulfur diesel and octane enhancers, totaling 7.9 mmbbl and 0.25 mmbbl, respectively, in 2011.

Marketing division

Our Marketing Division, through the Executive Sales Division markets gasoline, diesel fuel, LPG and other petroleum products throughout the country and countries in the region. We supply all of the fuel market segments: retail, agriculture and industry. During 2011, we achieved a leading position in the sale of the highest quality naphtha (grade 3) N-Premium, reaching a market share, according to our estimates, of 63.7% in 2011 (compared with 61.7% in 2010). Our sales volume was 1,104 mcm in 2011 (42% higher than in 2010).

With respect to diesel fuel, we have strongly promoted the sale of our premium product with a low sulfur content (D-Euro) which is recommended for all high-end engines. According to our estimates, during 2011 our market share was 62.3% (compared with 50.8% in 2010) and our sales volume was 914 mcm (102% higher than in 2010).

The strategy of promoting D-Euro, allowed us to allocate a larger portion of our Ultradiesel fuel to the industry, transport and agriculture market segments. Our three manufacturing plants located in the Ensenada Industrial Complex produce YPF's lubricant, asphalt and paraffin lines of products. Our line of automotive lubricants, including mono-grade, multi-grade and oil, has received approvals and recommendations from leading global automotive manufacturers (Ford, Volkswagen, GM, Porsche and Scania).

With respect to lubricants, we market our products through the three segments of the domestic market: retail, agriculture and industry. Concerning LPG, we are engaged in the wholesale business, which encompasses LPG storage, logistics and commercialization to the domestic and foreign markets. We obtain LPG from our fractioning plants and refineries, as well as from third parties. In addition to butane and propane, we also sell propellants which are used in the manufacturing of aerosols.

For the purpose of enhancing our international growth, in 2011 we began selling lubricants and fuel for the aviation market in Chile. This is in addition to the sale of lubricants in Brazil, which began at the end of 2010. Moreover, we currently market lubricants in four other countries outside Argentina through exclusive distributors.

Retail

At December 31, 2011, the Retail Division's sales network in Argentina included 1,557 retail service stations (compared to 1,622 at December 31, 2010), of which 95 are directly owned by us, and the remaining 1,462 are affiliated service stations. Operadora de Estaciones de Servicio S.A. (OPESSA), our wholly-owned subsidiary, operates 176 of our retail service stations, 86 of which are directly owned by us, 26 of which are leased to ACA (Automóvil Club Argentino), and 64 of which are leased to independent owners. In addition, we have a 50% interest in Refinor, a company dedicated to the refining, processing of gas and which operates 69 retail service stations.

With the aim of unifying and strengthening the network's brand image based on the concepts of modernity and rationality, in 2011, our brand image improvement strategy included enhancements in 87 service stations. In October 2011, we opened the Nordelta station. Considered an iconic landscape, this station respects its environmental surroundings and incorporates new technologies (such as digital signage, corporate TV, broadcasting of digital content on individual gas pumps and CCTV monitoring). According to our latest internal estimates, as of December 31, 2011, we were the main retailer in Argentina, with 30.1% of the country's gasoline service stations, followed by Shell, Petrobras and ESSO (recently acquired by Bridas Corporation) with shares of 15.3%, 12.8% and 10.7%, respectively. As of December 31, 2010, our points of sale accounted for 30.8% of the Argentine market. During

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2011, our market share in diesel fuel and gasoline, marketed in all segments, increased slightly from 57.3% as of December 31, 2010 to 57.6% as of December 31, 2011, according to our analysis of data provided by the Argentine Secretariat of Energy.

The Red XXI program, released in October 1997, has significantly improved operational efficiency in service stations. This program provides us performance data for each station online and connects most of our network of service stations. As of December 31, 2011, 1,418 stations were linked to the Red XXI network system.

Our convenience stores, Full YPF and Full Express YPF, included 359 and 29 point of sales as of December 31, 2011, respectively. Additionally, fuel sales are complemented by a modern oil change service, provide by our YPF Boxes, with 255 points of sales. Additionally, we have a marketing loyalty program called Serviclub for card members.

Our commercial training program (Escuela Comercial YPF), one of the programs held by our Know How Commercial area, is focused on performance, employability, operational excellence and customer satisfaction. Escuela Comercial YPF is aligned with our business strategy to promote a sense of belonging and common vision shared by all the members of our business chain.

With respect to training, our challenge is to reach our entire value chain (in the retail, agriculture and industry divisions and LPG business), which encompasses our employees and external distribution channels. During 2011, a total of 52,627 people, belonging to our own service stations and to independently operated service stations, attended over 706,320 hours of training, which represents approximately nine times more students and four times more hours of training than in 2010.

YPF's service stations network has sustained ongoing improvements during 2011 in terms of operational procedures. We have modified the operational procedures followed by our service stations so that they may be used by authorized retailers starting in 2012. This step seeks to establish unified standards while allowing certain flexibility in the network.

Agriculture

Through the Agriculture Division we sell fertilizers, oil, lubricants, agrochemicals, and silobolsa, among other products, offering a comprehensive portfolio to the agriculture producer. We accept as payment different types of cereal grain (especially soy) which may be processed to obtain flour and oil that we then sell mainly to the external market. The processing of cereal grain is conducted by third party companies. During 2011, we received 890,000 tons of cereal grain, primarily soy, and we expect that payment in kind will increase in coming years. Part of the oil resulting from the processing of cereal grain is used for the production of FAME, a product which is used in the production of commercial grade diesel fuel.

In collaboration with our Chemical segment, in 2011 we began selling a new herbicide: FS Glyphosate II.

Industry

Our Industry Division supplies various industries such as mining, transportation of passengers and cargo and aviation, having a comprehensive portfolio of specialized products and services according to our customers' needs. Such portfolio includes products such as gasoline, diesel fuel, lubricants, coal, LPG, aviation fuel and lubricants and services such as YPF Road Card (a loyalty program for the transportation sector), Technical Support and Quality and Services to the Mining sector, among others.

We believe that our segmented approach to the industry sector positions YPF as a strategic partner and allows us to provide comprehensive energy solutions to the industry. In line with the above, we have begun to develop a network of stations designed specifically for the transportation sector. These stations include parking facilities with adequate lighting and security for trucks, locker rooms with showers, living rooms, access to internet and telephone, among other amenities, thus increasing customer loyalty by means of our YPF Road Card and our partnership with the Argentine Truck Club (CCA or *Camión Club Argentino*). With respect to the mining industry, as of December 31, 2011, we had signed 20 contracts for the supply of diesel fuel and/or lubricants to said industry. In 2011, we opened two new facilities: YPF Mineros Valles and Montecristo.

[Back to Contents](#)*Derivatives*

During 2011, our lubricants and specialties sales to domestic markets decreased by approximately 0.8% compared to 2010. Lubricants sales to export markets increased by approximately 28.7% from Ps.198 million at December 31, 2010 to Ps.260 million in 2011. During 2011, the volume of lubricants sold increased by approximately 6.6% and total asphalt sales increased by approximately 2.6%. Our lubricants and specialties unit followed a strategy of differentiation allowing it to achieve and maintain the leading position in the Argentinean market. Our market share as of December 31, 2011 was approximately 40.1%, compared to approximately 38% as of December 31, 2010, according to our analysis of data provided by the Argentine Secretariat of Energy. As indicated above, our line of automotive lubricants has received approvals and recommendations from leading global automotive manufacturers (Ford, Volkswagen, GM, Porsche and Scania).

With respect to lubricants, the performance of the high-end light and heavy products represented by Elaion and Extravida was positive in 2011 compared with the previous year, having experienced an increase in volumes sold of 12% (with 39.5 km³ in 2011 compared to 35.4 km³ in 2010).

By the end of 2011, in response to the needs of an increasingly demanding market, we launched a new line of products specifically designed to protect motors, irrespective of the type of fuel used, using the Flexolub technology in the production process. Flexolub contains certain innovative compounds which are capable of neutralizing the effects of contaminants and guaranteeing the motor's cleanliness.

Through our LPG division we sell LPG to the foreign market, the domestic wholesale market and to distributors that supply the domestic retail market.

We are the largest LPG producer in Argentina with sales in 2011 reaching approximately 637 mtn (compared with 635 mtn in 2010), of which approximately 476 mtn (473 mtn in 2010) were sold in the domestic market. Our principal clients in the domestic market are companies that sell LPG in bottled or in bulk packing to end-consumers and the networks that distribute LPG to households in some localities. Additionally, exports in 2011 reached approximately 161 mtn (162 mtn in 2010), the main destinations being Chile, Paraguay and Bolivia. The transport of LPG to overseas customers is carried out by truck, pipeline and barges.

Total sales of LPG (excluding LPG used as petrochemical feedstock) were Ps.1,222 million and Ps.1,006 million in 2011 and 2010, respectively.

The LPG division obtains LPG from natural gas processing plants and from its refineries and petrochemical plant. We produced 532 mtn of LPG in 2011 (not including LPG destined for petrochemical usage). We also purchased LPG from third parties as detailed in the following table:

	Purchase (tons) 2011
LPG from Natural Gas Processing Plants:⁽¹⁾	
General Cerri	22,084
El Portón	127,584
San Sebastián	17,692
Total Upstream	167,360
LPG from Refineries and Petrochemical Plants:	
La Plata Refinery	227,401
Luján de Cuyo Refinery	114,447
Ensenada Petrochemical Plant	22,716
Total Refineries & Petrochemical Plants⁽²⁾	364,564
LPG purchased from jointly controlled companies:⁽³⁾	81,731

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LPG purchased from unrelated parties	21,670
Total	<u>635,325</u>

(1) The San Sebastian plant is a joint-venture in which we own a 30% interest; El Portón is 100% owned by us; General Cerri belongs to a third party with which we have a processing agreement. In August 2009, Filo Morado stopped producing.

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(2) This production does not include LPG used as petrochemical feedstock (olefins derivatives, polybutenes and maleic).

(3) Purchased from Refinor.

We also have a 50% interest in Refinor, a jointly-controlled company, which produced 264 mtn of LPG in 2011.

Chemicals

Petrochemicals are produced at our petrochemical complexes in Ensenada and Plaza Huincul, as well as in Bahía Blanca, where Profertil's petrochemical complex is located.

Our petrochemical production operations in Ensenada are closely integrated with our refining activities (La Plata refinery). This close integration allows for a flexible supply of feedstock, the efficient use of byproducts (such as hydrogen) and the supply of aromatics to increase gasoline octane levels.

The main petrochemical products and production capacity per year are as follows:

	Capacity
	(tons per year)
Ensenada:	
Aromatics	
BTX (Benzene, Toluene, Mixed Xylenes)	244,000
Paraxylene	38,000
Orthoxylene	25,000
Cyclohexane	95,000
Solvents	66,100
Olefins Derivatives	
MTBE	60,000
Butene I	25,000
Oxoalcohols	35,000
TAME	105,000
LAB/LAS	
LAB	52,000
LAS	25,000
Polybutenes	
PIB	26,000
Maleic	
Maleic Anhydride	17,500
Plaza Huincul:	
Methanol	411,000
Bahía Blanca⁽¹⁾:	
Ammonia/Urea	933,000

(1) Corresponds to our 50% interest in Profertil.

Natural gas, the raw material for methanol, is supplied by our Exploration and Production business segment. The use of natural gas as a raw material allows us to monetize reserves, demonstrating the integration between the chemical and the upstream units.

We also use high carbon dioxide-content natural gas in our methanol production, allowing us to keep our methanol plant working at 50% of its production capacity during the winter period.

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The raw materials for petrochemical production in Ensenada, including virgin naphtha, propane, butane and kerosene, are supplied mainly by the La Plata refinery.

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In 2011 and 2010, 85.1% and 85.5%, respectively, of our petrochemicals sales (including propylene) were made in the domestic market. Petrochemicals exports are destined to Mercosur countries, the rest of Latin America, Europe and the United States.

We also participate in the fertilizer business directly and through Profertil, our 50%-owned subsidiary. Profertil is jointly controlled by us and Agrium (a worldwide leader in fertilizers), that produces urea and ammonia and started operations in 2001.

Our Ensenada petrochemical plant was certified under ISO 9001 in 1996 and recertified in June 2010 (version 2008). The La Plata petrochemical plant was certified under ISO 14001 in 2001 and last recertified (version 2004) in June 2010. The plant was also certified under OHSAS 18001 in 2005 and last recertified in June 2010 (version 2007). Since 2008, the plant verified the inventory of CO² emissions under ISO 14064:1 and, in 2011, inventories of CH₄ and N₂O emissions were verified as well. The laboratory of our Ensenada petrochemical plant was certified under ISO 17025 (Version 2005) in 2005 and recertified in 2008.

Our Methanol plant was certified under ISO 9001 (version 2000) in December 2001, and last recertified in August 2010 (version 2008). The Methanol plant was also certified under ISO 14001 in July 1998, and last recertified in August 2010 (version 2004), and it was also certified under OHSAS 18001 in December 2008 (version 2007), and recertified in June 2011.

During 2010, we have initiated the construction of a new Continuous Catalytic Reforming unit (CCR) in the Ensenada petrochemical complex. Total investment is estimated to be U.S.\$348 million. Start up is expected by the last quarter of 2012. New production is expected to meet the growing demand of high octane gasoline in the local market, while at the same time the CCR is expected to provide hydrogen to the new Hydrotreater Unit in our La Plata Refinery.

In April 2011, Profertil began the construction of a new storage plant in Puerto San Martín, in the Santa Fe province, with a storage capacity of 200,000 tons of fertilizers. The total investment is estimated to be U.S.\$60 million.

Research and Development

YPF's research and development center is located in La Plata, Argentina. Our R&D projects and activities are related to the entire hydrocarbons value chain, including exploration of new sources of oil or gas, extraction and conditioning for transportation, transformation and manufacturing of products at industrial complexes, and their distribution to the end customer. In 2011, our technology unit allocated approximately U.S.\$11 million to R&D activities, 37% of which were allocated to cooperation with external technology centers. In order to support these R&D activities, we invested U.S.\$3.3 million in new laboratory equipment.

YPF pursues an active policy of cooperation with national and international technology centers and universities in the public and private sector. Our 2011 budget for such cooperation arrangements reached approximately U.S.\$4 million, U.S.\$1 million more than in 2010. Five important research and development projects are being partially subsidized by Fontar (a technology funding organization of the Argentine Government). Four of them started in previous years and one of them was approved in 2011.

Uncertainty about which will be the main technologies in the future, prospective R&D results and business cycles led us to develop a Technology Plan which supports YPF's business strategy. The focus of the plan includes hydrocarbon's exploration and production, the natural gas value chain, oil refining and oil derivatives and petrochemicals, the future diversification of energy uses, biofuels production and electricity generation.

R&D efforts were focused on the development of enhanced oil recovery technologies in order to increase recovery of oil from mature fields, and the development of new processes and materials to reduce the operational costs of our facilities. In addition, production water optimization and reuse and unconventional hydrocarbons exploration and exploitation, remained as our most important challenges, requiring the development and application of very specific technologies.

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Regarding refining and marketing of petroleum products, we applied our technological knowledge to optimize refinery operations and improve product quality, with a strong focus on achieving energy efficiency and environmental improvements.

In the petrochemical business, R&D activities were mainly focused towards the development of new products with higher added value, such as special solvents, fertilizers and several agricultural products.

We also started a project to develop second generation biofuels in close collaboration with a prestigious biotechnological Argentine institute. With respect to renewable energies, along with two consortium partners, we have undertaken a research project to evaluate solar energy potential in Argentina.

Our 2011 R&D projects portfolio included 67 projects, 28 of which were under execution and 39 of which were in technical-economic feasibility evaluation phase as of December 31, 2011.

Historically, YPF has worked in close cooperation with Repsol YPF's R&D center, in order to perform R&D programs of mutual interest. We cannot assure you that our new management, which we expect to be appointed by our next general shareholders' meeting, on June 4, 2012, will not change our R&D strategy. See Item 3. Key Information Risk Factors Risks Relating to Argentina The Argentine federal government has taken control over the Company and will operate it according to domestic energy policies in accordance with the Expropriation Law.

Competition

The deregulation and privatization process created a competitive environment in the Argentine oil and gas industry. In our Exploration and Production business, we encounter competition from major international oil companies and other domestic oil companies in acquiring exploration permits and production concessions. Our Exploration and Production business may also encounter competition from oil and gas companies created and owned by certain Argentine provinces, including La Pampa, Neuquén and Chubut, as well as from ENARSA, the Argentine state-owned energy company, especially in light of the transfer of certain hydrocarbon properties to ENARSA and the Argentine provinces in 2007. See Regulatory Framework and Relationship with the Argentine Government Overview and Regulatory Framework and Relationship with the Argentine Government Law No. 26,197. It is still unclear whether we will continue to face this competition in the future, given the passage of the Expropriation Law. See Regulatory Framework and Relationship with the Argentine Government The Expropriation Law. In our Refining and Marketing and Chemicals businesses, we face competition from several major international oil companies, such as ESSO (a former subsidiary of ExxonMobil which was recently acquired by Bridas Corporation), Shell and Petrobras, as well as several domestic oil companies. In our export markets, we compete with numerous oil companies and trading companies in global markets.

We operate in a dynamic market in the Argentine downstream industry and the crude oil and natural gas production industry. Crude oil and most refined products prices are subject to international supply and demand and Argentine regulations and, accordingly, may fluctuate for a variety of reasons. Some of the prices in the internal market are controlled by local authorities. See Regulatory Framework and Relationship with the Argentine Government. Changes in the domestic and international prices of crude oil and refined products have a direct effect on our results of operations and on our levels of capital expenditures. See Item 3. Key Information Risk Factors Risks Relating to the Argentine Oil and Gas Business and Our Business Oil and gas prices could affect our level of capital expenditures.

On May 3, 2012, the Expropriation Law was passed by Congress. The Expropriation Law has declared achieving self-sufficiency in the supply of hydrocarbons as well as in the exploitation, industrialization, transportation and sale of hydrocarbons, a national public interest and a priority for Argentina. In addition, its stated goal is to guarantee socially equitable economic development, the creation of jobs, the increase of the competitiveness of various economic sectors and the equitable and sustainable growth of the Argentine provinces and regions. See Regulatory Framework and Relationship with the Argentine Government The Expropriation Law. The Expropriation Law is expected to be the cornerstone of the new energy business map in Argentina.

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Environmental Matters

YPF-Argentine operations

Our operations are subject to a wide range of laws and regulations relating to the general impact of industrial operations on the environment, including air emissions and waste water, the disposal or remediation of soil or water contaminated with hazardous or toxic waste, fuel specifications to address air emissions and the effect of the environment on health and safety. We have made and will continue to make expenditures to comply with these laws and regulations. In Argentina, local, provincial and national authorities are moving towards more stringent enforcement of applicable laws. In addition, since 1997, Argentina has been implementing regulations that require our operations to meet stricter environmental standards that are comparable in many respects to those in effect in the United States and in countries within the European Community. These regulations establish the general framework for environmental protection requirements, including the establishment of fines and criminal penalties for their violation. We have undertaken measures to achieve compliance with these standards and are undertaking various abatement and remediation projects, the more significant of which are discussed below. We cannot predict what environmental legislation or regulation will be enacted in the future or how existing or future laws will be administered or enforced. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of regulatory agencies, could require additional expenditures in the future by us, including for the installation and operation of systems and equipment for remedial measures, and could affect our operations generally. In addition, violations of these laws and regulations may result in the imposition of administrative or criminal fines or penalties and may lead to personal injury claims or other liabilities.

In 2011, we continued making investments in order to comply with new Argentine fuel specifications that are scheduled to come into effect gradually through 2016, pursuant to Resolution No. 1283/06 (amended by Resolution No. 478/2009) of the Argentine Secretariat of Energy (which replaces Resolution No. 398/03) relating to, among other things, the purity of diesel fuels. In addition, we have completed detailed engineering packages and have invested in equipment for the construction of diesel fuel oil desulphuration units at La Plata and Luján de Cuyo refineries and the FCC naphtha desulphuration unit in Luján de Cuyo refinery, which construction has already begun. These projects must be completed by July 2012. We have adopted construction strategies oriented to meet the July 2012 deadline. Additionally, we are increasing the tankage capacity of several of our terminals in order to optimize fuel distribution logistics.

First stage projects related to biofuels, such as the addition of bioethanol to gasoline and Fatty Acid Methyl Esters (FAME) to diesel, were accomplished by the end of 2009 and were operational by the beginning of 2010. During 2010 and 2011, additional bioethanol facilities at several terminals were installed and became ready to operate. Also, during this period, further investments were made in several terminals in order to allow the increased addition of FAME to diesel and to improve the related biofuel logistics. These projects are expected to enable YPF to comply with governmental requirements and to enter into the renewable energy sources market.

The plan to comply with the above-mentioned motor fuels quality environmental specifications contemplates investments of approximately U.S.\$281 million for 2012.

At each of our refineries, we are performing, on our own initiative, remedial investigations, feasibility studies and pollution abatement projects, which are designed to address potentially contaminated sites and air emissions. In addition, we have implemented an environmental management system to assist our efforts to collect and analyze environmental data in our upstream and downstream operations.

Also, as part of our commitment to satisfying domestic demand for fuels and meeting high environmental standards, we are in the process of constructing a Plant Continuous Catalytic Reformer (CCR) which will involve an investment of approximately U.S.\$348 million. The main equipment has been purchased and part of the plant has already been constructed. Start up is expected for the second half of 2012. The plant will use the latest technology available worldwide to perform chemical processes which will involve improvements in productivity, safety and environmental standards. Additionally, the plant is expected to produce aromatics that can be used as octane enhancers for gasoline and automotive applications, as well as to increase hydrogen production that will feed the fuel hydrogenation processes that increase fuel quality and reduce sulfur content, further reducing the environmental impact of internal combustion engines.

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We also commenced construction of a new Coker Unit at La Plata refinery which will involve an investment of approximately U.S.\$560 million, replacing the one previously in operation. The new unit design is expected to optimize energy efficiency and minimize particulate matter emissions. We expect that this project will be completed by 2014.

In addition to the projects mentioned above, we have begun to implement a broad range of environmental projects in the domestic Exploration and Production and Refining and Marketing and Chemicals segments.

Capital expenditures associated with domestic Exploration and Production environmental projects during 2011 were approximately U.S.\$123 million and included expenditures relating to Health, Safety and Environment (HSE) management systems, waste management, energy efficiency, biodiversity plans, remediation of well sites, tank batteries integrity and remediation of oil spills in the gathering systems of fields. Expenditures will also be made to improve technical assistance and training, and to establish environmental contamination remediation plans, air emissions monitoring plans and ground water investigation and monitoring programs.

We and several other industrial companies operating in the La Plata area have entered into a community emergency response agreement with three municipalities and local hospitals, firefighters and other health and safety service providers to implement an emergency response program. This program is intended to prevent damages and losses resulting from accidents and emergencies, including environmental emergencies. Similar projects and agreements were developed at other refineries and harbor terminals as well.

In 1991, we entered into an agreement (*Convenio de Cooperación Interempresarial*, or CCI) with certain other oil and gas companies to implement a plan to reduce and assess environmental damage resulting from oil spills in Argentine surface waters to reduce the environmental impact of potential oil spills offshore. This agreement involves consultation on technological matters and mutual assistance in the event of any oil spills in rivers or at sea due to accidents involving tankers or offshore exploration and production facilities. In respect to climate change Historically, YPF has actively contributed and adhered to Repsol YPF's climate change strategies and, as such we have been committed to:

the active promotion of identification and pursuit of opportunities to reduce greenhouse gas emissions in our operations; intensifying the execution of internal projects for the obtention of credits under the relevant clean development mechanisms through the efficient use of resources, contributing to the transfer of technology and to the sustainable development of Argentina;

in December 2010, YPF obtained the approval of United Nations for an industrial project developed by YPF in Argentina defined as a Clean Development Mechanism (CDM) project, the first of its kind in the world. The project in the La Plata refinery reduces the emissions of greenhouse waste gases from fossil fuels used for process heating by replacing these fuels with recovered waste gases that were previously burned in flares. The project increases energy efficiency by reducing the demand for fuel oil and natural gas, allowing an annual emission reduction of approximately 200,000 tons of carbon dioxide. During September 2011, the first verification of emissions reduction was undertaken;

to secure the approval of the CDM project, YPF developed a new methodology, which was approved by United Nations in 2007 under the name of AM0055 Baseline and Monitoring Methodology for the recovery and utilization of waste gas in refinery facilities . At the moment, 4 projects in the world are being developed applying this methodology designed by YPF. A similar investment in flare gas recovery and utilization at the Luján de Cuyo refinery is under development as a CDM project. The project documentation was validated by a third-party accredited entity and registration with the United Nations was achieved in December 2011;

the undertaking and verification of third-party CO₂ emissions inventories for refining and chemical operations in accordance with the ISO 14064 standard. The inventory at Ensenada Industrial Complex has been verified since 2008 and, in 2011, the verification also included CH₄ and N₂O emissions. At La Plata and Luján de Cuyo refineries, the inventory of CO₂ emissions has been verified since 2010;

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in addition to verifying third-party CO₂ inventories, the La Plata and Luján de Cuyo refineries have shown reductions in emissions in 2009, 2010 and 2011.

Our estimated capital expenditures and future investments are based on currently available information and on current laws. Any future information or future changes in laws or technology could cause a revision of such estimates. In addition, we cannot assure you that our new management, which we expect to be appointed by our next general shareholders' meeting, on June 4, 2012, will not change our strategy in this regard. See Item 3. Key Information Risk Factors Risks Relating to Argentina The Argentine federal government has taken control over the Company and will operate it according to domestic energy policies in accordance with the Expropriation Law. Moreover, while we do not expect environmental expenditures to have a significant impact on our future results of operations, changes in management's business plans or in Argentine laws and regulations may cause expenditures to become material to our financial position, and may affect results of operations in any given year.

YPF Holdings Operations in the United States

Laws and regulations relating to health and environmental quality in the United States affect YPF Holdings' operations in the United States. See Regulatory Framework and Relationship with the Argentine Government U.S. Environmental Regulations.

In connection with the sale of Diamond Shamrock Chemicals Company (Chemicals) to a subsidiary of Occidental Petroleum Corporation (Occidental) in 1986, Maxus Energy Corporation (Maxus) agreed to indemnify Chemicals and Occidental from and against certain liabilities relating to the business and activities of Chemicals prior to the September 4, 1986 closing date (the Closing Date), including certain environmental liabilities relating to certain chemical plants and waste disposal sites used by Chemicals prior to the Closing Date.

In addition, under the agreement pursuant to which Maxus sold Chemicals to Occidental (the 1986 Stock Purchase Agreement), Maxus is obligated to indemnify Chemicals and Occidental for certain environmental costs incurred on projects involving remedial activities relating to chemical plant sites or other property used to conduct Chemicals' business as of the Closing Date and for any period of time following the Closing Date which relate to, result from or arise out of conditions, events or circumstances discovered by Chemicals and as to which Chemicals provided written notice prior to September 4, 1996, irrespective of when Chemicals incurs and gives notice of such costs.

Tierra Solutions Inc. (Tierra) was formed to deal with the results of the alleged obligations of Maxus, as described above, resulting from actions or facts that occurred primarily between the 1940s and 1970s while Chemicals was controlled by other companies.

See Item 8. Financial Information Legal Proceedings YPF Holdings' below for a description of environmental matters in connection with YPF Holdings.

Offshore Operations

All of the offshore fields in which we have a working interest have in place a Health, Safety, Environmental and Community (HSEC) management plan to address risks associated with the project. In addition, all drilling projects that we operate or in which we have a working interest have in place an Emergency Response Plan (ERP), including response plans for oil spills.

The HSEC management plans in place include ERPs for an oil spill or leak, and these ERPs are regularly assessed for adequacy in light of available information and technical developments. We review our HSEC management plans for our drilling projects on a regular basis to seek to ensure that appropriate measures are in place for every phase of the project.

Malvinas

In 2011, we completed the Malvinas deep water project, located in blocks CAA40/CAA46 in Argentine waters. We obtained the required environmental permits for the related operations, including the approval of the OSRP (Oil

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Spill Response Plan) from the Naval Authority (*Prefectura Naval Argentina*). Well data indicated no hydrocarbon presence and the well was abandoned. The project was finalized without any environmental incident.

As in the rest of our offshore areas, we will continue to study and interpret available geological and geophysical information in order to plan our next activities.

Neptune

Under the Neptune Joint Operating Agreement, the operator of the field is required to maintain an HSEC management plan based on health and safety rules agreed upon between the operator and the non-operators. As a non-operator, we are entitled to review the operator's safety and environmental management systems for compliance with the HSEC management plan, but we do not have direct control over the measures taken by the field operator to remedy any particular spill or leak. The operator of the field is required to notify all non-operators, including us, in writing of any spill greater than 50 barrels, among other incidents.

The HSEC management plan for Neptune, which is maintained by the operator of the field, includes the following critical elements and procedures:

Emergency Shutdown (ESD) System

Fire Detection System

Combustible Gas Detection System

Ventilation Systems (Mechanical)

Spill/Leak Containment Systems

Vent/Flare System

Subsea Well Control System

Temporary Refuge

Escape Water Craft

Critical Power Systems (including electric, pneumatic, hydraulic)

Emergency Communication Systems

Hull Ballast Systems

Hull Tendons

Riser Hang-off Components

Design HSE Case Critical Procedures

Emergency Shutdown (ESD) Procedures

Evacuation Procedures

Dire Fighting Procedures

Helideck Operations Procedures

Emergency Response Procedures

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Additionally, the operator's Emergency, Preparedness and Response procedures include teams that generally are on call 24 hours a day, 7 days a week and are summoned based on the severity level of the emergency (1-low up to 7-extreme) through a third party London based emergency dispatcher. The operator's teams include the following:

Fire and Safety Team (FAST) Site Response (Level 1 to 2 severity): Provides initial on-scene response and incident containment in the operator's tower building including evacuation, first aid, CPR, search and rescue.

Incident Management Team (IMT) Asset/Local Response (Level 2 to 5 severity): Provides tactical, operational, HSEC, planning, logistical and regulatory notification support and other technical expertise. An Incident Management Center is established for the IMT in one room of the operator building in Houston. The IMT is also supported by a drilling-specific team from the World Wide Drilling group for any incidents during drilling and completions activities.

Emergency Management Team (EMT) Petroleum/Asset Response (Level 3 to 5 severity): Provides support to the IMT with emphasis on strategic issues affecting the Asset and Petroleum including internal and external stakeholder management, financial, legal, and communication support. An Emergency Management Room for the EMT is established in one room of the operator's building in Houston.

Crisis Management Team (CMT) Operator Response (Levels 5 to 7 severity): Provides support to the EMT with emphasis on strategic issues affecting the operator including communications with stakeholders at senior levels.

External Response Organizations: Summoned for any severity level based on needs assessed by the IMT, EMT or CMT. Includes government response groups and external oil spill response organizations and emergency management consultants.

The HSEC management plan is administered by a leading oil field services contractor contracted by the operator and includes a plan of action in the event of a spill or leak.

Property, Plant and Equipment

Most of our property, which comprises investments in assets which allow us to explore and/or exploit crude oil and natural gas reserves, as well as refineries, storage, manufacturing and transportation facilities and service stations, is located in Argentina. As of December 31, 2011, approximately 99.9% of our proved reserves were located in Argentina. We also own property mainly in the United States, Guyana and Uruguay. See Exploration and Production Principal properties.

There are several classes of property which we do not own in fee. Our petroleum exploration and production rights are in general based on sovereign grants of concession. Upon the expiration of the concession, our exploration and production assets associated with the particular property subject to the relevant concession revert to the government. In addition, as of December 31, 2011, we leased 90 service stations to third parties and also had activities with service stations that are owned by third parties and operated by them under a supply contract with us for the distribution of our products.

Insurance

The scope and coverage of the insurance policies and indemnification obligations discussed below are subject to change, and such policies are subject to cancellation in certain circumstances. In addition, the indemnification provisions of certain of our drilling, maintenance and other services contracts may be subject to differing interpretations, and enforcement of those provisions may be limited by public policy and other considerations. We may also be subject to potential liabilities for which we are not insured or in excess of our insurance coverage, including liabilities discussed in Item 3. Key Information Risk Factors Risks Relating to the Argentine Oil and Gas Business and Our Business. We may not have sufficient insurance to cover all the operating hazards that we are subject to, Item 3. Key Information Risk Factors Risks Relating to the Argentine Oil and Gas Business and

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Our Business The oil and gas industry is subject to particular economic and operational risks and Item 3. Key Information Risk Factors Risks Relating to the Argentine Oil and Gas Business and Our Business We may incur significant costs and liabilities related to environmental, health and safety matters .

Argentine operations

We insure our operations against risks inherent in the oil and gas industry, including loss of or damage to property and our equipment, control-of-well incidents, loss of production or profits incidents, removal of debris, sudden and accidental pollution, damage and clean up and third-party claims, including personal injury and loss of life, among other business risks. Our insurance policies are typically renewable annually and generally contain policy limits, exclusions and deductibles.

Our insurance policy covering our Argentine operations provides third party liability coverage up to U.S.\$400 million per incident, with varying deductibles of between U.S.\$0.1 million and U.S.\$2 million, in each case depending on the type of incident. Certain types of incidents, such as intentional pollution and gradual and progressive pollution, are excluded from the policy's coverage. The policy's coverage extends to control-of-well incidents, defined as an unintended flow of drilling fluid, oil, gas or water from the well that cannot be contained by equipment on site, by increasing the weight of drilling fluid or by diverting the fluids safely into production. Our policy provides coverage for third-party liability claims relating to pollution from a control-of-well event ranging from U.S.\$75 million for certain onshore losses and a maximum combined single limit of U.S.\$250 million for offshore losses.

Our insurance policy also covers physical loss or damage in respect of, but not limited to, onshore and offshore property of any kind and description (whether upstream or downstream), up to U.S.\$1,000 million per incident, with varying deductibles of between U.S.\$1 million and U.S.\$6.60 million, including loss of production or profits with deductibles of 60 days for downstream operations with a minimum deductible of U.S.\$20 million for upstream operations.

Argentine regulations require us to purchase from specialized insurance companies (*Aseguradoras de Riesgos de Trabajo* ART) insurance covering the risk of personal injury and loss of life of our employees. Our insurance policies cover medical expenses, lost wages and loss of life, in the amounts set forth in the applicable regulations. These regulatory requirements also apply to all of our contractors.

We have adopted a position in agreements entered into with contractors that provide drilling services, well services or other services to our exploration and production operations (E&P Services Agreements), whereby contractors are generally responsible for indemnifying us to varying degrees for certain damages caused by their personnel and property above the drilling surface. Similarly, we are generally responsible under our drilling contracts to indemnify our contractors for any damages caused by our personnel and property above the drilling surface.

We typically assume responsibility for indemnifying our contractors for any loss or liability resulting from damages caused below the surface provided that such damages below the surface have not been caused by the negligence of the contractor in which case the contractor shall be liable up to a limited amount agreed by the parties in the E&P Services Agreements.

E&P Services Agreements usually establish that contractors are responsible for pollution or contamination including clean-up costs and third party damages caused above the surface by the spill of substances under their control, provided that the damage has been caused by the negligence or willful misconduct of the contractor. In the event of pollution or contamination produced below the surface, contractors shall also typically be liable for damages caused due to the contractor's negligence or willful misconduct. However, in this last case the damages are also usually limited to an amount agreed upon by the parties in the E&P Services Agreement.

We are also partners in several joint ventures and projects that are not operated by us. Contractual provisions, as well as our obligations arising from each agreement, can vary. In certain cases, insurance coverage is provided by the insurance policy entered into by the operator, while in others, our risks are covered by our insurance policy covering our Argentine operations. In addition, in certain cases we may contract insurance covering specific

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incidents or damages which are not provided for in the operator's insurance policy. We also retain the risk for liability not indemnified by the field or rig operator in excess of our insurance coverage.

With respect to downstream servicing contracts, contractors are usually responsible for damages to their own personnel and caused by them to third parties and they typically indemnify us for damages to equipment. A mutual hold-harmless provision for indirect damages such as those resulting from loss of use or loss of profits is normally included.

Gulf of Mexico operations

Our operations in the Gulf of Mexico currently include only our 15% working interest, through our subsidiary Maxus U.S. Exploration Company, in the Neptune field, which is operated by BHP Billiton. Our Gulf of Mexico operations are insured under a policy similar to that described above for our Argentine properties, with certain differences that are addressed below.

Our Gulf of Mexico operations insurance policy provides coverage for property damage, operator's extra expenses, loss of production and third party liability, subject to certain customary exclusions such as property damage resulting from wear and tear and gradual deterioration. The following limits and deductibles are applicable to our insurance coverage:

Physical loss or damage to owned property and equipment is limited to U.S.\$772 million (100%), with deductibles ranging from U.S.\$0.75 million (100%) to U.S.\$1.25 million (100%), and U.S.\$10 million (100%) in respect of windstorms;

Loss of production is covered up to a limit of U.S.\$38.8 million (15%) with a deductible of 60 days of production (90 days in respect of windstorms);

Coverage for operator's extra expenses is subject to a limit of U.S.\$250 million (100%) per incident, with a U.S.\$1 million deductible (100%) (U.S.\$10 million (100%) in respect of incidents related to windstorms). Our control-of-well insurance mainly covers expenses incurred on account of bringing or attempting to bring under control a well that is out of control or extinguishing a well fire, including but not limited to the value of materials and supplies consumed in the operation, rental of equipment, fees of individuals, firms or corporations specializing in fire fighting and/or the control of wells, deliberate well firing, and cost of drilling direction relief well(s) necessary to bring the well(s) under control or to extinguish the fire and excludes bodily injury, damage to property of others and loss of hole (except in respect of certain costs incurred in re-drilling and/or recompletion as a result of an occurrence). For the purpose of this insurance, a well shall be deemed to be out of control only when there is an unintended flow from the well of drilling fluid, oil, gas or water (1) which flow cannot promptly be (a) stopped by use of the equipment on site and/or the blowout preventor, storm chokes or other equipment; or (b) stopped by increasing the weight by volume of drilling fluid or by use of the other conditioning materials in the well; or (c) safely diverted into production; or (2) which flow is deemed to be out of control by the appropriate regulatory authority.

Coverage for third party liability arising from personal injury or loss of life, which extends to our employees, contractors and unaffiliated third party individuals, is subject to a limit of U.S.\$333.33 million (100 %) per incident, with a U.S.\$5,000 deductible (100%).

According to the procedures applicable to the Neptune field consortium, its operator shall use its best efforts to require contractors to carry insurance coverage for worker compensation, employers liability, commercial general liability and automobile liability. To our knowledge, based solely on inquiries made to the operator, this policy is applicable to all contracts and a majority of contractors carry such insurance. Contractors providing aircraft and watercraft are required to provide further insurance cover relevant to this activity. In addition, our own insurance policy covers risks of physical loss or damage incurred as a result of negligence by any contractor to supplies and equipment of every kind and description incidental to our operations, including, among others, materials, equipment, machinery, outfit and consumables, in each case as defined in our insurance contract and with the deductibles and exclusions specified therein. The consortium or operator, as applicable, is responsible for indemnifying a contractor

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for damages caused by its personnel and property. The operator or consortium, as applicable, is also responsible for indemnifying contractors for certain losses and liabilities resulting from pollution or contamination.

Regulatory Framework and Relationship with the Argentine Government

Overview

The Argentine oil and gas industry has been and continues to be subject to certain policies and regulations that have resulted in domestic prices that are, in some cases, lower than prevailing international market prices, export regulations, domestic supply requirements that oblige us from time to time to divert supplies from the export or industrial markets in order to meet domestic consumer demand, and incremental export duties on the volumes of hydrocarbons allowed to be exported. These governmental pricing and export regulations and tax policies have been implemented in an effort to satisfy increasing domestic market demand.

The Argentine oil and gas industry is regulated by Law No. 17,319, referred to as the Hydrocarbons Law, which was adopted in 1967 and amended by Law No. 26,197 in 2007, which established the general legal framework for the exploration and production of oil and gas, and Law No. 24,076, referred to as the Natural Gas Law, enacted in 1992, which established the basis for deregulation of natural gas transportation and distribution industries.

The executive branch of the Argentine government issues the regulations to complement these laws. The regulatory framework of the Hydrocarbons Law was established on the assumption that the reservoirs of hydrocarbons would be national properties and Yacimientos Petrolíferos Fiscales Sociedad del Estado, our predecessor, would lead the oil and gas industry and operate under a different framework than private companies. In 1992, Law No. 24,145, referred to as the Privatization Law, privatized YPF and provided for transfer of hydrocarbon reservoirs from the Argentine government to the provinces, subject to the existing rights of the holders of exploration permits and production concessions.

The Privatization Law granted us 24 exploration permits covering approximately 132,735 square kilometers and 50 production concessions covering approximately 32,560 square kilometers. The Hydrocarbons Law limits to five the number of concessions that may be held by any one entity, and also limits the total area of exploration permits that may be granted to a single entity. Based on our interpretation of the law, we were exempted from such limit with regard to the exploration permits and production concessions awarded to us by the Privatization Law. Nevertheless, the National Department of Economy of Hydrocarbons (*Dirección Nacional de Economía de los Hidrocarburos*), applying a restrictive interpretation of Section 25 and 34 of the Hydrocarbons Law, has objected to the award of new exploration permits and production concessions in which we have a 100% interest. As a result, our ability to acquire 100% of new exploration permits and/or production concessions has been hindered, although this interpretation has not impeded our ability to acquire any permits or concessions where an interest is also granted to other parties. As a consequence of the transfer of ownership of certain hydrocarbons areas to the provinces, we participate in competitive bidding rounds organized since the year 2000 by several provincial governments for the award of contracts for the exploration of hydrocarbons.

In October 2004, the Argentine Congress enacted Law No. 25,943 creating a new state-owned energy company, Energía Argentina S.A. (ENARSA). The corporate purpose of ENARSA is the exploration and exploitation of solid, liquid and gaseous hydrocarbons, the transport, storage, distribution, commercialization and industrialization of these products, as well as the transportation and distribution of natural gas, and the generation, transportation, distribution and sale of electricity. Moreover, Law No. 25,943 granted to ENARSA all exploration concessions in respect to offshore areas located beyond 12 nautical miles from the coast line up to the outer boundary of the continental shelf that were vacant at the time of the effectiveness of this law (i.e., November 3, 2004).

In addition, in October 2006, Law No. 26,154 created a regime of tax incentives aimed at encouraging hydrocarbon exploration and which apply to new exploration permits awarded in respect of the offshore areas granted to ENARSA and those over which no rights have been granted to third parties under the Hydrocarbons Law, provided the provinces in which the hydrocarbon reservoirs are located adhere to this regime. Association with ENARSA is a precondition to qualifying for the benefits provided by the regime created by Law No. 26,154. The

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benefits include: early reimbursement of the value added tax for investments made and expenses incurred during the exploration period and for investments made within the production period; accelerated amortization of investments made in the exploration period and the accelerated recognition of expenses in connection with production over a period of three years rather than over the duration of production; and exemptions to the payment of import duties for capital assets not manufactured within Argentina. As of the date of this annual report, we have not used the tax incentives previously mentioned.

Ownership of hydrocarbons reserves was transferred to the provinces through the enactment of the following legal provisions that effectively amended the Hydrocarbons Law:

In 1992, the Privatization Law approved the transfer of the ownership of hydrocarbons reserves to the provinces where they are located. However, this law provided that the transfer was conditioned on the enactment of a law amending the Hydrocarbons Law to contemplate the privatization of Yacimientos Petrolíferos Fiscales Sociedad del Estado.

In October 1994, the Argentine National Constitution was amended and pursuant to Article 124 thereof, provinces were granted the primary control of natural resources within their territories.

In August 2003, Executive Decree No. 546/03 transferred to the provinces the right to grant exploration permits, hydrocarbons exploitation and transportation concessions in certain locations designated as transfer areas, as well as in other areas designated by the competent provincial authorities.

In January 2007, Law No. 26,197 acknowledged the provinces' ownership of the hydrocarbon reservoirs in accordance with Article 124 of the National Constitution (including reservoirs to which concessions were granted prior to 1994) and granted provinces the right to administer such reservoirs.

The Expropriation Law

On May 3, 2012, the Expropriation Law (Law No. 26,741) was passed by the Argentine Congress and, on May 7, it was published in the Official Gazette of the Republic of Argentina. The Expropriation Law has declared achieving self-sufficiency in the supply of hydrocarbons as well as in the exploitation, industrialization, transportation and sale of hydrocarbons, a national public interest and a priority for Argentina. In addition, its stated goal is to guarantee socially equitable economic development, the creation of jobs, the increase of the competitiveness of various economic sectors and the equitable and sustainable growth of the Argentine provinces and regions.

Article 3 of the Expropriation Law provides that the principles of the hydrocarbon policy of the Republic of Argentina are the following:

- (a) Promote the use of hydrocarbons and their derivatives to promote development, and as a mechanism to increase the competitiveness of the various economic sectors and that of the provinces and regions of Argentina;
- (b) Convert hydrocarbon resources to proved reserves and their exploitation and the restoration of reserves;
- (c) Integrate public and private capital, both national and international, into strategic alliances dedicated to the exploration and exploitation of conventional and nonconventional hydrocarbons;
- (d) Maximize the investments and the resources employed for the achievement of self-sufficiency in hydrocarbons in the short, medium and long term;
- (e) Incorporate new technologies and categories of management that contribute to the improvement of hydrocarbon exploration and exploitation activities and the advancement of technological development in the Republic of Argentina in this regard;
- (f) Promote the industrialization and sale of hydrocarbons with a high added-value;

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- (g) Protect the interests of consumers with respect to the price, quality and availability of hydrocarbon derivatives; and
- (h) Collect outstanding balances relating to exportable hydrocarbons in order to improve the trade balance, ensuring a rational exploitation of the resources and the sustainability of its exploitation for use by future generations.

According to Article 2 of the Expropriation Law, the National Executive Office will be responsible for setting forth this policy and shall introduce the measures necessary to accomplish the purpose of the Expropriation Law with the participation of the Argentine provinces and public and private capital, both national and international.

Given the recent passage of the Expropriation Law, we are developing our new business plan and the related new investment, economic and dividend policy for the Company. Our new business plan will be designed in accordance with the goals set forth in the Expropriation Law.

Creation of Federal Council of Hydrocarbons

Article 4 of the Expropriation Law provides for the creation of a Federal Council of Hydrocarbons which shall include the participation of (a) the Ministry of Economy and Public Finances, the Ministry of Federal Planning, Public Investment and Services, the Ministry of Labor, Employment and Social Security and the Ministry of Industry, through their respective representatives; and (b) the provinces of Argentina and the Autonomous City of Buenos Aires, through the representatives that each may appoint. According to Article 5 of the Expropriation Law, the duties of the Federal Council of Hydrocarbons will be the following: (a) promote the coordinated action of the National and provincial governments, with the purpose of ensuring the fulfillment of the objectives of the Expropriation Law; and (b) adopt decisions regarding all questions related to the accomplishment of the objectives of the Expropriation Law and the establishment of the hydrocarbons policy of the Republic of Argentina that the National Executive Office may submit for consideration.

Expropriation of shares held by Repsol YPF

For purposes of ensuring the fulfillment of its objectives, the Expropriation Law provides for the expropriation of 51% of the share capital of YPF represented by an identical stake of Class D shares owned, directly or indirectly, by Repsol YPF and its controlled or controlling entities. The expropriated shares, which have been declared of public interest, will be assigned as follows: 51% to the federal government and 49% to the governments of the provinces that compose the National Organization of Hydrocarbon Producing States. In addition, the Expropriation Law provides for the expropriation of 51% of the share capital of the company Repsol YPF GAS S.A. represented by 60% of the Class A shares of such company owned, directly or indirectly, by Repsol Butano S.A. and its controlled or controlling entities.

As of the date of this annual report, the transfer of the expropriated shares between National Executive Office and the provinces that compose the National Organization of Hydrocarbon Producing States is still pending. According to Article 8 of the Expropriation Law, the distribution of the shares among the provinces that accept their transfer must be conducted in an equitable manner, considering their respective levels of hydrocarbon production and proved reserves.

Rights of new shareholders

To ensure compliance with its objectives, the Expropriation Law provides that the National Executive Office, by itself or through an appointed public entity, shall exercise all the political rights associated with the shares subject to expropriation until the transfer of political and economic rights to the provinces that compose the National Organization of Hydrocarbon Producing States is completed. In addition, in accordance with Article 9 of the Expropriation Law, each of the Argentine provinces to which expropriated shares are allocated must enter a shareholder's agreement with the federal government which will provide for the unified exercise of its rights as a shareholder.

Any future transfer of the expropriated shares is prohibited without the permission of the National Congress by a two-thirds vote of its members.

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The appointment of YPF directors corresponding to the expropriated shares shall be completed proportionately considering the holdings of the federal government, provincial governments and one director shall represent the employees of the Company.

In accordance with Article 16 of the Expropriation Law, the national government and the provinces must exercise their rights pursuant to the following principles: (a) the strategic contribution of YPF to the achievement of the objectives set forth in the Expropriation Law; (b) the administration of YPF pursuant to the industry's best practices and corporate governance, safeguarding shareholders' interests and generating value on their behalf; and (c) the professional management of YPF.

Intervention

In accordance with Article 14 of the Expropriation Law, the National Executive Office and the Intervenor of YPF and Repsol YPF Gas S.A. are empowered to adopt all actions and precautions as necessary, until control of YPF and Repsol YPF Gas S.A. is assumed by their respective new managements.

Legal nature of the Company

YPF will continue to operate as a public company pursuant to Chapter II, Section V of Law N° 19,550 and its corresponding regulations, and will not be subject to any legislation or regulation applicable to the management or control of companies or entities owned by the national government or provincial governments.

In accordance with Article 17 of the Expropriation Law, for purposes of complying with such law, with respect to sources of finance, YPF must resort to internal and external, strategic alliances, joint ventures, transitory business unions, and cooperation partnerships whether public, private or mixed companies, domestic and foreign.

You can find a copy of an English translation of the Expropriation Law in the report on Form 6-K furnished by the Company to the SEC on May 9, 2012 (Item 1).

Decree No. 530/12

In connection with the Expropriation Law, Decree No. 530/12 of the National Executive Power provided for the temporary intervention of YPF for a period of thirty (30) days (which is expected to be extended until our next shareholders meeting to be held on June 4, 2012), with the aim of securing the continuity of its business and the preservation of its assets and capital, securing fuel provision and the satisfaction of the country's needs, and guaranteeing that the goals of the Expropriation Law are met. In accordance with Article 3 of Decree No. 530/2012, the powers conferred by YPF's bylaws on the Board and/or the President of the Company have been temporarily granted to Julio M. De Vido (the Intervenor). On May 7, 2012, through Decree No. 676/2012 of the National Executive Power, Mr. Miguel Matías Galuccio was appointed General Manager of the Company during the Intervention. Our next general shareholders' meeting, expected to be held on June 4, 2012, will appoint the new members of our Board of Directors. See Item 6. Directors, Senior Management and Employees' Management of the Company under the Intervention.

Law No. 26,197

Law No. 26,197, which amended the Hydrocarbons Law, transferred to the provinces and the City of Buenos Aires the ownership over all hydrocarbon reservoirs located within their territories and in the adjacent seas up to 12 nautical miles from the coast. Law No. 26,197 also provides that the hydrocarbon reservoirs located beyond 12 nautical miles from the coast to the outer limit of the continental shelf shall remain within the ownership of the federal government.

Pursuant to Law No. 26,197, the Argentine Congress shall continue to enact laws and regulations to develop oil and gas resources existing within all of the Argentine territory (including its sea), but the governments of the provinces where the hydrocarbon reservoirs are located shall be responsible for the enforcement of these laws and regulations, the administration of the hydrocarbon fields and shall act as granting authorities for the exploration permits and production concessions. However, the administrative powers granted to the provinces shall be exercised within the framework of the Hydrocarbons Law and the regulations which complement this law.

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Consequently, even though Law No. 26,197 established that the provinces shall be responsible for administering the hydrocarbon fields, the Argentine Congress retained its power to issue rules and regulations regarding the oil and gas legal framework. Additionally, the Argentine government retained the power to determine the national energy policy.

It is expressly stated that the transfer will not affect the rights and obligations of exploration permit and production concession holders, or the basis for the calculation of royalties, which shall be calculated in accordance with the concession title and paid to the province where the reservoirs are located.

Law No. 26,197 provides that the Argentine government shall retain the authority to grant transportation concessions for: (i) transportation concessions located within two or more provinces territory and (ii) transportation concessions directly connected to export pipelines for export purposes. Consequently, transportation concessions which are located within the territory of only one province and which are not connected to export facilities shall be transferred to the provinces.

Finally, Law No. 26,197 grants the following powers to the provinces: (i) the exercise in a complete and independent manner of all activities related to the supervision and control of the exploration permits and production concessions transferred by Law No. 26,197; (ii) the enforcement of all applicable legal and/or contractual obligations regarding investments, rational production and information and surface fee and royalties payment; (iii) the extension of legal and/or contractual terms; (iv) the application of sanctions provided in the Hydrocarbons Law; and (v) all the other faculties related to the granting power of the Hydrocarbons Law. Certain of our concessions in Argentina have recently been revoked by the relevant provincial authorities while the revocation of other concessions is currently being evaluated by the relevant authorities. See Item 3. Key Information Risk Factors Risks Relating to Argentina Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions and Item 8. Legal Proceedings Argentina Non-accrued, possible contingencies Concessions on Hydrocarbon zones Provincial claims.

Public Emergency

On January 6, 2002, the Argentine Congress enacted Law No. 25,561, the Public Emergency and Foreign Exchange System Reform Law (Public Emergency Law), which represented a profound change of the economic model effective as of that date, and rescinded the Convertibility Law No. 23,928, which had been in effect since 1991 and had pegged the peso to the dollar on a one-to-one basis. In addition, the Public Emergency Law granted the executive branch of the Argentine government authority to enact all necessary regulations in order to overcome the economic crisis in which Argentina was then immersed. The situation of emergency declared by Law 25,561 has been extended until December 31, 2013 by Law 26,729. The executive branch is authorized to execute the powers delegated by Law 25,561 until such date.

After the enactment of the Public Emergency Law, several other laws and regulations have been enacted. The following are the most significant measures enacted to date in Argentina to overcome the economic crisis:

Conversion into pesos of (i) all funds deposited in financial institutions at an exchange rate of Ps.1.40 for each U.S.\$1.00 and (ii) all obligations (e.g., loans) with financial institutions denominated in foreign currency and governed by Argentine law at an exchange rate of Ps.1.00 for each U.S.\$1.00. The deposits and obligations converted into pesos would be thereafter adjusted by a reference stabilization index, the *Coficiente de Estabilidad de Referencia* (CER), to be published by the Argentine Central Bank. Obligations governed by non-Argentine law have not been converted to pesos under the new laws. Substantially all of our dollar-denominated debt is governed by non-Argentine law.

Conversion into pesos at an exchange rate of Ps.1.00 for each U.S.\$1.00 of all obligations outstanding among private parties at January 6, 2002 that are governed by Argentine law and payable in foreign currency. The obligations so converted into pesos would be adjusted through the CER index, as explained above. In the case of non-financial obligations, if as a result of the mandatory conversion into pesos the resulting intrinsic value of goods or services that are the object of the obligation are higher or lower than their price expressed in pesos, either party may request an equitable adjustment of the price. If they cannot agree on such equitable price adjustment, either party may resort to the courts. Executive Decree No.

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689/02 established an exception to the Public Emergency Law and regulations and provides that the prices of long-term natural gas sale and transportation agreements executed before the enactment of the Decree and denominated in U.S. dollars will not be converted into pesos (Ps.1.00 for each U.S.\$1.00) when the natural gas is exported.

Conversion into pesos at an exchange rate of Ps.1.00 for each U.S.\$1.00 of all tariffs of public services, the elimination of the adjustment of tariffs by foreign indexes such as the Purchaser Price Index (PPI)/Consumer Price Index (CPI) index, and the imposition of a period of renegotiation with the governmental authorities thereafter.

Imposition of customs duties on the export of hydrocarbons with instructions to the executive branch of the Argentine government to set the applicable rate thereof. The application of these duties and the instruction to the executive branch have been extended until January 2017 by Law 26, 732. See also Taxation below.

Exploration and Production

The Hydrocarbons Law establishes the basic legal framework for the regulation of oil and gas exploration and production in Argentina. The Hydrocarbons Law empowers the executive branch of the Argentine government to establish a national policy for development of Argentina's hydrocarbon reserves, with the principal purpose of satisfying domestic demand.

Pursuant to the Hydrocarbons Law, exploration and production of oil and gas is carried out through exploration permits, production concessions, exploitation contracts or partnership agreements. The Hydrocarbons Law also permits surface reconnaissance of territory not covered by exploration permits or production concessions upon authorization of the Argentine Secretariat of Energy and/or competent provincial authorities, as established by Law No. 26,197, and with permission of the private property owner. Information obtained as a result of surface reconnaissance must be provided to the Argentine Secretariat of Energy and/or competent provincial authorities, which may not disclose this information for two years without permission of the party who conducted the reconnaissance, except in connection with the grant of exploration permits or production concessions.

Under the Hydrocarbons Law, the federal and/or competent provincial authorities may grant exploration permits after submission of competitive bids. Permits granted to third parties in connection with the deregulation and demonopolization process were granted in accordance with procedures specified in Executive Decrees No. 1055/89, 1212/89 and 1589/89 (the Oil Deregulation Decrees), and permits covering areas in which our predecessor company, Yacimientos Petrolíferos Fiscales S.A., was operating at the date of the Privatization Law and that were granted to us by such law. In 1991, the executive branch of the Argentine government established a program under the Hydrocarbons Law (known as *Plan Argentina*) pursuant to which exploration permits were auctioned. The holder of an exploration permit has the exclusive right to perform the operations necessary or appropriate for the exploration of oil and gas within the area specified by the permit. Each exploration permit may cover only unproved areas not to exceed 10,000 square kilometers (15,000 square kilometers offshore), and may have a term of up to 14 years (17 years for offshore exploration). The 14-year term is divided into three basic terms and one extension term. The first basic term is up to four years, the second basic term is up to three years, the third basic term is up to two years and the extension term is up to five years. At the expiration of each of the first two basic terms, the acreage covered by the permit is reduced, at a minimum, to 50% of the remaining acreage covered by the permit, with the permit holder deciding which portion of the acreage to keep. At the expiration of the three basic terms, the permit holder is required to revert all of the remaining acreage to the Argentine government, unless the holder requests an extension term, in which case such grant is limited to 50% of the remaining acreage.

If the holder of an exploration permit discovers commercially exploitable quantities of oil or gas, the holder has the right to obtain an exclusive concession for the production and development of this oil and gas. The Hydrocarbons Law provides that oil and gas production concessions shall remain in effect for 25 years as from the date of the award of the production concession, in addition to any remaining exploration term at the date of such award. The Hydrocarbons Law further provides for the concession term to be extended for up to 10 additional years, subject to terms and conditions approved by the grantor at the time of the extension. Under Law No. 26,197, the authority to extend the terms of current and new permits and concessions has been vested in the governments of the

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provinces in which the relevant block is located (and the Argentine government in respect of offshore blocks beyond 12 nautical miles). In order to be entitled to the extension, a concessionaire, such as us, must have complied with all of its obligations under the Hydrocarbons Law, including, without limitation, evidence of payment of taxes and royalties and compliance with environmental, investment and development obligations. See Item 3. Key Information Risk Factors Risks Relating to the Argentine Oil and Gas Business and Our Business Argentine oil and gas production concessions and exploration permits are subject to certain conditions and may not be renewed. Upon the expiration of the 10-year extension period of the current concessions, the provinces are entitled to award new concessions or contracts in respect of the relevant blocks.

A production concession also confers on the holder the right to conduct all activities necessary or appropriate for the production of oil and gas, provided that such activities do not interfere with the activities of other holders of exploration permits and production concessions. A production concession entitles the holder to obtain a transportation concession for the oil and gas produced. See Transportation of Liquid Hydrocarbons below.

Exploration permits and production concessions require holders to carry out all necessary work to find or extract hydrocarbons, using appropriate techniques, and to make specified investments. In addition, holders are required to:

avoid damage to oil fields and waste of hydrocarbons;

adopt adequate measures to avoid accidents and damage to agricultural activities, fishing industry, communications networks and the water table; and

comply with all applicable federal, provincial and municipal laws and regulations.

Certain of our concessions in Argentina have recently been revoked by the relevant provincial authorities while the revocation of other concessions is currently being evaluated by the relevant authorities. See Item 3. Key Information Risk Factors Risks Relating to Argentina Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions and Item 8. Legal Proceedings Argentina Non-accrued, possible contingencies Concessions on Hydrocarbon zones Provincial claims.

According to the Hydrocarbons Law, holders of production concessions, including us, are also required to pay royalties to the province where production occurs. A 12% royalty, and an additional 3% royalty in certain concessions for which the expiration has been extended (see Extension of Exploitation Concessions in the province of Neuquén and Extension of Exploitation Concessions in the province of Mendoza below), is payable on the value at the wellhead (equal to the price upon delivery of the product, less transportation, treatment costs and other deductions) of crude oil production and the natural gas volumes commercialized. The value is calculated based upon the volume and the sale price of the crude oil and gas produced, less the costs of transportation and storage. In addition, pursuant to Resolution S.E. 435/04 issued by the Argentine Secretariat of Energy, if a concession holder allots crude oil production for further industrialization processes at its plants, the concession holder is required to agree with the provincial authorities or the Argentine Secretariat of Energy, as applicable, on the reference price to be used for purposes of calculating royalties.

Considering, among other things, that as a result of Resolution 394/07 of the Ministry of Economy and Production, which increased duties on exports of certain hydrocarbons, Argentine companies began to negotiate the price for crude oil in the domestic market, which would in turn be used as the basis for calculation of royalties, the Undersecretariat of Fuels, which depends on the Argentine Secretariat of Energy, passed Disposition No. 1/08, which sets a minimum reference price for the calculation of royalties and does not permit downward adjustments of this price based upon the quality of crude oil. As of the date of this annual report, we have negotiated with certain third parties sale prices of crude oil that we have used as the basis for calculating and paying royalties according to the methodology set forth in the Hydrocarbons Law.

Disposition No 1/08 of the Undersecretariat of Fuels, ratified by Resolution 813/10 of the Secretariat of Energy, was successfully challenged by other companies that considered that such Disposition was contrary to the royalties calculation method set in the Hydrocarbons Law. These companies have obtained, from the Federal Supreme Court, preliminary injunctions ordering, provisionally, that Disposition 1/08 not be applied to them (e.g., *Petro Andina*

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Resources Argentina S.A. vs. Province of La Pampa (October 19, 2010), *Colhue Huapi S.A. vs. Chubut s/incidente de medida cautelar* (July 6, 2010), *Chevron Argentina SRL vs. Santa Cruz y otros s/ medida cautelar* (December 29, 2009) and *Enap Sipetrol Argentina S.A. vs. Chubut s/medida cautelar* (December 29, 2009)).

In addition to the above, the Public Emergency Law, which created the export withholdings, established that export withholdings were not to be deducted from the export price for purposes of calculating the 12% royalties. The royalty expense incurred in Argentina is accounted for as a production cost (as explained in *Exploration and Production Oil and gas production, production prices and production costs*). According to the Hydrocarbons Law, any oil and gas produced by the holder of an exploration permit prior to the grant of a production concession is subject to the payment of a 15% royalty.

Furthermore, pursuant to Sections 57 and 58 of the Hydrocarbons Law, holders of exploration permits and production concessions must pay an annual surface fee that is based on acreage of each block and which varies depending on the phase of the operation, i.e., exploration or production, and in the case of the former, depending on the relevant period of the exploration permit. Additionally, Executive Decree No. 1,454/07, dated October 17, 2007, increased the amount of exploration and production surface fees expressed in Argentine pesos that are payable to the provinces in which the hydrocarbon fields are located or, in the case of offshore and certain other fields, to the Argentine government.

Exploration permits and production or transportation concessions may be terminated upon any of the following events:

failure to pay annual surface taxes within three months of the due date;

failure to pay royalties within three months of the due date;

substantial and unjustifiable failure to comply with specified production, conservation, investment, work or other obligations;

repeated failure to provide information to, or facilitate inspection by, authorities or to utilize adequate technology in operations;

in the case of exploration permits, failure to apply for a production concession within 30 days of determining the existence of commercially exploitable quantities of hydrocarbons;

bankruptcy of the permit or concession holder;

death or end of legal existence of the permit or concession holder; or

failure to transport hydrocarbons for third parties on a non-discriminatory basis or repeated violation of the authorized tariffs for such transportation.

The Hydrocarbons Law further provides that a cure period, of a duration to be determined by the Argentine Secretariat of Energy and/or the competent provincial authorities, must be provided to the defaulting concessionaire prior to the termination.

When a production concession expires or terminates, all oil and gas wells, operating and maintenance equipment and facilities automatically revert to the province where the reservoir is located or to the Argentine government in the case of reservoirs under federal jurisdiction (i.e., located on the continental shelf or beyond 12 nautical miles offshore), without compensation to the holder of the concession.

Certain of our production concessions expire in 2017. The granting of an extension is an unregulated process and normally involves lengthy negotiations between the applicant and the relevant government. Although the Hydrocarbons Law provides that applications must be submitted at least six months prior to the concession expiration date, it is industry practice to commence the process far earlier, typically as soon as the technical and economic feasibility of new investment projects beyond the concession term become apparent.

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On March 16, 2006, the Argentine Secretariat of Energy issued Resolution S.E. No. 324/06 establishing that holders of exploration permits and hydrocarbon concessions must file with such agency details of their proved reserves existing in each of their areas, certified by an external reserves auditor, each year. Holders of hydrocarbon concessions that export hydrocarbons are obliged to certify their oil and gas proved reserves. The aforementioned certification only has the meaning established by Resolution S.E. No. 324/06, according to which it is not to be interpreted as a certification of oil and gas reserves under the SEC rules. See Exploration and Production Oil and Gas Reserves.

In March 2007, the Argentine Secretariat of Energy issued Resolution No 407/07 which approved new regulations concerning the Oil and Gas Exploration and Production Companies Registry. According to Resolution No 407/07, YPF, as a holder of Production Concessions and Exploration Permits, is banned from hiring or in any way benefiting from any company or entity which is developing or has developed oil and gas exploration activities within the Argentine continental platform without an authorization from the relevant Argentine authorities.

As of the date of this annual report, it is unclear what effect, if any, the Expropriation Law will have on the laws and regulations summarized above. See The Expropriation Law.

Extension of Exploitation Concessions in the province of Neuquén

In addition to the extension in 2002 of the expiration date of the exploitation concession of the Loma La Lata field until 2027, during the years 2008 and 2009, YPF entered into a number of agreements with the province of Neuquén, pursuant to which the exploitation concession terms of several areas located within the province were extended for a 10-year term, which now expire between 2026 and 2027. As a condition to the extension of the concession terms, YPF has undertaken to do the following under the relevant agreements: (i) to make initial payments to the province of Neuquén in an aggregate amount of approximately U.S.\$204 million; (ii) to pay the province of Neuquén an Extraordinary Production Royalty of 3% of the production of the areas affected by this extension (in addition, the parties agreed to make additional adjustments of up to an additional 3% in the event of extraordinary income, as defined in each agreement); (iii) to carry out exploration activities in the remaining exploration areas and make certain investments and expenditures until the expiration of the concessions in an aggregate amount of approximately U.S.\$3,512 million, and (iv) to make Corporate Social Responsibility contributions to the province of Neuquén in an aggregate amount of approximately U.S.\$23 million.

Extension of Exploitation Concessions in the province of Mendoza

In April 2011, YPF entered into a Memorandum of Agreement with the province of Mendoza to extend the term of the exploitation concessions identified below, and the transportation concessions located within the province, which was ratified by a decree published in July 2011.

The Memorandum of Agreement between YPF and the province of Mendoza provides, *inter alia*, the following:

Concessions involved: El Portón, Barrancas, Cerro Fortunoso, El Manzano, La Brea, Llanquanelo, Llanquanelo R, Puntilla de Huincán, Río Tunuyan, Valle del Río Grande, Vizcacheras, Cañadón Amarillo, Altiplanicie del Payún, Chihuido de la Sierra Negra, Puesto Hernández and La Ventana;

Exploitation concession terms, which were originally set to expire in 2017, are extended for a 10-year term; and

YPF has undertaken: (i) to make initial payments to the province of Mendoza in an aggregate amount of approximately of U.S.\$135 million, on the date specified in the Memorandum of Agreement; (ii) to pay the province of Mendoza an Extraordinary Production Royalty of 3% of the production of the areas affected by the Memorandum of Agreement; (iii) to carry out exploration activities in the remaining exploration areas and make certain investments and expenditures in a total amount of U.S.\$4,113 million until the expiration of the extended term, as stipulated in the Memorandum of Agreement, on the exploitation concessions affected by the Memorandum of Agreement; (iv) to contribute with U.S.\$16.2 million to a Social Infrastructure Investment Fund to satisfy community needs in the province of Mendoza, and; (v) to make payments equal to 0.3% of the annual amount paid as Extraordinary Production Royalty in order

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to fund the purchase of equipment and finance training activities in certain government agencies of the province of Mendoza.

Security Zones Legislation

Argentine law restricts the ability of non-Argentine companies to own real estate, oil concessions or mineral rights located within, or with respect to areas defined as, security zones (principally border areas). Prior approval of the Argentine government is required:

for non-Argentine shareholders to acquire control of us; or

if and when the majority of our shares belong to non-Argentine shareholders, such as it was recently the case (see The Expropriation Law), for any additional acquisition of real estate, mineral rights, oil or other Argentine government concessions located within, or with respect to, security zones.

Natural Gas Transportation and Distribution

In June 1992, the Natural Gas Law was passed, providing for the privatization of Gas del Estado Sociedad del Estado (Gas del Estado) and the deregulation of the price of natural gas. To effect the privatization of Gas del Estado, the five main trunk lines of the gas transmission system were divided into two systems principally on a geographical basis (the northern and the southern trunk pipeline systems). This was designed to give both systems access to gas sources and to the main centers of demand in and around Buenos Aires. These systems were transferred into two new transportation companies. The Gas del Estado distribution system was divided into eight regional distribution companies, including two distribution companies serving the greater Buenos Aires area. Shares of each of the transportation and distribution companies were sold to consortiums of private bidders. Likewise, in 1997, a distribution license for the provinces of Chaco, Formosa, Entre Ríos, Corrientes and Misiones was granted to private bidders.

The regulatory structure for the natural gas industry creates an open-access system, under which gas producers, such as us, will have open access to future available capacity on transmission and distribution systems on a non-discriminatory basis.

Cross-border gas pipelines were built to interconnect Argentina, Chile, Brazil and Uruguay, and producers such as us have been exporting natural gas to the Chilean and Brazilian markets, to the extent permitted by the Argentine government. During the last several years the Argentine authorities have adopted a number of measures restricting exports of natural gas from Argentina, including issuing domestic supply instruction pursuant to Regulation No. 27/04 and Resolutions Nos. 265/04, 659/04 and 752/05 (which require exporters to supply natural gas to the Argentine domestic market), issuing express instructions to suspend exports, suspending processing of natural gas and adopting restrictions on natural gas exports imposed through transportation companies and/or emergency committees created to address crisis situations. See Market Regulation Natural gas export restrictions and domestic supply priorities.

Transportation of Liquid Hydrocarbons

The Hydrocarbons Law permits the executive branch of the Argentine government to award 35-year concessions for the transportation of oil, gas and petroleum products following submission of competitive bids. Pursuant to Law No. 26,197, the relevant provincial governments have the same powers. Holders of production concessions are entitled to receive a transportation concession for the oil, gas and petroleum products that they produce. The term of a transportation concession may be extended for an additional ten-year term upon application to the executive branch. The holder of a transportation concession has the right to:

transport oil, gas and petroleum products; and

construct and operate oil, gas and products pipelines, storage facilities, pump stations, compressor plants, roads, railways and other facilities and equipment necessary for the efficient operation of a pipeline system.

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The holder of a transportation concession is obligated to transport hydrocarbons for third parties on a non-discriminatory basis for a fee. This obligation, however, applies to producers of oil or gas only to the extent that the concession holder has surplus capacity available and is expressly subordinated to the transportation requirements of the holder of the concession. Transportation tariffs are subject to approval by the Argentine Secretariat of Energy for oil and petroleum pipelines and by the National Gas Regulatory Authority (*Ente Nacional Regulador del Gas* or ENARGAS) for gas pipelines. Upon expiration of a transportation concession, the pipelines and related facilities automatically revert to the Argentine government without payment to the holder. The Privatization Law granted us a 35-year transportation concession with respect to the pipelines operated by Yacimientos Petrolíferos Fiscales S.A. at the time. Gas pipelines and distribution systems sold in connection with the privatization of Gas del Estado are subject to a different regime under the Natural Gas Law.

Additionally, pursuant to Law No. 26,197, all transportation concessions located entirely within a province's jurisdiction and not directly connected to any export pipeline are to be transferred to such province. The executive branch retains the power to regulate and enforce all transportation concessions located within two or more provinces and all transportation concessions directly connected to export pipelines.

As of the date of this annual report, it is unclear what effect, if any, the Expropriation Law will have on the laws and regulations summarized above. See The Expropriation Law.

Refining

Crude oil refining activities conducted by oil producers or others are subject to the prior registration of oil companies in the registry maintained by the Argentine Secretariat of Energy and compliance with safety and environmental regulations, as well as to provincial environmental legislation and municipal health and safety inspections.

In January 2008, the Argentine Secretariat of Domestic Commerce issued Resolution No. 14/2008, whereby the refining companies were instructed to optimize their production in order to obtain maximum volumes according to their capacity.

Executive Decree No. 2014/08 of November 25, 2008, created the Refining Plus program to encourage the production of diesel fuel and gasoline. The Argentine Secretariat of Energy, by Resolution S.E. No. 1312/08 of December 1, 2008, approved the regulations of the program. Pursuant to this program, refining companies that undertook the construction of a new refinery or the expansion of their refining and/or conversion capacity, and whose plans were approved by the Argentine Secretariat of Energy, were entitled to receive export duty credits to be applied to exports of products within the scope of Resolution No. 394/07 and Resolution No. 127/08 (Annex) issued by the Department of Economy and Production. In February 2012, by Notes Nos. 707/12 and 800/12 (the Notes) of the Argentine Secretariat of Energy, YPF was notified that the benefits granted under the Refining Plus program have been temporarily suspended. The effects of the suspension extend to benefits accrued and not yet redeemed by YPF at the time of the issuance of the Notes. The reasons alleged for such suspension are that the Refining Plus program was created in a context where domestic prices were lower than currently prevailing prices and that the objectives sought by the program have already been achieved. On March 16, 2012, YPF challenged temporary this suspension.

As of the date of this annual report, it is unclear what effect, if any, the Expropriation Law will have on the laws and regulations summarized above. See The Expropriation Law.

Market Regulation

Overview

Under the Hydrocarbons Law and the Oil Deregulation Decrees, holders of production concessions, such as us, have the right to produce and own the oil and gas they extract and are allowed to dispose of such production in the domestic or export markets, in each case subject to the conditions described below.

The Hydrocarbons Law authorizes the executive branch of the Argentine government to regulate the Argentine oil and gas markets and prohibits the export of crude oil during any period in which the executive branch finds

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domestic production to be insufficient to satisfy domestic demand. If the executive branch restricts the export of crude oil and petroleum products or the free disposition of natural gas, the Oil Deregulation Decrees provide that producers, refiners and exporters shall receive a price:

in the case of crude oil and petroleum products, not lower than that of imported crude oil and petroleum products of similar quality; and

in the case of natural gas, not less than 35% of the international price per cubic meter of Arabian light oil, 34° API.

Furthermore, the Oil Deregulation Decrees expressly required the executive branch to give twelve months notice of any future export restrictions. Notwithstanding the above provisions, certain subsequently-enacted resolutions (Resolution S.E. 1679/04, Resolution S.E. 532/04 and Resolution of the Ministry of Economy and Production 394/07) have modified the aforementioned price mechanism, resulting, in certain cases, in prices to producers below the levels described above.

As of the date of this annual report, it is unclear what effect, if any, the Expropriation Law will have on the laws and regulations summarized above. See The Expropriation Law.

Production of crude oil and reserves

Executive Decree No. 2014/08 of November 25, 2008, created the Petroleum Plus program to encourage the production of crude oil and the increase of reserves through new investments in exploration and development. The Argentine Secretariat of Energy, by Resolution S.E. No. 1312/08 of December 1, 2008, approved the regulations of the program. The program entitled production companies which increased their production and reserves within the scope of the program, and whose plans were approved by the Argentine Secretariat of Energy, to receive export duty credits to be applied to exports of products within the scope of Resolution No. 394/07 and Resolution No. 127/08 (Annex) issued by the Department of Economy and Production. In February 2012, by the Notes of the Argentine Secretariat of Energy, YPF was notified that the benefits granted under the Petroleum Plus program have been temporarily suspended. The effects of the suspension extend to benefits accrued and not yet redeemed by YPF at the time of the issuance of the Notes. The reasons alleged for such suspension are that the Petroleum Plus program was created in a context where domestic prices were lower than currently prevailing prices and that the objectives sought by the program have already been achieved. On March 16, 2012, YPF challenged this suspension.

Refined products

In April 2002, the Argentine government and the main oil companies in Argentina, including us, reached an agreement on a subsidy provided by the Argentine government to public bus transportation companies. The Agreement on Stability of Supply of Diesel Fuel (*Convenio de Estabilidad de Suministro de Gas Oil*) was approved by Executive Decree No. 652/02 and assured the transportation companies their necessary supply of diesel fuel at a fixed price of Ps.0.75 per liter from April 22, 2002 to July 31, 2002. Additionally, it established that the oil companies are to be compensated for the difference between this fixed price and the market price through export duty credits. Subsequent agreements entered into between the Argentine government and the main oil companies in Argentina extended the subsidy scheme until December 2009, while the aforementioned fixed price was revised from time to time, the current price being Ps.1.30 per liter.

In March 2009, Executive Decree No. 1390/09 empowered the Chief of Cabinet to sign annual agreements extending the diesel fuel subsidy to transportation companies for the fiscal year 2009 and until the end of the public emergency declared by the Public Emergency Law and its amendments, and instructed such official to incorporate the necessary modifications in order to extend the possibility to compensate with export duty credits on all hydrocarbon products currently exported, and in defect thereof, in cash. As of the date of this annual report, execution of the annual agreements for the fiscal years 2010, 2011 and 2012 is pending. Nevertheless, the subsidy scheme has continued to be in place on the basis of the monthly communications issued by the Argentine Secretariat of Transport notifying oil companies of the volumes to be delivered to each beneficiary of the scheme at the fixed price, and the Argentine government has continued to compensate oil companies for deliveries of diesel fuel made under the scheme.

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Over the past months, the Argentine Secretariat of Transport has substantially reduced the volumes of diesel fuel subsidized under this scheme. In addition, on January 11, 2012, the Argentine Secretary of Transport filed with the CNDC a complaint against five oil companies (including YPF) for alleged abuse of a dominant position regarding bulk sales of diesel fuel to public bus transportation companies. The alleged conduct consists of selling bulk diesel fuel to public bus transportation companies at prices higher than the retail price charged in service stations. On January 26, 2012, the Secretary of Domestic Commerce issued Resolution No. 6/2012 whereby, effective from the date of the resolution, (i) each of these five oil companies was ordered to sell diesel oil to public bus transportation companies at a price no higher than the retail price charged by its service station located in general terms nearest to the place of delivery of diesel fuel to each such transportation company, while maintaining both historic volumes and delivery conditions; and (ii) it created a price monitoring scheme of both the retail and the bulk markets to be implemented by the CNDC. YPF challenged this Resolution and requested a preliminary injunction against its implementation. YPF's preliminary injunction has been granted and the effects of the Resolution have been temporarily suspended. See Item 8. Financial Information Legal proceedings Argentina Non-accrued, possible contingencies CNDC investigation.

On March 13, 2012, YPF was notified of Resolution No. 17/2012, issued by the Argentine Secretariat of Domestic Commerce, pursuant to which YPF, Shell Compañía Argentina de Petróleo, S.A. and ESSO Petrolera Argentina S.R.L were ordered to supply jet fuel for domestic and international air transport at a price net of taxes not to exceed 2.7% of the price net of taxes of medium octane gasoline (not premium) offered at its closest service station to the relevant airport, while maintaining its existing supply logistics and its usual supply quantities. The abovementioned resolution benefits companies owning aircraft that operate in the field of commercial passenger or commercial passenger and cargo aviation which are registered under the Argentine National Aircraft Registry. According to a later clarification from the Secretary of Domestic Commerce, the beneficiaries of the measure adopted by this resolution are the following companies: Aerolíneas Argentinas, S.A., Andes Líneas Aéreas S.A., Austral Cielos del Sur, LAN Argentina, S.A. and Sol S.A. Líneas Aéreas. In addition, in said resolution, the Argentine Secretariat of Domestic Commerce indicated that it considered convenient to implement a price surveillance system to be implemented by the CNDC. YPF has challenged such resolution, which will be reviewed by a court.

The Argentine Secretariat of Energy has issued a series of resolutions affecting the fuel market. For example, Resolution S.E. No. 1,102/04 created the Registry of Liquid Fuels Supply Points, Self Consumption, Storage, Distributors and Bulk Sellers of Fuels and Hydrocarbons, and of Compressed Natural Gas; Resolution S.E. No. 1,104/04 created a bulk sales price information module as an integral part of the federal fuel information system, as well as a mechanism for communication of volumes sold by fuel manufacturers and by sellers; Resolution S.E. No. 1,834/05 compels service stations and/or supply point operators and/or self consumption of liquid fuels and hydrocarbons who have requested supply, and have not been supplied, to communicate such situation to the Argentine Secretariat of Energy; and Resolution S.E. No. 1,879/05 established that refining companies registered by the Argentine Secretariat of Energy, who are parties to contracts that create any degree of exclusivity between the refining company and the fuel seller, shall assure continuous, reliable, regular and non-discriminatory supply to its counterparties, giving the right to the seller to obtain the product from a different source, and thereupon, charging any applicable overcosts to the refining company.

Disposition S.S.C. No. 157/06 of the Undersecretariat of Fuels provides that fuel sellers who are parties to contracts that create any degree of exclusivity between the refining company and the fuel seller, and which for any reason are seeking to terminate such contract, shall report the termination in advance with the Undersecretariat of Fuels in order to inform the Argentine Secretariat of Domestic Commerce of the situation. In that case, the Argentine Secretariat of Domestic Commerce is to: (i) issue a statement regarding the validity of the termination of the contract and (ii) use all necessary means to allow the fuel seller terminating the contract to execute another agreement with a refining company and/or fuel broker in order to guarantee its fuel supply.

Resolution S.E. No. 1,679/04 reinstalled the registry of diesel fuel and crude oil export transactions created by Executive Decree No. 645/02, and mandated that producers, sellers, refining companies and any other market agent that wishes to export diesel fuel or crude oil to register such transaction and to demonstrate that domestic demand has been satisfied and that they have offered the product to be exported to the domestic market. In addition, Resolution S.E. No. 1338/06 added other petroleum products to the registration regime created by Executive Decree

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No. 645/02, including gasoline, fuel oil and its derivatives, aviation fuel, coke coal, asphalts, certain petrochemicals and certain lubricants. Resolution No. 715/07 of the Argentine Secretariat of Energy empowered the National Refining and Marketing Director to determine the amounts of diesel fuel to be imported by each company, in specific periods of the year, to compensate exports of products included under the regime of Resolution No. 1679/04; the fulfillment of this obligation to import diesel fuel is necessary to obtain authorization to export the products included under Decree No. 645/02 (crude, fuel oil, diesel fuel, coke coal and gasoline, among others). In addition, Resolution No. 25/06 of the Argentine Secretariat of Domestic Commerce, issued within the framework of Law No. 20,680, imposes on each Argentine refining company the obligation to supply all reasonable diesel fuel demand, by supplying certain minimum volumes (established pursuant to the resolution) to their usual customers, mainly service station operators and distributors.

On August 17, 2010, the Argentine Secretariat of Domestic Commerce issued Resolution No. 295/10, imposing that the trade price of liquid fuels should be leveled back to those prices existing on July 31, 2010. This Resolution has been successfully challenged by another company and a preliminary injunction was granted suspending the effects of such Resolution. This Resolution was later on derogated by Resolution No. 543/10 of the Argentine Secretariat of Domestic Commerce.

On February 2, 2011, the Argentine Secretariat of Domestic Commerce issued Resolution No. 13/11 stating that the retail price of liquid fuels had to be leveled back to those prices existing on January 28, 2011. This resolution also required refineries and oil companies to continue to supply amounts of fuel to the domestic market consistent with amounts supplied the prior year, as adjusted for the positive correlation between the increase in the demand of fuel and gross domestic product. On March 29, 2011, however, the Argentine Secretariat of Domestic Commerce issued Resolution No. 46/11, which derogated Resolution No. 13/11, alleging that market conditions had changed since its issuance.

As of the date of this annual report, it is unclear what effect, if any, the Expropriation Law will have on the laws and regulations summarized above. See The Expropriation Law.

Natural gas

In January 2004, Executive Decree No. 180/04 (i) created the Mercado Electrónico del Gas (MEG) for the trade of daily spot sales of gas and a secondary market of transportation and distribution services and (ii) established information duties for buyers and sellers of natural gas in relation to their respective commercial operations, required as a condition to be authorized to inject into and transport through the transportation system any volume of natural gas (further regulated by Resolution No. 1,146/04 issued on November 9, 2004 and Resolution No. 882/05 issued by the Argentine Secretariat of Energy). According to Executive Decree No. 180/04, all daily spot sales of natural gas must be traded within the MEG.

In January 2004, Executive Decree No. 181/04 authorized the Argentine Secretariat of Energy to negotiate with natural gas producers a pricing mechanism for natural gas supplied to industries and electric generation companies. Domestic market prices at the retail market level were excluded from these negotiations.

On June 14, 2007, Resolution No. 599/07 of the Argentine Secretariat of Energy approved a proposal of agreement with natural gas producers regarding the supply of natural gas to the domestic market during the period 2007 through 2011 (the *Propuesta de Acuerdo*, or Agreement 2007-2011), giving such producers a five-business-day term to enter into the Agreement 2007-2011. If within that term, the Agreement 2007-2011 was not executed by a sufficient number of producers to make it viable, the Argentine Secretariat of Energy would disregard the Agreement and enact the Procedures for Complementary Supply of the Internal Market 2007-2011 (*Procedimientos de Abastecimiento Complementario al Mercado Interno 2007-2011*) (not described in Resolution No. 599/07). We executed the agreement taking into account that natural gas exports and certain domestic sales of producers that do not enter into the Agreement 2007-2011 are to be called upon first in order to satisfy domestic demand, before the export sales of the producers that have signed the Agreement 2007-2011 are affected. While producers are authorized to withdraw from the Agreement 2007-2011 under its terms, if they do so such producers will be treated as any producer that has not entered into the Agreement 2007-2011 in the first place. On January 5, 2012, the Official Gazette published Resolution S.E. No. 172, which temporarily extends the assignment rules and other criteria established by Resolution No. 599/07 until new legislation is passed replacing such rules and criteria.

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On February 17, 2012, we filed a motion for reconsideration of Resolution S.E. No. 172 with the Argentine Secretariat of Energy.

The purpose of the Agreement 2007-2011 is to guarantee the supply of the domestic market demand at the levels registered in 2006, plus the growth in demand by residential and small commercial customers (the agreed demand levels). Producers that have entered into the Agreement 2007-2011 would commit to supply a part of the agreed demand levels according to certain shares determined for each producer based upon its share of production for the 36 months prior to April 2004. For this period, our share of production was approximately 36.5%, or 36.8 mmcm/d (or 1,300 mmcf/d). The Agreement 2007-2011 also provides guidelines for the terms of supply agreements for each market segment, and certain pricing limitations for each market segment of the agreed demand levels. In order to guarantee any domestic market demand of natural gas in excess of the agreed demand levels, Resolution S.E. No. 599/07 maintains the effectiveness of the Resolutions that implemented the curtailment of natural gas export commitments and the re-routing of such natural gas volumes to certain sectors of the domestic market. See Natural gas export restrictions and domestic supply priorities. The Resolution also states that the Agreement 2007-2011 does not prevent the possible suspension or termination of export permits.

We were compelled to execute the Agreement 2007-2011, among other reasons, in order to mitigate our potential damages. Producers failing to sign the Agreement 2007-2011 could be penalized and subject to other unfavorable measures by regulatory authorities. However, we expressly stated that the execution of the Agreement 2007-2011 did not entail any recognition by us of the validity of the terms and conditions of the various Resolutions of the Argentine Secretariat of Energy establishing programs for the curtailment or re-routing of exports to satisfy domestic demand. We challenged Resolution No. 599/07 and stated that we signed the Agreement 2007-2011 taking into account the potential consequences of not doing so.

The Argentine Secretariat of Energy created, by its Resolution No. 24/08 issued on March 13, 2008, a program named Gas Plus to encourage natural gas production resulting from new reserves discoveries, new fields and tight gas, among other factors. The natural gas produced under the Gas Plus program will not be subject to the Agreement 2007-2011 and will not be subject to the price conditions established under such Agreement.

The Argentine Secretariat of Energy, through Resolution No. 1031/08 issued on September 12, 2008, modified Resolution No. 24/07, establishing the specific conditions petitioners must meet in order to qualify for the Gas Plus program. Certain of such conditions were modified by Resolution No. 695/09 of the Argentine Secretariat of Energy, which demands compliance with commitments already assumed.

The Argentine Secretariat of Energy, through Resolution No. 1070/08 issued on October 1, 2008, ratified the complementary agreement entered into between Argentine natural gas producers and the Argentine Secretariat of Energy on September 19, 2008 (the Complementary Agreement), which (i) modified gas prices at the wellhead and segmented the residential sector in terms of natural gas demand, and (ii) established the requirement that natural gas producers contribute to the fiduciary fund created by Law No. 26,020. The Complementary Agreement also contains certain requirements concerning the provision of LPG to the domestic market. See Liquefied Petroleum Gas. Through Resolution No. 1417/08, the Secretariat of Energy determined the basin prices for the residential segment applicable to the producers that signed the Complementary Agreement. On January 13, 2010, the natural gas producers signed an addendum to the Complementary Agreement which extended the commitment to contribute to the fiduciary funds created by Law No. 26,020 until December 31, 2010. On January 25, 2011, the natural gas producers signed a second addendum to the Complementary Agreement which extended such commitment until December 31, 2011.

On March 19, 2012, the Official Gazette published Resolution SE No. 55/2012 of the Secretariat of Energy, which extended the Complementary Agreement for 2012 and established the following with respect to non-signing parties: (i) the natural gas price increase established by the Complementary Agreement will not be applicable to natural gas injected into the gas system by non-signing parties; (ii) natural gas injected by non-signing parties will be consumed first in the order of priority by residential users, which tariffs are in the lowest range; and (iii) non-signing parties must fulfill all of the commitments undertaken by natural gas producers under the Agreement 2007-2011, which was extended by Resolution S.E. No. 172. On April 19, 2012, YPF signed the 2012 extension of the Complementary Agreement.

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On March 23, 2012, Resolution SE No. 55/2012 was supplemented by Resolution ENARGAS No. 2087/2012, which sets forth, among others, the procedure that distribution companies should follow to secure amounts to be deposited with the fiduciary fund created by Law No. 26,020. Additionally, according to this resolution, producers which have not signed the 2012 extension of the Complementary Agreement are not allowed to charge the well-head price increases for gas set forth in Resolutions SE No. 1070/2008 and 1417/2008 to consumers directly supplied by distribution companies. Thus, such non-signing producers have to invoice the lower prices which were in effect prior to the adoption of these resolutions for the gas supplied to the distribution companies.

Executive Decree No. 2067/08 of December 3, 2008, created a fiduciary fund to finance natural gas imports destined for injection into the national pipeline system, when required to satisfy the internal demand. The fiduciary fund is funded through the following mechanisms: (i) various tariff charges which are paid by users of regular transport and distribution services, gas consumers that receive gas directly from producers and companies that process natural gas; (ii) special credit programs that may be arranged with domestic or international organizations; and (iii) specific contributions assessed by the Argentine Secretariat of Energy on participants in the natural gas industry. This decree has been subject to different judicial claims and judges throughout the country have issued precautionary measures suspending its effects. On November 8, 2011, ENARGAS published Resolution No. 1982/11, which supplements Decree No. 2067/08. This Resolution adjusts the tariff charges established by Executive Decree No. 2067/08 to be paid by users in the residential segment and gas processing and electric power companies, among others, starting December 1, 2011. On November 24, 2011, ENARGAS issued Resolution No. 1991/11, which extends the type of users that will be required to pay tariff charges. YPF has challenged these Resolutions. On April 13, 2012, a precautionary measure was granted regarding the processing plant El Porton, suspending the effects of these Resolutions with respect to such plant.

On July 17, 2009, the Ministry of Federal Planning, Public Investment and Services and certain natural gas producers (including YPF) signed an agreement which sets forth: (i) natural gas prices at the wellhead for the electric power generators segment from July to December 2009, and (ii) amounts to be received by natural gas producers for volumes sold to the residential segment from August 2009 onwards. These amounts are adjusted on a monthly basis so that they represent 50% of the amount collected by the fiduciary fund to finance natural gas imports.

On October 4, 2010, the Official Gazette published ENARGAS Resolution No. 1410/10, which approves the *Procedimiento para Solicitudes, Confirmaciones y Control de Gas* setting new rules for natural gas dispatch applicable to all participants in the gas industry and imposing the following new and more severe priority demand gas restrictions on producers:

Distributors remain able to solicit all the gas necessary to cover the priority demand despite such gas volumes exceeding those that the Argentine Secretariat of Energy would have allocated by virtue of the Agreement 2007-2011 ratified by the Resolution No. 599/07. See Exploration and Production Delivery commitments .

Producers are obligated to confirm all the natural gas requested by distributors in respect of the priority demand. The producers' portion of such volumes follow the allocation criterion established by the Resolution No. 599/07. We cannot predict the amount of the estimated domestic demand that a producer may be required to satisfy regardless of whether such producer signed the Agreement 2007-2011.

Once the priority demand has been satisfied, the remaining demands are fulfilled with exports last in order of priority.

In the event a producer is unable to meet the requested demand, transporters are responsible for redirecting gas until a distributor's gas demand is met. The gas deficiency is either (i) deducted from the producer suffering the deficiency if it is able to meet the demands of its other clients in the same basin or (ii) recuperated from the remainder of the gas producers in the event the deficient producer is not able to serve any of its clients in the same basin.

As a result, this regime imposes a jointly liable supply obligation on all producers in the event any producer experiences a gas supply deficiency. We have challenged the validity of the aforementioned regulation.

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On December 17, 2010 certain natural gas producers (including YPF) signed an agreement which set forth the percentage of regasified LNG assigned to each natural gas producer for 2011. Amounts produced under this agreement were counted towards such producers' commitments to supply natural gas to distributors under Resolution No. 599/07. As of the date of this annual report, a similar agreement has not been entered into for 2012.

Natural gas export administration and domestic supply priorities

In March 2004, the Argentine Secretariat of Energy issued Resolution S.E. No. 265/04 adopting measures intended to ensure the adequate supply of natural gas to the domestic market and regulate its consequences on electricity wholesale prices. Among the measures adopted were:

the suspension of all exports of surpluses of natural gas;

the suspension of automatic approvals of requests to export natural gas;

the suspension of all applications for new authorizations to export natural gas filed or to be filed before the Argentine Secretariat of Energy; and

the authorization to the Undersecretariat of Fuels to create a rationalization plan of gas exports and transportation capacity.

In March 2004, the Undersecretariat of Fuels, pursuant to the authority given to it under Resolution S.E. No. 265/04, issued Regulation S.S.C. No. 27/04 establishing a rationalization plan of gas exports and transportation capacity. Among other things, Regulation No. 27/04 established a limit on natural gas export authorizations, which, absent an express authorization by the Undersecretariat of Fuels, may not be executed for volumes exceeding exports registered during 2003.

In June 2004, the Argentine Secretariat of Energy issued Resolution S.E. No. 659/04, which established a new program to assure natural gas supply to the domestic market (which substitutes for the program created by Regulation No. S.S.C. 27/04). Under Resolution S.E. No. 659/04 (amended by Resolution S.E. No. 1,681/04), natural gas exports may be restricted due to shortages of natural gas in the domestic market, because exporting producers may be required to supply additional volumes of natural gas to the domestic market beyond those that they are contractually committed to supply. The export of natural gas under current export permits is conditioned on the fulfillment of additional supply requirements imposed on exporting producers by governmental authorities.

This program was further amended and supplemented by Resolution S.E. No. 752/05 issued by the Argentine Secretariat of Energy in May 2005, which further reduced the ability of producers to export natural gas, and created a mechanism under which the Argentine Secretariat of Energy may require exporting producers to supply additional volumes to domestic consumers during a seasonal period (Permanent Additional Supply), which volumes of natural gas are also not committed by the exporting producers. Based on the provisions of Rule No. 27/04, Resolution S.E. No. 659/04 and Resolution S.E. No. 752/05, the Argentine Secretariat of Energy and/or the Undersecretariat of Fuels have instructed us to re-direct natural gas export volumes to the internal market, thereby affecting natural gas export commitments. We have challenged the validity of the aforementioned regulations and resolutions, and have invoked the occurrence of a *force majeure* event under the corresponding natural gas export purchase and sale agreements. The counterparties to such agreements have rejected our position. See Item 8. Financial Information - Legal Proceedings.

Resolution S.E. No. 752/05 also establishes (i) a special market, open and anonymous, for compressed natural gas stations to purchase natural gas under regulated commercial conditions, with the demand being ensured by the Argentine Secretariat of Energy through Permanent Additional Supply required of exporting producers, and (ii) a mechanism of standardized irrevocable offers for electric power generators and industrial and commercial consumers to obtain supply of natural gas, with the demand being ensured by the Argentine Secretariat of Energy through the issuance of the Permanent Additional Supply mentioned above.

Pursuant to the standardized irrevocable offers procedure mentioned above, which operates at the MEG, any direct consumer may bid for a term gas purchase at the export average gas price net of withholdings by basin. The volume necessary to satisfy the standardized irrevocable offers which have not been satisfied will be required as a

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Permanent Additional Supply only until the end of the seasonal period during which the unsatisfied requests should be made (October - April or May - September). Such Permanent Additional Supply will be requested from the producers that export gas and that inject the natural gas from the basins that are able to supply those unsatisfied irrevocable offers. Resolution of the Argentine Secretariat of Energy S.E. No. 1886/06, published on January 4, 2007, extended the term of effectiveness of this mechanism of standardized irrevocable offers until 2016, and empowered the Undersecretariat of Fuels to suspend its effectiveness subject to the satisfaction of internal demand of natural gas achieved by means of regulations, agreements or due to the discovery of reserves.

By means of Resolution S.E. No. 1329/06, later supplemented by Note SSC No. 1011/07, the Argentine Secretariat of Energy forced producers to give first priority in their injections of natural gas into the gas pipelines to certain preferential consumers and obligates transportation companies to guarantee these priorities through the allocation of transportation capacity. In general, these regulations subordinate all exports of natural gas to the prior delivery of natural gas volumes that are sufficient to satisfy domestic market demand.

Also, beginning during the severe Argentine winter in 2007 and continuing thereafter, we and most of gas producers as well as the transportation companies in Argentina received instructions from the government to decrease exports, except for certain volumes addressed to satisfy Chilean residential consumptions and other specific consumptions.

As of the date of this annual report, it is unclear what effect, if any, the Expropriation Law will have on the laws and regulations summarized above. See The Expropriation Law.

Liquefied petroleum gas

Law No. 26,020 enacted on March 9, 2005 sets forth the regulatory framework for the industry and commercialization of LPG. This law regulates the activities of production, bottling, transportation, storage, distribution, and commercialization of LPG in Argentina and declares such activities to be of public interest. Among other things, the law:

creates the registry of LPG bottlers, obliging LPG bottlers to register the bottles of their property;

protects the trademarks of LPG bottlers;

creates a reference price system, pursuant to which, the Argentine Secretariat of Energy shall periodically publish reference prices for LPG sold in bottles of 45 kilograms or less;

required the Argentine Secretariat of Energy to comply with the following tasks: (i) create LPG transfer mechanisms, in order to guarantee access to the product to all the agents of the supply chain; (ii) establish mechanisms for the stabilization of LPG prices charged to local LPG bottlers; and (iii) together with the CNDC, analyze the composition of the LPG market and its behavior, in order to establish limitations on market concentration in each phase, or limitations to the vertical integration throughout the chain of the LPG industry (such limitations apply to affiliates, subsidiaries and controlled companies);

grants open access to LPG storage facilities; and

creates a fiduciary fund to finance bottled LPG consumption for low-income communities in Argentina and the extension of the natural gas distribution network to new areas, where technically possible and economically feasible. The fiduciary fund is funded through the following mechanisms: (i) penalties established by Law No. 26,020, (ii) assignments from the General State Budget, (iii) funds from special credit programs that may be arranged with national or international institutions, and (iv) funds that may be assessed by the Argentine Secretariat of Energy on participants in the LPG industry.

The Argentine Secretariat of Energy established, through several subsequent resolutions, reference prices applicable to sales of LPG bottles of less than 45 kilograms, and to sales of bulk LPG exclusively to LPG bottlers. Also, the Argentine Secretariat of Energy approved the method for calculating the LPG export parity to be updated monthly by the Undersecretariat of Fuels. In 2007, the Argentine Secretariat of Energy increased the LPG volumes to be sold to bottlers at the reference prices set forth in the above-mentioned resolutions.

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Disposition 168/05 of the Undersecretariat of Fuels requires companies intending to export LPG to first obtain an authorization from the Argentine Secretariat of Energy. Companies seeking to export LPG must first demonstrate that the local demand is satisfied or that an offer to sell LPG to local demand has been made and rejected.

On September 19, 2008, the Secretariat of Energy and Argentine LPG producers entered into the Complementary Agreement which, among other objectives, seeks to stabilize the price of LPG in the domestic market. The Complementary Agreement applies only to LPG sold to bottlers that declare their intention to bottle such LPG in LPG bottles of 10, 12 or 15 kilograms. The Complementary Agreement requires LPG producers to supply LPG bottlers with the same volume of LPG supplied the prior year and to accept the price per ton set forth in the Complementary Agreement. The Complementary Agreement was extended until December 31, 2010, pursuant to an addendum entered into on October 23, 2009 by YPF and Repsol YPF Gas S.A., which required LPG producers to supply LPG bottlers in 2010 with the same volume provided during 2009 plus an additional 5%.

On December 29, 2010, LPG producers signed a second addendum to the Complementary Agreement which extended the Complementary Agreement until December 31, 2011 and required LPG producers to supply LPG bottlers in 2011 with the same volume provided during 2010.

On March 16, 2012, the Official Gazette published Resolution No. 77 of the Argentine Secretariat of Energy, which ratifies the execution of the extension of the Complementary Agreement for 2012 regarding the provision of LPG bottles of 10, 12 and 15 kilograms for residential users. This Resolution also provides that all LPG producers, whether they are parties or not to the Complementary Agreement, must provide the volumes of LPG to be determined by the Argentine Secretariat of Energy at the reference prices established in the Complementary Agreement. The failure to comply with such obligations may result in the application of the penalties established in the Resolution, including the prohibition to export LPG and the limitation of LPG sales in the domestic market. On April 19, 2012, YPF signed the 2012 extension of the Complementary Agreement.

As of the date of this annual report, it is unclear what effect, if any, the Expropriation Law will have on the laws and regulations summarized above. See The Expropriation Law.

Argentine Environmental Regulations

The enactment of Articles 41 and 43 in the National Constitution, as amended in 1994, as well as new federal, provincial and municipal legislation, has strengthened the legal framework dealing with damage to the environment. Legislative and government agencies have become more vigilant in enforcing the laws and regulations regarding the environment, increasing sanctions for environmental violations.

Under the amended Articles 41 and 43 of the National Constitution, all Argentine inhabitants have both the right to an undamaged environment and a duty to protect it. The primary obligation of any person held liable for environmental damage is to rectify such damage according to and within the scope of applicable law. The federal government sets forth the minimum standards for the protection of the environment and the provinces and municipalities establish specific standards and implementing regulations.

Federal, provincial and municipal laws and regulations relating to environmental quality in Argentina affect our operations. These laws and regulations set standards for certain aspects of environmental quality, provide for penalties and other liabilities for the violation of such standards, and establish remedial obligations in certain circumstances.

In general, we are subject to the requirements of the following federal environmental regulations (including the regulations issued thereunder):

National Constitution (Articles 41 and 43);

Law No. 25,675 on National Environmental Policy;

Law No. 25,612 on Integrated Management of Industrial and Service Industry Waste;

Law No. 24,051 on Hazardous Waste;

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Law No. 20,284 on Clean Air;

Law No. 25,688 on Environmental Management of Waters;

Law No. 25,670 on the Management and Elimination of Polychlorinated Biphenyls;

Criminal Code; and

Civil Code, which sets forth the general rules of tort law.

These laws address environmental issues, including limits on the discharge of waste associated with oil and gas operations, investigation and cleanup of hazardous substances, workplace safety and health, natural resource damages claims and toxic tort liabilities. Furthermore, these laws typically require compliance with associated regulations and permits and provide for the imposition of penalties in case of non-compliance.

In addition, we are subject to various other provincial and municipal regulations, including those relating to gas venting, oil spills and well abandonment, among other matters.

By Resolution No. 404/94, the Argentine Secretariat of Energy amended Resolution No. 419/93, and created the Registry of Independent Professionals and Safety Auditing Companies (*Registro de Profesionales Independientes y Empresas Auditoras de Seguridad*), which may act with respect to areas of hydrocarbons storage, oil refineries, gas stations, fuel commercialization plants and plants for fractionation of LPG in containers or cylinders. The Resolution provides that external audits of oil refineries, gas stations and all fuel storage plants must be carried out by professionals registered in the Registry. Domestic fuel manufacturing companies and companies that sell fuels are prohibited from supplying these products to any station failing to comply with its obligations. Penalties for failure to perform the audits and remedial or safety tasks include the disqualification of plants or gas stations. In addition, a set of obligations is established in relation to underground fuel storage systems, including a mechanism for instant notification in cases of loss or suspicion of loss from the storage facilities.

On July 19, 2001, the Secretariat of Environmental Policy of the province of Buenos Aires issued Resolution No. 1037/01 ordering us to clean up certain areas adjacent to the La Plata refinery. The resolution was appealed through an administrative procedure which has not yet been resolved. Nevertheless, we have commenced certain works in order to identify potential technical solutions for the treatment of the historical contamination, while reserving that the remediation must be made by the parties responsible for the environmental damage. Under current law, the Argentine government has the obligation to indemnify us against any liability and hold us harmless for events and claims arising prior to January 1, 1991, according to Law No. 24,145.

During 2005, the Argentine Secretariat of Energy, by means of Resolution No. 785/05, created the National Program of Hydrocarbons Warehousing Aerial Tank Loss Control, a measure aimed at reducing and correcting environmental pollution caused by hydrocarbons warehousing-aerial tanks. We have commenced the development and implementation of a technical and environmental audit plan as required by this Resolution.

The above description of the material Argentine environmental regulations is only a summary and does not purport to be a comprehensive description of the Argentine environmental regulatory framework. The summary is based upon Argentine regulations related to environmental issues as in effect on the date of this annual report, and such regulations are subject to change.

U.S. Environmental Regulations

Federal, state and local laws and regulations relating to health, safety and environmental quality in the United States, where YPF Holdings Inc. (YPF Holdings) operates, affect the operations of this subsidiary. YPF Holdings U.S. operations, conducted primarily through Maxus Energy Corporation (Maxus), are subject to the requirements of the following U.S. environmental laws:

Safe Drinking Water Act;

Clean Water Act;

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Oil Pollution Act;

Clean Air Act;

Resource Conservation and Recovery Act;

National Environmental Policy Act;

Occupational Safety and Health Act;

Comprehensive Environmental Response, Compensation and Liability Act; and

various other federal, state and local laws.

These laws and regulations set various standards for many aspects of health, safety and environmental quality (including limits on discharges associated with oil and gas operations), provide for fines and criminal penalties and other consequences (including limits on operations and loss of applicable permits) for the violation of such standards, establish procedures affecting location of facilities and other operations, and in certain circumstances impose obligations concerning reporting, investigation and remediation, as well as liability for natural resource damages and toxic tort claims.

Taxation

Holders of exploration permits and production concessions are subject to federal, provincial and municipal taxes and regular customs duties on imports. The Hydrocarbons Law grants such holders a legal guarantee against new taxes and certain tax increases at the provincial and municipal levels, except in the case of a general increase in taxes.

Pursuant to Sections 57 and 58 of the Hydrocarbons Law, holders of exploration permits and production concessions must pay an annual surface fee that is based on acreage of each block and which varies depending on the phase of the operation, i.e., exploration or production, and in the case of the former, depending on the relevant period of the exploration permit. On October 17, 2007, the *Official Gazette* published Executive Decree No. 1,454/07, which significantly increased the amount of exploration and production surface fees expressed in Argentine pesos that are payable to the different jurisdictions where the hydrocarbon fields are located. See Exploration and Production.

In addition, net profit (as defined in the Hydrocarbons Law) of holders of permits or concessions accruing from activity as such holders might be subject to the application of a special 55% income tax. This tax has never been applied. Each permit or concession granted to an entity other than us has provided that the holder thereof is subject instead to the general Argentine tax regime, and a decree of the executive branch of the Argentine government provides that we are also subject to the general Argentine tax regime.

Following the introduction of market prices for downstream petroleum products in connection with the deregulation of the petroleum industry, Law No. 23,966 established a volume-based tax on transfers of certain types of fuel, replacing the prior regime, which was based on the regulated price. Law No. 25,745, modified, effective as of August 2003, the mechanism for calculating the tax, replacing the old fixed value per liter according to the type of fuel for a percentage to apply to the sales price, maintaining the old fixed value as the minimum tax.

Export taxes

In 2002, the Argentine government began to implement customs duties on the export of hydrocarbons. Export tax rates were increased on crude oil to 20%, on butane, methane and LPG to 20% and gasoline and diesel fuel to 5%. In May 2004, Resolution No. 337/04 of the Ministry of Economy and Production increased export duties on crude oil to 25%. These export tax rates were increased again in 2004, when the Ministry of Economy and Production issued Resolution No. 532/04, establishing a progressive scheme of export duties for crude oil, with rates ranging from 25% to 45%, depending on the quotation of the WTI reference price at the time of the exportation. In addition, in May 2004, pursuant to Resolution No. 645/04 of the Ministry of Economy and Production, an export duty on natural gas and natural gas liquids was established at a rate of 20%. The export duty on natural

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gas was increased again in July 2006, when the Ministry of Economy and Production increased the rate to 45% and instructed the Customs General Administration to apply the price fixed by the Framework Agreement between Argentina and Bolivia as the base price to which to apply the new tax rate, irrespective of the actual sales price. In addition, on October 10, 2006, the Ministry of Economy and Production imposed prevalent export duties on exports from the Tierra del Fuego province, which were previously exempted from taxes. Moreover, in May 2007 the Ministry of Economy and Production increased to 25% the export duty on butane, propane and LPG. There can be no assurances as to future levels of export taxes.

Resolution No. 394/07 of the Ministry of Economy and Production, effective as of November 16, 2007, increased export duties on Argentine oil exports (as defined by the regulator) on crude oil and other crude derivatives products. The new regime provides that when the WTI international price exceeds the reference price, which is fixed at U.S.\$60.9/barrel, the producer shall be allowed to collect at U.S.\$42/barrel, with the remainder being withheld by the Argentine government as an export tax. If the WTI international price is under the reference price but over U.S.\$45/barrel, a 45% withholding rate will apply. If such price is under U.S.\$45/barrel, the applicable export tax is to be determined by the Argentine government within a term of 90 business days. Resolution No. 127/08 of the Ministry of Economy and Production increased export duties applicable to natural gas exports from 45% to 100%, mandating a valuation basis for the calculation of the duty as the highest price established in any contract of any Argentine importer for the import of gas (abandoning the previously applicable reference price set by the Framework Agreement between Argentina and Bolivia mentioned above). Resolution No. 127/08 provides with respect to LPG products (including butane, propane and blends thereof) that if the international price of the relevant LPG product, as notified daily by the Argentine Secretariat of Energy, is under the reference price established for such product in the Resolution (U.S.\$338/m³ for propane, U.S.\$393/m³ for butane and U.S.\$363/m³ for blends of the two), the applicable export duty for such product will be 45%. If the international price exceeds the reference price, the producer shall be allowed to collect the maximum amount established by the Resolution for the relevant product (U.S.\$233/m³ for propane, U.S.\$271/m³ for butane and U.S.\$250/m³ for blends of the two), with the remainder being withheld by the Argentine government as an export tax.

In addition, the calculation procedure described above also applies to other petroleum products and lubricants based upon different withholding rates, reference prices and prices allowed to producers. See Market Regulation.

Repatriation of Foreign Currency

Executive Decree No. 1,589/89, relating to the deregulation of the upstream oil industry, allowed us and other companies engaged in oil and gas production activities in Argentina to freely sell and dispose of the hydrocarbons we produce. Additionally, under Decree No. 1,589/89, we and other oil producers were entitled to keep out of Argentina up to 70% of foreign currency proceeds we receive from crude oil and gas export sales, but are required to repatriate the remaining 30% through the exchange markets of Argentina.

In July 2002, Argentina's Attorney General issued an opinion (Dictamen No. 235) which would have effectively required us to liquidate 100% of our export receivables in Argentina, instead of the 30% provided in Decree No. 1,589/89 based on the assumption that Decree No. 1,589/89 had been superseded by other decrees (Decree No. 530/91 and 1,606/01) issued by the government. Subsequent to this opinion, however, the government issued Decree No. 1,912/02 ordering the Central Bank to apply the 70%/30% regime set out in Decree No. 1,589/89. Nevertheless, the uncertainty generated by the opinion of Argentina's Attorney General resulted in a legal proceeding described under Item 8. Financial Information Legal proceedings Argentina Non-accrued, remote contingencies Proceedings related to foreign currency proceeds .

Decree No. 1722/2011, of October 26, 2011, reestablishes Decree No. 2581/64 and requires all oil and gas companies (including YPF), among other entities, to repatriate 100% of their foreign currency export receivables.

ITEM 4A. Unresolved Staff Comments.

YPF does not have any unresolved Staff comments.

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ITEM 5. Operating and Financial Review and Prospects

The following discussion should be read in conjunction with our Audited Consolidated Financial Statements included in this annual report.

Overview

We are Argentina's leading energy company, operating a fully integrated oil and gas chain with leading market positions across the domestic upstream and downstream segments. Our upstream operations consist of the exploration, development and production of crude oil, natural gas and liquefied petroleum gas. Our downstream operations include the refining, marketing, transportation and distribution of oil and a wide range of petroleum products, petroleum derivatives, petrochemicals, LPG and bio-fuels. Additionally, we are active in the gas separation and natural gas distribution sectors both directly and through our investments in several affiliated companies. In 2011, we had consolidated net sales of Ps.56,697 million (U.S.\$13,185 million) and consolidated net income of Ps.5,296 million (U.S.\$1,232 million).

Most of our predecessors were state-owned companies with operations dating back to the 1920s. In November 1992, the Argentine government enacted the Privatization Law (Law No. 24,145), which established the procedures for our privatization. In accordance with the Privatization Law, in July 1993, we completed a worldwide offering of 160 million Class D shares that had previously been owned by the Argentine government. As a result of that offering and other transactions, the Argentine government's ownership interest in our capital stock was reduced from 100% to approximately 20% by the end of 1993.

Since 1999 and until the passage of the Expropriation Law (Law No. 26,741), we were controlled by Repsol YPF, an integrated oil and gas company headquartered in Spain with global operations. Repsol YPF owned approximately 99% of our capital stock from 2000 until 2008, when the Petersen Group purchased, in different stages, shares representing 15.46% of our capital stock. In addition, Repsol YPF granted certain affiliates of Petersen Energía an option to purchase up to an additional 10% of our outstanding capital stock, which was exercised in May 2011.

On May 3, 2012, the Argentine Congress passed the Expropriation Law. Among other matters, the Expropriation Law provided for the expropriation of 51% of the share capital of YPF represented by an identical stake of Class D shares owned, directly or indirectly, by Repsol YPF and its controlled or controlling entities. The expropriated shares, which have been declared of public interest, will be assigned as follows: 51% to the federal government and 49% to the governments of the provinces that compose the National Organization of Hydrocarbon Producing States. As of the date of this annual report, the transfer of the expropriated shares between National Executive Office and the provinces that compose the National Organization of Hydrocarbon Producing States is still pending. To ensure compliance with its objectives, the Expropriation Law provides that the National Executive Office, by itself or through an appointed public entity, shall exercise all the political rights associated with the shares subject to expropriation until the transfer of political and economic rights to the provinces that compose the National Organization of Hydrocarbon Producing States is completed. See Item 3. Key Information Risk Factors Risks Relating to Argentina The Argentine federal government has taken control over the Company and will operate it according to domestic energy policies in accordance with the Expropriation Law. Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law and Item 7. Major Shareholders and Related Party Transactions.

Furthermore, on April 16, 2012, the Company was notified, through a notarial certification, of Decree No. 530/12 of the National Executive Power, which provides for the Intervention of YPF for a period of thirty (30) days (which is expected to be extended up to our next Shareholders meeting to be held on June 4, 2012), with the aim of securing the continuity of its business and the preservation of its assets and capital, securing fuel provision and the satisfaction of the country's needs, and guaranteeing that the goals of the Expropriation Law, are met. See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law. In accordance with Article 3 of Decree No. 530/2012, the powers conferred by YPF's bylaws on the Board and/or the President of the Company have been temporarily granted to the Intervenor. On May 7, 2012, through Decree No. 676/2012 of the National Executive Power, Mr. Miguel Matias Galuccio was appointed General Manager of the Company during the Intervention. Our next general shareholders meeting, expected to be held on

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June 4, 2012, will appoint the new members of our Board of Directors. See Item 6. Directors, Senior Management and Employees Management of the Company under the Intervention. Given the recent passage of the Expropriation Law, we are developing our new business plan and the related new investment, economic and dividend policy for the Company. Our new business plan will be designed in accordance with the goals set forth in the Expropriation Law. See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law.

The information contained in this annual report for the three years ended December 31, 2011 has been derived from our Audited Consolidated Financial Statements, which were approved by our Board of Directors on March 21, 2012, despite the fact that our Class A shareholder, the Argentine federal government, voted against such financial statements. Following the passage of the Expropriation Law, the Argentine federal government has taken control over the Company (see Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law) and the shareholders meeting which had been called to approve our Audited Consolidated Financial Statements has been postponed until further notice. In furtherance of Decree No. 530/12, the Intervenor has approved the preparation and filing of this annual report with the aim of securing the continuity of the Company's business and the preservation of its assets and capital based on the Audited Consolidated Financial Statements and internal reports existing as of the date prior to the Intervention, whose content has been ratified exclusively by the Company's business areas and departments as of the date of this annual report.

In addition, certain of our concessions in Argentina have recently been revoked by the relevant authorities while the revocation of other concessions is currently being evaluated by the relevant authorities. See Item 3. Key Information Risk Factors Risks Relating to Argentina Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions and Item 8. Legal Proceedings Argentina Non-accrued, possible contingencies Concessions on Hydrocarbon zones Provincial claims. Depending on the outcome of the legal action brought by YPF to challenge these revocations and the negotiations initiated by the Intervenor and its delegates with the relevant provincial authorities, our past performance may not be indicative of future trends or results of the Company and the reserves and production amounts set forth in this annual report could be substantially reduced.

Upstream Operations

As of December 31, 2011, we held interests in more than 90 oil and gas fields in Argentina, accounting for approximately 39% of the country's total production of crude oil, excluding natural gas liquids, and approximately 37% of its total natural gas production, including natural gas liquids, in 2011, according to information provided by the Argentine Secretariat of Energy.

We had proved reserves, as estimated as of December 31, 2011, of approximately 585 mmbbl of oil, including condensates and natural gas liquids, and approximately 2,361 bcf of gas, representing aggregate reserves of approximately 1,004 mmboe.

In 2011, we produced approximately 100 mmbbl of oil (274 mbbbl/d), including condensates and natural gas liquids, and approximately 441 bcf of gas (1,208 mmcf/d).

Downstream Operations

We are Argentina's leading refiner with operations conducted at three wholly-owned refineries with combined annual refining capacity of approximately 116 mmbbl (319.5 mbbbl/d). We also have a 50% interest in Refinor, an entity jointly controlled with and operated by Petrobras Energía S.A., which has a refining capacity of 26.1 mbbbl/d.

Our retail distribution network for automotive petroleum products as of December 31, 2011 consisted of 1,557 YPF-branded service stations, and we estimate we held approximately 31% of all gasoline service stations in Argentina.

We are one of the leading petrochemical producers in Argentina and in the Southern Cone of Latin America, with operations conducted through our Ensenada and Plaza Huincul sites. In addition, Profertil, a company that we jointly control with Agrium, is one of the leading producers of urea in the Southern Cone.

Presentation of Financial Information

We prepare our audited consolidated financial statements in accordance with Argentine GAAP, which differ in certain significant respects from U.S. GAAP. Notes 12, 13 and 14 to the Audited Consolidated Financial Statements provide a summary of the effect of these significant differences on net income and shareholders' equity under Argentine GAAP and U.S. GAAP.

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We fully consolidate the results of subsidiaries in which we have a sufficient number of voting shares to control corporate decisions and proportionally consolidate the results of companies that we control jointly.

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Under Argentine GAAP, we currently are not required to record the effects of inflation in our financial statements. However, because Argentina experienced a high rate of inflation in 2002, with the wholesale price index increasing by approximately 118%, we were required by Decree No. 1269/2002 and CNV Resolution No. 415/2002 to remeasure our financial statements in constant pesos in accordance with Argentine GAAP. On March 25, 2003, Decree No. 664/2003 rescinded the requirement that financial statements be prepared in constant currency, effective for financial periods on or after March 1, 2003. According to the Argentine statistics and census agency (*Instituto Nacional de Estadísticas y Censos*, or INDEC), the wholesale price index increased 14.4% in 2007, 8.8% in 2008, 10.0% in 2009, 14.6% in 2010 and, according to preliminary data, 12.7% in 2011. We cannot assure you that in the future we will not be again required to record the effects of inflation in our financial statements (including those covered by the financial statements included in this annual report) in constant pesos. See [Critical Accounting Policies](#) [U.S. GAAP reconciliation](#) for an explanation of how the effect of inflation is treated under U.S. GAAP.

On March 20, 2009, the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) approved Technical Resolution No. 26 on the Adoption of the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB). Such resolution was approved by the CNV through General Resolution No. 562/09 on December 29, 2009 (modified by General Resolution No. 576/10 on July 1, 2010), with respect to certain publicly-traded entities subject to Law No. 17,811. Compliance with such rules is mandatory for YPF for the fiscal year beginning on January 1, 2012, with transition date of January 1, 2011. Disclosures concerning the transition from Argentine GAAP to IFRS are provided in Note 16 to our Audited Consolidated Financial Statements.

Finally, certain oil and gas disclosures are included in this annual report under the heading [Supplemental information on oil and gas producing activities](#) (unaudited).

Segment Reporting

We report our business into the following segments: (i) exploration and production, which includes exploration and production activities, natural gas and crude oil purchases, sales of natural gas, and to a lesser extent crude oil, to third parties and intersegment sales of crude oil, natural gas and its byproducts and to a lesser extent electric power generation ([Exploration and Production](#)); (ii) the production, transport and marketing of crude oil that we sell to third parties and of refined products that we sell to third parties and other segments of our business ([Refining and Marketing](#)); and (iii) the production, transport and marketing of petrochemical products ([Chemicals](#)). Other activities not falling into the previously described categories are reported under a separate segment ([Corporate and Other](#)), principally including corporate administration costs and assets and construction activities.

Sales between business segments are made at internal transfer prices established by us, which generally seek to approximate market prices.

Summarized Income Statement

	For the Year Ended December 31,		
	2011	2010	2009
	(in millions of pesos)		
Net sales	56,697	44,162	34,320
Cost of sales	(41,932)	(29,899)	(23,177)
Gross profit	14,765	14,263	11,143
Administrative expenses	(1,905)	(1,429)	(1,102)
Selling expenses	(3,723)	(3,015)	(2,490)
Exploration expenses	(574)	(344)	(552)
Operating income	8,563	9,475	6,999
Income (Loss) on long-term investments	92	79	(9)
(Expense)/Other income, net	(62)	(155)	159
Financial/(loss) income, net and holding gains	(347)	(379)	(1,242)
Net income before income tax	8,246	9,020	5,907
Income tax	(2,950)	(3,230)	(2,218)

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Net income	5,296	5,790	3,689
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Factors Affecting Our Operations

Our operations are affected by a number of factors, including:

the revocation of our concessions;

changes in our management and in our business strategy, including as a result of the implementation of the Expropriation Law;

the volume of crude oil, oil byproducts and natural gas we produce and sell;

regulation on domestic pricing;

export restrictions and domestic supply requirements;

international prices of crude oil and oil products;

our capital expenditures;

cost increases;

domestic market demand for hydrocarbon products;

operational risks, labor strikes and other forms of public protest in the country;

taxes, including export taxes;

capital controls;

the Argentine peso/U.S. dollar exchange rate;

dependence on the infrastructure and logistics network used to deliver our products;

laws and regulations affecting our operations, such as import restrictions; and

interest rates.

Our business is inherently volatile due to the influence of exogenous factors such as internal demand, market prices, and government regulations. In addition, following the Expropriation Law (see Item 3. Key Information Risk Factors Risks Relating to Argentina The Argentine federal government has taken control over the Company and will operate it according to domestic energy policies in accordance with the Expropriation Law) and the revocation of certain of our concessions (see Item 3. Key Information Risk Factors Risks Relating to Argentina Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions), our past financial condition, results of operations and the trends indicated by said results and financial condition may not be indicative of future financial condition, results of operations or trends in future periods. See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law.

Our operating income in 2011 decreased by approximately 9.6% compared to 2010. This decrease was attributable to, among other things, the increased depreciation of fixed assets, increased royalties (driven mainly by the higher prices of crude oil at the wellhead), higher cost of sales as well as generalized cost increases, mainly

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preservation, repair and maintenance costs, salaries and social security costs and costs of services rendered by third parties. This increase in costs is attributable mainly to our increased activity and the upward price pressure in Argentina. Additionally, operating income was adversely affected by the temporary suspension of the Petroleum Plus program, whose effects extend, retroactively, to benefits accrued and not yet redeemed by YPF at the time of such suspension, which amounted to Ps.273 million, net of the related income tax effect. The impact of these developments was partially offset by the increase in volumes sold of our premium line products and to the adjustment of sale prices in the domestic market, as well as a result of the increase in the average international market price of crude oil, which affects the average price of certain products sold in the domestic market, such as fuel oil, jet fuel, and certain chemicals, which generally track international prices. Starting in 2012, jet fuel prices will be affected by Resolution No. 17/2012 of the Secretariat of Domestic Commerce. See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government.

Our operating income in 2010 increased approximately by 35% compared to 2009. This increase was attributable to, among other things, the increase in the volumes sold of our premium line products and to the adjustment of sale prices in the domestic market, as well as a result of the increase in the average international market price of WTI. Commodity prices were strongly affected during 2009, with the average price of WTI approximately 29% lower than in 2010 and, as a result, the average price of certain products sold in the domestic market, such as fuel oil, jet fuel, and certain chemicals, which generally track international prices, were sold at higher prices in 2010. The impact of higher net sales was partially offset by increased depreciation of fixed assets and a higher cost of sales caused mainly by upward price pressure.

Macroeconomic conditions

The Argentine economy has experienced significant volatility in past decades, characterized by periods of low or negative growth and high variable levels of inflation. Inflation reached its peak in the late 1980s and early 1990s. Due to inflationary pressures prior to the 1990s, the Argentine currency was devalued repeatedly and macroeconomic instability led to broad fluctuations in the real exchange rate of the Argentine currency relative to the U.S. dollar. To address these pressures, past Argentine governments implemented various plans and utilized a number of exchange rate systems.

With the enactment of the Convertibility Law in 1991, inflation declined progressively and the Argentine economy enjoyed seven years of growth. In the fourth quarter of 1998, adverse international financial conditions caused the Argentine economy to enter into a recession and GDP to decrease between 1999 and 2001. By the end of 2001, Argentina suffered a profound deterioration in social and economic conditions, accompanied by high political and economic instability. The restrictions on the withdrawal of bank deposits, the imposition of exchange controls, the suspension of the payment of Argentina's public debt and the abrogation of the peso's one-to-one peg to the dollar (with the consequent depreciation of the peso against the dollar) caused a decline in economic activity. Real GDP declined by 10.9% in 2002, annual inflation rose to 41%, the exchange rate continued to be highly volatile, and the unemployment rate rose to more than 20%. The political and economic instability not only curtailed commercial and financial activities in Argentina but also severely restricted the country's access to international financing.

Strong economic growth in the world's developed economies, favorable raw material prices from 2003 through the first half of 2008 and the implementation of new macroeconomic policies paved the way for Argentina's economic recovery. Real GDP grew at an average cumulative rate of 8.5% between 2003 and 2008. As a result of the crisis in the global economy, Argentina's real GDP growth rate decelerated in 2009 to 0.9%, but recovered in 2010 and 2011 growing by approximately 9% each year, according to preliminary data. According to the Argentine Central Bank's December 2011 projections, the Argentine economy is expected to grow by 6% in 2012.

During 2011, the global economy continued to be affected by uncertainty regarding its recovery from the recession. Sizable fiscal and current account imbalances, as well as significant indebtedness in several euro area countries continued to hold back recovery in those economies, with potentially negative spillover effects for the rest of Europe. According to IMF's estimates, in 2011, global economic growth reached 3.8%, although the rate of growth or, in some cases, contraction, varied significantly from region to region. Additionally, according to the IMF, global output is projected to expand by approximately 3.3% in 2012; this expansion is mainly hindered by the euro area economy, which is expected to go into a mild recession in 2012 as a result of the rise in sovereign yields, the effects of bank deleveraging on the real economy, and the impact of additional fiscal consolidation.

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According to IMF's estimates, growth in emerging and developing economies is also expected to slow down during 2012, mainly because of the worsening external environment and a weakening of internal demand. Inflation pressures are expected to ease as a result of a decrease in demand and commodity prices; however, inflation is also expected to remain persistent in some regions.

Despite this weak economic outlook, oil prices have increased during 2011. Following signs of recovery in 2010, oil prices responded strongly to signs of a demand rebound in China. More recently, uncertainty about the global economy brought by instability in several Middle East and African countries and the effects of natural disasters in Japan, led to significant volatility in oil prices. In addition, prices have received upward pressure as a result of the reduction of inventories in the United States and geopolitical risks in the principal oil producing countries. Consequently, the Brent reached U.S.\$108.09 at December 31, 2011, compared to U.S.\$95.8 at the end of 2010.

In Argentina, domestic fuel prices have increased over the past four years, but have not kept pace with either increases or decreases in international market prices for petroleum products due to the characteristics of, and regulations affecting the Argentine market. Nonetheless, the gap between domestic and international prices for certain products has narrowed as a result of the increase in domestic fuel prices.

In 2005, Argentina successfully completed the restructuring of a substantial portion of its bond indebtedness and settled all of its debt with the IMF. Additionally, in June 2010, Argentina completed the renegotiation of approximately 67% of defaulted bonds that were not swapped in 2005. As a result of the 2005 and 2010 debt swaps, approximately 91% of the country's bond indebtedness on which Argentina defaulted in 2002 has now been restructured. Currently, Standard & Poor's (S&P) credit rating for Argentina's sovereign debt is B-, with a stable outlook since October 2008, while Moody's, which rates Argentina's sovereign debt at B3, has maintained its credit watch of Argentina as stable since August 2008.

Between 2004 and 2008, Argentina recorded consolidated primary budget surpluses of over 3% at both national and provincial levels according to INDEC. The consolidated primary surplus fell to 1.36% through 2009 owing to a general slowdown in economic activity before recovering to 2.3% in 2010, when government fiscal revenues outpaced growth in public expenditure, according to the Argentine Central Bank. During 2011, public revenues and expenses grew at an average rate of 32% and 25%, respectively, compared to 2010. Consequently, according to preliminary data, the consolidated primary budget is estimated to remain positive for 2011. In 2012, national tax revenues are expected to continue to grow in line with the expected evolution of economic activity and trade flows, and primary expenditures are expected to slow their rate of expansion, mainly due to the partial and gradual elimination of subsidies. As a result, the consolidated primary budget surplus is expected to improve in 2012.

The annual wholesale price index, according to the INDEC, increased by 14.6% in 2007, 8.8% in 2008, 10.0% in 2009, 14.6% in 2010 and, based on preliminary data, 12.7% in 2011.

After a decline in trade in 2009, caused mainly by lower commodity prices and the effects of a severe drought, both exports and imports increased during 2010 and 2011. Industrial goods exports (in particular, related to the automotive industry) as well as agricultural exports boosted exports, while imports increased even further than exports, mainly as a result of increased economic activity, which resulted in higher demand for fuel, consumer and intermediate goods, and capital assets, according to the Argentine Central Bank. As a result, the Argentine trade balance remained in surplus, although to a lesser degree than in previous years, reaching approximately U.S.\$10.3 billion.

According to the INDEC, 7.2% of the active population was unemployed in the third quarter of 2011, 0.3 percentage points lower than the 7.5% rate in the third quarter of 2010.

The Argentine Central Bank reserves decreased by over U.S.\$6 billion in 2011 to approximately U.S.\$46 billion at the end of 2011, mainly as a result of the withdrawal of reserves to support payments to sovereign multilateral lenders and bondholders totaling U.S.\$9.6 billion. The exchange rate of the Argentine peso against the U.S. dollar as of December 31, 2011 was Ps.4.30/U.S.\$1.00, reflecting peso depreciation of approximately 8% compared to December 31, 2010.

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We cannot predict the evolution of future macroeconomic events or the effect that they are likely to have on our business, financial condition and results of operations. See Item 3. Key Information Risk Factors Risks Relating to Argentina.

Energy consumption in Argentina has increased significantly since 2003. It must be noted, however, that in November 2011, the Government ordered the removal of certain subsidies to gas, water and electricity consumption which benefitted companies in certain sectors, country clubs and neighborhoods with certain levels of prosperity. Continued growth in demand has led to fuel shortages and power outages, prompting the Argentine government to take additional measures to assure domestic supply. At the same time, growth in the production of certain hydrocarbon products has slowed, and in the case of crude oil production has recently declined, due to Argentina's maturing oil and gas fields. As a result of this increasing demand and actions taken by the Argentine regulatory authorities to prioritize domestic supply, exported volumes of hydrocarbon products, especially natural gas, declined steadily over this period. At the same time, Argentina has increased its hydrocarbon imports.

The table below shows Argentina's total sales, production, exports and imports of crude oil, diesel and gasoline products for the periods indicated.

	Year ended December 31,		
	2011	2010	2009
Crude Oil in Argentina			
Production (mmbbl)	208.9	222.4	227.4
Exports (mmbbl)	21.7	33.1	38.3
Imports (mmbbl)			
Diesel in Argentina			
Sales (mcm) ⁽¹⁾	14,680.2	14,121.2	13,524.0
Production (mcm)	12,091.5	12,235.2	12,009.1
Exports (mcm)			
Imports (mcm)	1,994.8	1,465.9	544.6
Gasoline in Argentina			
Sales (mcm) ⁽¹⁾	7,320.2	6,440.2	6,203.1
Production (mcm)	6,853.6	6,149.9	6,035.2
Exports (mcm)	1.3	15.0	80.4
Imports (mcm)	143.0	140.2	85.8

(1) Includes domestic market sales.

Sources:
Argentine
Secretariat
of Energy.

Revocation of concessions in Argentina

Certain provinces in Argentina have recently requested YPF to submit statements of discharge in relation to the Company's alleged breach of its investment obligations with respect to certain concessions. As of the date of this annual report, certain of these concessions have been revoked by the relevant authorities while the revocation of other concessions is currently being evaluated by the relevant authorities. Assets (net of deferred income tax liabilities and asset retirement obligations) related to the concessions revoked in 2012 totaled approximately Ps.283 million as of December 31, 2011 (0.51% of our total assets as of such date), had a production of approximately 13.5 mmboe in 2011 (7.6% of our production in 2011) and had proved reserves totaling approximately 88.3 mmboe as of December 31, 2011 (8.8% of our total proved reserves as of such date). Assets (net of deferred income tax liabilities and asset retirement obligations) related to the concessions whose revocation is currently being evaluated by the relevant authorities totaled approximately Ps.3,654 million as of December 31, 2011 (6.6% of our total assets as of such date), had a production of approximately 22.9 mmboe in 2011 (12.87% of our production in 2011) and had proved reserves totaling approximately 129.7 mmboe as of December 31, 2011 (12.92% of our total proved reserves as of such date). In addition, prior to the passage of the Expropriation Law, the provincial government of Santa Cruz stated that it may withdraw additional of the Company's concessions. The

Company has initiated legal action to challenge these revocations. In addition, following the passage of the Expropriation Law, the Intervenor and its

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delegates have initiated negotiations with the relevant provincial authorities so that the revocations and intimations referred to above are withdrawn. The governors of certain of these provinces have publicly manifested that they will reconsider the matter in view of the stated objectives of the Intervention and the Expropriation Law. However, as of the date of this annual report, we have not been notified of the withdrawal of any of these revocations or intimations. See [Item 8. Legal Proceedings Argentina Non-accrued, possible contingencies Concessions on Hydrocarbon zones Provincial claim](#). Depending on the outcome of the legal action brought by YPF to challenge these revocations and the negotiations initiated by the Intervenor and its delegates with the relevant provincial authorities, our past performance may not be indicative of future trends or results of the Company and the reserves and production amounts set forth in this annual report could be substantially reduced. See [Item 3. Key Information Risk Factors Risks Relating to Argentina](#) Certain provinces of Argentina have commenced proceedings to terminate some of our oil and gas production concessions.

Policy and regulatory developments in Argentina, including the Expropriation Law

The Argentine oil and gas industry is currently subject to certain governmental policies and regulations that have resulted in: (i) domestic prices that have usually been lower than prevailing international market prices; (ii) export and import restrictions; (iii) domestic supply requirements that oblige us from time to time to divert supplies from the export or industrial markets in order to meet domestic consumer demand; (iv) increasingly higher export duties on the volumes of hydrocarbons allowed to be exported; (v) increasingly higher investment and costs expenditure requirements in order to satisfy domestic demand; and (vi) increasingly higher taxes. See [Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government](#). These governmental pricing limitations, export controls and tax policies have been implemented in an effort to satisfy increasing domestic market demand. As discussed in [Item 3. Key Information Risk Factors](#) and elsewhere in this annual report, actions by the Argentine government have had and will continue to have a significant effect on Argentine companies, including us.

Policy and regulatory developments relating to the oil and gas industry in Argentina include, among others:

Price administration. In order to support economic growth, the Argentine government has sought to limit increases in hydrocarbons prices through a number of policies and measures. As a result, fluctuations in Argentina's domestic hydrocarbon prices have not matched the recent increases or decreases at the pace of international and regional prices.

Export administration. Since 2004, the Argentine government has prioritized domestic demand and adopted policies and regulations restricting partially the export of certain hydrocarbon products. These regulations have impacted our export sales as described in [Declining export volumes](#).

Export duties. Since the economic crisis in 2002, the Argentine government has imposed export taxes on certain hydrocarbon products. These taxes have increased substantially in the following years as international prices have surged. For a description of the most recent export duties on hydrocarbon exports, see [International oil and gas prices and Argentine export taxes](#).

Domestic supply requirements. The Argentine government has at times issued regulatory orders requiring producers to inject natural gas in excess of contractual commitments and supply other hydrocarbon products to the domestic market. As a result, we have had to limit our exports. In addition, we have imported diesel in order to satisfy domestic demand, which has increased our operating costs, as described in [Cost of sales](#).

Gas Plus program. The Argentine Secretariat of Energy, by Resolution S.E. No. 24/2008 of March 13, 2008, created the Gas Plus program to encourage the production of natural gas from newly discovered reserves, new fields and tight gas, among other sources. Natural gas produced under the Gas Plus program will not be subject to the prices set forth in the Agreement 2007-2011. See [Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government Market Regulation Natural Gas](#).

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Refining Plus and Petroleum Plus programs. Decree No. 2014/2008 of the Department of Federal Planning, Public Investment and Services of November 25, 2008, created the Refining Plus and the Petroleum Plus programs to encourage (a) the production of diesel fuel and gasoline and (b) the production of crude oil and the increase of reserves through new investments in exploration and operation. The Argentine Secretariat of Energy, by Resolution S.E. No. 1312/2008 of December 1, 2008, approved the regulation of these programs. The programs entitle refining companies that undertake the construction of a new refinery or the expansion of their refining and/or conversion capacity and production companies that increase their production and reserves within the scope of the program to receive export duty credits to be applied to exports of products within the scope of Resolution No. 394/2007 and Resolution No. 127/2008 (Annex) issued by the Department of Economy and Production. In order to be eligible for the benefits of both programs, companies' plans must be approved by the Argentine Secretariat of Energy. Our participation in the Petroleum Plus program resulted in a positive contribution to our net sales in 2009 and 2010. In February 2012, by Notes Nos. 707/12 and 800/12 of the Argentine Secretariat of Energy, YPF was notified that the benefits granted under the Refining Plus and the Petroleum Plus programs have been temporarily suspended. The effects of the suspension extend to benefits accrued and not yet redeemed by YPF as of the time of the suspension. The reasons alleged for such suspension are that the programs were created in a context where domestic prices were lower than currently prevailing prices and that the objectives sought by the programs have already been achieved. On March 16, 2012, YPF challenged this suspension.

Sworn declaration regarding imports. On January 5, 2012, the Federal Administration of Public Revenue (*Administración Federal de Ingresos Públicos* or AFIP) issued Resolution No. 3252, which requires importers to submit a sworn declaration (*Declaración Jurada Previa de Importación* or DJAI) prior to the placing of a purchasing order for all imports to Argentina, with effect from February 1, 2012. Depending on the nature of the goods to be imported as well as other criteria, certain State agencies, including the Secretariat of Domestic Commerce, may have access to this declaration and can raise objections. Importers need an approved import declaration to make the purchasing order. The criteria for the approval or rejection of the sworn declaration are not legally defined.

Cross-border services information reporting. On February 9, 2012, the AFIP issued Resolution No. 3276, which requires Argentine individuals or companies that employ the services of providers located outside of Argentina, where the fee for such services is equal to or greater than U.S.\$100,000, to submit a sworn declaration (*Declaración Jurada Anticipada de Servicios* or DJAS) in respect of such services, with effect from April 1, 2012.

More recently, the Expropriation Law has declared achieving self-sufficiency in the supply of hydrocarbons as well as in the exploitation, industrialization, transportation and sale of hydrocarbons, a national public interest and a priority for Argentina. In addition, its stated goal is to guarantee socially equitable economic development, the creation of jobs, the increase of the competitiveness of various economic sectors and the equitable and sustainable growth of the Argentine provinces and regions. See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law. Upon the passage of the Expropriation Law, the Argentine government gained control over the Company. See Item 3. Key Information Risk Factors Risks Relating to Argentina The Argentine federal government has taken control over the Company and will operate it according to domestic energy policies in accordance with the Expropriation Law.

Declining export volumes

The exported volumes of many of our hydrocarbon products have declined significantly in recent years, driven mainly by increasing domestic demand and export administration, as well as by declines in production. This shift from exports to domestic sales has impacted our results of operations as the prices for hydrocarbons in the domestic market have, due to price administration, generally not kept pace with international and regional prices.

The table below presents, for the periods indicated, the exported volumes of certain of our principal hydrocarbon products.

[Back to Contents](#)**Year Ended December 31,**

	2011	2010	2009
Product	(units sold)		
Natural gas (mmcm)	91	315	630
Gasoline (mcm)	290	448	777
Fuel oil (mtn) ⁽¹⁾	490	677	828
Petrochemicals (mtn)	334	461	414

(1) Includes bunker sales of 490, 401 and 272 mtn for the years 2011, 2010 and 2009, respectively.

Due to the decreased export product volumes indicated above and increasing export duties, the portion of our net sales accounted for by exports decreased steadily in recent years. Exports accounted for 11.94%, 12.9% and 14.3%, of our consolidated net sales in 2011, 2010 and 2009, respectively.

The Argentine government currently requires companies intending to export crude oil, diesel and LPG to obtain prior authorization from the Argentine Secretariat of Energy by demonstrating that local demand for those products has been satisfied. Since 2005, because domestic diesel production has generally not been sufficient to satisfy Argentine consumption needs, exports of diesel have been substantially restricted.

International oil and gas prices and Argentine export taxes

Since the economic crisis in 2002, in order to prioritize domestic demand, the Argentine government has imposed export taxes on certain hydrocarbon products. These taxes have increased substantially in the following years as international prices have surged. For a description of these taxes, reference prices and prices allowed to producers, see Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government Market Regulation and Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government Taxation.

Export taxes have affected the profitability of hydrocarbon exportation. They have also contributed to a shift away from exports and towards domestic sales, as described in Declining export volumes, and reduced the export parity prices.

Relative maturity of our oil and gas assets

Argentina's oil and gas fields are mature and, as a result, our reserves and production are likely to decline as reserves are depleted. Because we mainly have concessions for mature oil and gas fields that are undergoing natural production declines, it is difficult to replace our proved reserves from other categories of reserves. While our oil replacement ratio (excluding NGL) in 2011 was 169% due to improved recovery projects, revisions and extensions and discoveries, oil production (excluding NGL) declined by 7.6% over the preceding year and our estimated gas proved reserves and our gas production declined by 6.8% and 10.3%, respectively, over the same period. In an effort to maintain our high refinery utilization rates and because of regulatory requirements to supply certain hydrocarbon products to the domestic market, we purchased crude oil and natural gas from third parties. See Item 4. Information on the Company Exploration and Production Oil and Gas Reserves for more information on our proved reserves.

During 2011 we incorporated approximately 33 million of proved reserves corresponding to unconventional discoveries (see Item 4. Information on the Company-Exploration and Production-Oil and Gas Reserves for more information on our proved reserves). The continuous comprehensive technical review of our oil and gas fields allows us to identify opportunities to rejuvenate mature fields and optimize new fields developments in Argentine basins with the aim of achieving similar results that mature fields in other regions of the world which have achieved substantially higher recovery factors with new technologies application. Nevertheless, the financial viability of these investments and reserve recovery efforts will generally depend on the prevailing economic and regulatory conditions in Argentina, as well as the market prices of hydrocarbon products.

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Given the recent passage of the Expropriation Law, we are developing our new business plan and the related new investment, economic and dividend policy for the Company. Our new business plan will be designed in accordance with the goals set forth in the Expropriation Law. See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law. We expect that unconventional developments will require higher investment in future years, principally in connection with the Vaca Muerta formation. Higher investment is expected to be required as well to increase recovery rates in our fields and our downstream upgrading capacity.

Cost of sales

Our cost of sales accounted for 74.0%, 67.7% and 67.5% of our consolidated net sales in 2011, 2010 and 2009, respectively. Our cost of sales increased between 2009 and 2011, mainly as a result of: increased purchases of crude oil from third parties, driven by our efforts to maintain our high refinery utilization rates in light of our declining production; increased royalties, driven mainly by the higher crude oil prices at the wellhead; increased purchases of diesel from third parties; higher labor costs; higher costs related to the renegotiation of certain service contracts; increased depreciation of fixed assets as a result of the higher investment in fixed assets; and inflation. Due to prevailing Argentine price limitations, we were unable to pass some of these cost increases to our customers in the form of higher hydrocarbon product prices in respect of certain of our products.

Seasonality

Historically, our results have been subject to seasonal fluctuations during the year, particularly as a result of greater natural gas sales during the winter. After the 2002 devaluation and as a consequence of the natural gas price freeze imposed by the Argentine government, the use of this fuel has diversified, generating an increase in its long-term demand throughout the year. However, sales of natural gas are still typically much higher in the winter to the residential sector of the Argentine domestic market, the prices for which are significantly lower than other sectors of the Argentine market.

Critical Accounting Policies

Our accounting policies are described in Notes 1 and 2 to the Audited Consolidated Financial Statements. Argentine GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosures of contingent assets and liabilities in our financial statements. Actual results could differ from those estimates. We consider the following policies to be most critical in understanding the judgments that are involved in preparing our financial statements and the uncertainties that could impact our results of operations, financial condition and cash flows.

On March 20, 2009, the FACPCE approved the Technical Resolution No. 26 Adoption of the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB). Such resolution was approved by the CNV through General Resolution No. 562/09 dated December 29, 2009 (modified by General Resolution No. 576/10 on July 1, 2010), with respect to certain publicly-traded entities subject to Law No. 17,811. The application of such rules is mandatory for YPF for the fiscal year beginning on January 1, 2012. Disclosures concerning the transition from Argentine GAAP to IFRS are provided in Note 16 to our Audited Consolidated Financial Statements.

Oil and gas reserves

The estimation of oil and gas reserves is an integral part of the decision-making process about oil and gas assets, such as whether development should proceed or enhanced recovery methods should be implemented. As further explained below, oil and gas reserve quantities are used for calculating depreciation of the related oil and gas assets using the unit-of-production rates and also for evaluating the impairment of our investments in upstream assets.

At YPF, all the assumptions made and the basis for the technical calculations used in the estimates regarding oil and gas proved reserves are based on the guides and definitions established by Rule 4-10(a) of Regulation S-X promulgated by the SEC.

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See Item 4. Information on the Company Exploration and Production Oil and Gas Reserves for a detailed discussion on reserves estimates internal control and audits.

We follow the successful efforts method of accounting for our oil and gas exploration and production operations. Accordingly, exploratory costs, excluding the costs of exploratory wells, have been charged to expense as incurred. Costs of drilling exploratory wells, including stratigraphic test wells, have been capitalized pending determination as to whether the wells have found proved reserves that justify commercial development. If such reserves were not found, the mentioned costs are charged to expenses. Occasionally, however, an exploratory well may be determined to have found oil and gas reserves, but classification of those reserves as proved cannot be made when drilling is completed. In those cases, the cost of drilling the exploratory well continues to be capitalized if the well has found a sufficient quantity of reserves to justify its completion as a producing well and the enterprise is making sufficient progress assessing the reserves and the economic and operating viability of the project. If any of the mentioned conditions are not met, the cost of drilling exploratory wells is charged to expenses.

Intangible drilling costs applicable to productive wells and to developmental dry holes, as well as tangible equipment costs related to the development of oil and gas reserves, have been capitalized.

The capitalized costs related to producing activities, including tangible and intangible costs, have been depreciated by field on the unit-of-production basis by applying the ratio of produced oil and gas to estimated recoverable proved and developed oil and gas reserves.

The capitalized costs related to acquisitions of properties with proved reserves have been depreciated by field on the unit-of-production basis by applying the ratio of produced oil and gas to proved oil and gas reserves.

Revisions of crude oil and natural gas proved reserves are considered prospectively in calculating depreciation.

Capitalized costs related to unproved properties are reviewed periodically by management to ensure that their carrying value does not exceed their estimated recoverable value.

Impairment of long-lived assets

We assess the recoverability of our held-for-use assets on a business segment basis for Argentine GAAP purposes. With respect to operations that are held as pending sale or disposal, our policy is to record these assets at amounts that do not exceed net realizable value.

For Argentine GAAP, held-for-use properties, grouped by business segment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An asset would be impaired if the discounted cash flows were less than its carrying value.

The impairment of oil and gas producing properties is calculated as the difference between the market value or, if appropriate, the discounted estimated future cash flows from its proved reserves and unproved reserves, adjusted for risks related to such reserves, owned at the year end with the net book value of the assets relating thereto. Expected future cash flows from the sale or production of reserves are calculated considering crude oil prices based on a combination of market forward quotes and standard long-term projections. The discounted values of cash flows are determined using a reasonable and supportable discount rate based on standard WACC-CAPM (weighted average cost of capital capital asset pricing model) assumptions including, if appropriate, a risk premium related to this type of asset. The estimated cash flows are based on future levels of production, the future commodity prices, lifting and development costs, estimates of future expenditures necessary with respect to oil and gas reserves, field decline rates, market demand and supply, economic regulatory conditions and other factors.

The impairment of assets corresponding to our Refining and Marketing and Chemicals business segments is calculated as the difference between the discounted estimated future cash flows from the use of those assets and the net book value of the assets related thereto. The discounted values of cash flows are determined using a discount rate we believe to be reasonable and supportable based on standard WACC-CAPM (weighted average cost of capital capital asset pricing model) assumptions including, if appropriate, a risk premium related to the type of asset. The estimated cash flows are based on future levels of production, the future estimated prices of our products and costs,

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other estimates of future expenditures, estimated useful life of the respective asset, market demand and supply, economic regulatory conditions and other factors for each business segment.

Charges for impairment may be recognized in our results from time to time as a result of, among other factors, adverse changes in the recoverable reserves from oil and natural gas fields, and changes in economic regulatory conditions. If proved reserves estimates were revised downward, net income could be negatively affected by higher impairment charges on the property's book value.

Therefore, our management must make reasonable and supportable assumptions and estimates with respect to: (i) the market value of reserves, (ii) oil fields' production profiles and future production of refined and chemical products, (iii) future investments, taxes and costs, (iv) risk factors for unproved reserves which are measured based on the profile and potential of each specific exploration and production asset, (v) future capital expenditures and useful life for properties corresponding to our Refining and Marketing and Chemicals business segments, and (vi) future prices, among other factors. As such, any change in the variables used to prepare such assumptions and estimates may have a significant effect on the impairment tests.

Impact of oil and gas reserves and prices on testing for impairment

Proved oil and gas properties held and used by us are reviewed for impairment whenever events or circumstances indicate that the carrying amounts may not be recoverable. Impairments are measured by the amount by which the carrying value exceeds its fair value.

We perform asset valuation analyses on an ongoing basis as a part of our asset management program. In general, we do not view temporarily low oil prices as a triggering event for conducting the impairment tests. Accordingly, any impairment tests that we perform make use of our long-term price assumptions for the crude oil and natural gas markets and petroleum products.

Depreciation of oil and gas producing properties

Volumes produced and asset costs are known, while proved reserves have a high probability of recoverability and are based on estimates that are subject to some variability. The impact of changes in estimated proved reserves is treated prospectively by depreciating the remaining book value of the assets over the future expected production, affecting the following year's net income. In 2011, 2010 and 2009 we recorded depreciation of fixed assets associated with hydrocarbon reserves amounting to Ps.4,542 million, Ps.4,442 million and Ps.4,019 million, respectively.

Asset retirement obligations

Future costs related to hydrocarbon wells abandonment obligations are capitalized along with the related assets, and are depreciated using the unit-of-production method. As compensation, a liability is recognized for this concept at the same estimated value of the discounted payable amounts. Future estimated retirement obligations and removal costs are based on management's best estimate of the time that the event will occur and the assertion of costs to be incurred upon the retirement or removal of the asset. Asset removal technologies and costs, as well as political, environmental, safety and other requirements and public expectations, are frequently changing. Consequently, the timing and future cost of dismantling and abandonment are subject to significant modification. As such, any change in variables used to prepare such assumptions and estimates can have, as a consequence, a significant effect on the liability and the related capitalized asset and future charges related to the retirement obligations. Future obligations are reviewed upon consideration of the current costs incurred in abandonment obligations on a field-by-field basis or other external available information if abandonment obligations were not performed. Due to the number of the wells in operation and/or not abandoned and the complexity with respect to different geographic areas where the wells are located, the current costs incurred in plugging are extrapolated to the wells pending abandonment. Management believes that current plugging costs incurred are the best source of information at the end of each fiscal year to estimate asset retirement obligations for wells.

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Environmental liabilities, litigation and other contingencies

Environmental liabilities are recorded when environmental assessments and/or remediation are probable and can be reasonably estimated. Such estimates are based on either detailed feasibility studies of remediation approach and cost for individual sites, or on our estimate of costs to be incurred based on historical experience and available information for the stage of assessment and/or remediation of each site. As additional information becomes available regarding each site or as environmental standards change, we revise our estimate of costs to be incurred in environmental assessment and/or remediation.

Accruals for contingencies are established to cover litigation and other contingencies, including counsel fees and judicial expenses, which are probable and can be reasonably estimated. The final costs arising from litigation and other contingencies may vary from our estimates due to changes in laws or differing interpretations of laws, the issuance of court decisions or other opinions and final assessments of the amount of claims. Changes in the facts or circumstances related to these types of contingencies, as well as the future outcome of these disputes, can have, as a consequence, a significant effect on the accruals for litigation and other contingencies recorded.

U.S. GAAP reconciliation

The recurrent difference between our net income under Argentine GAAP and our net income under U.S. GAAP for the years ended December 31, 2011, 2010 and 2009 is primarily due to the remeasurement into functional currency and translation into reporting currency, the elimination of the inflation adjustment into Argentine constant pesos with the corresponding effect in the deferred tax liability, the impairment of long-lived assets, capitalization of financial expenses and accounting for assets retirement obligations.

Under Argentine GAAP, financial statements are presented in constant Argentine pesos (reporting currency). Foreign currency transactions are recorded in Argentine pesos by applying to the foreign currency amount the exchange rate between the reporting and the foreign currency at the date of the transaction. Exchange rate differences arising on monetary items in foreign currency are recognized in the income statement of each year.

Under U.S. GAAP, a definition of the functional currency is required which may differ from the reporting currency. Management has determined, for us and certain of our subsidiaries and investees, the U.S. dollar to be the functional currency in accordance with ASC 830. Therefore, we have re-measured into U.S. dollars the Audited Consolidated Financial Statements as of December 31, 2011, 2010 and 2009 in each case prepared in accordance with Argentine GAAP by applying the procedures specified in ASC 830. The objective of the re-measurement process is to produce the same results that would have been reported if the accounting records had been kept in the functional currency. Accordingly, monetary assets and liabilities are re-measured at the balance sheet date (current) exchange rate. Amounts carried at prices in past transactions are re-measured at the exchange rates in effect when the transactions occurred. Revenues and expenses are re-measured at the exchange rate in effect at the time of each transaction or, if appropriate, at the weighted average of the exchange rates during the period, except for consumption of non-monetary assets, which are re-measured at the rates of exchange in effect when the respective assets were acquired. Translation gains and losses on monetary assets and liabilities arising from the re-measurement are included in the determination of net income (loss) in the period such gains and losses arise. Furthermore, for certain of our subsidiaries and investees, we have determined the Argentine peso as the functional currency. Translation adjustments resulting from the process of translating the financial statements of subsidiaries that use peso as their functional currency into YPF's functional currency (U.S. dollars) are accounted for in other comprehensive income (OCI), as a component of shareholders' equity.

The amounts obtained from the re-measurement process referred to above are translated into Argentine pesos under the provisions of ASC 830. Assets and liabilities are translated at the current selling exchange rate of Ps.4.30, 3.98 and Ps.3.80 to U.S.\$1.00, as of December 31, 2011, 2010 and 2009, respectively. Revenues, expenses, gains and losses reported in the income statement are translated at the exchange rate existing at the time of each transaction or, if appropriate, at the weighted average of the exchange rates during the period. Translation effects of exchange rate changes are included as a cumulative translation adjustment in shareholders' equity. For the years ended December 31, 2011, 2010 and 2009, the re-measurement into functional currency and the translation into reporting currency decreased net income determined according to Argentine GAAP by Ps.1,055 million, Ps.1,570 million and Ps.1,478 million, respectively.

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Under Argentine GAAP, we have proportionally consolidated, net of intercompany transactions, assets, liabilities, net sales, cost and expenses of investees in which joint control is held, and unincorporated legal entities which are not involved in extractive or construction activities. Under U.S. GAAP, these investees are accounted for by the equity method. The proportional consolidation mentioned above generated an increase of Ps.1,247 million, Ps.966 million and Ps.965 million in total assets and total liabilities as of December 31, 2011, 2010 and 2009, respectively, and an increase of Ps.2,312 million, Ps.1,684 million and Ps.1,433 million in net sales and Ps.830 million, Ps.609 million and Ps.551 million in operating income for the years ended December 31, 2011, 2010 and 2009, respectively.

Under Argentine GAAP, in order to perform the recoverability test, long-lived assets are grouped with other assets at business segment level, and they would be impaired if the discounted cash flows, considered at business segment level, were less than its carrying value. With respect to assets that were held pending sale or disposal, our policy was to record these assets on an individual basis at amounts that did not exceed net realizable value.

Under U.S. GAAP, considering the characteristics of the Argentine market and the effects of certain regulatory provisions described in Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government, oil properties are grouped into an unique cash generating unit and gas properties are grouped by basin (owing to logistics restrictions), to perform impairment tests. Other long-lived assets are aggregated, so that the discrete cash flows produced by each group of assets may be separately analyzed. Each asset is tested following the guidelines of ASC 360, by comparing the net book value of such an asset with the expected undiscounted cash flow. Impairment losses are measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. When market values are not available, we estimate them using the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the assets. There were no impairment charges under U.S. GAAP for the fiscal years ended December 31, 2011, 2010 and 2009. The accumulated adjustments under U.S. GAAP of the impairment provisions as of December 31, 2011, 2010 and 2009 were Ps.287 million, Ps.337 million and Ps.498 million, respectively, mainly corresponding to our Exploration and Production segment. The adjusted basis after impairment resulted in lower depreciation under U.S. GAAP by Ps.75 million, Ps.181 million and Ps.173 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Under U.S. GAAP, only interest expense on qualifying assets must be capitalized, regardless of the asset's construction period. Under Argentine GAAP, for those assets that necessarily take a substantial period of time to get ready for its intended use, borrowing costs (including interest and exchange differences) should be capitalized. Accordingly, borrowing costs for those assets whose construction period exceeds one year have been capitalized, provided that such capitalization does not exceed the amount of financial expense recorded in that period or year.

Under U.S. GAAP, ASC 410 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement cost. The standard applies to the legal obligation associated with the retirement of long-lived assets that results from the acquisition, construction, development and normal use of the asset. ASC 410 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made. The asset retirement obligations liability is built up in cash flow layers, with each layer being discounted using the discount rate as of the date that the layer was created. Remeasurement of the entire obligation using current discount rates is not permitted. Each cash flow layer is added to the carrying amount of the associated asset. This additional carrying amount is then depreciated over the life of the asset. The liability is increased due to the passage of time based on the time value of money (accretion expense) until the obligation is settled. Argentine GAAP is similar to ASC 410, except for a change in the discount rate is treated as a change in estimates, so the entire liability must be recalculated using the current discount rate, being the change added or reduced from the related asset.

YPF Holdings has a non-contributory defined-benefit pension plan and postretirement and postemployment benefits. On December 31, 2006, under U.S. GAAP, the company adopted the Statement of Financial Accounting Standards (SFAS) No. 158 (currently included in ASC 715). Under provisions of ASC 715, the company fully recognized the underfunded status of defined-benefit pension and postretirement plans as a liability in the financial statements, reducing the company's shareholders' equity through the accumulated OCI account. Unrecognized gains and losses are recognized in the income statement during the expected average remaining working lives of the employees participating in the plans and the life expectancy of retired employees. Under Argentine GAAP, the actuarial losses and gains are charged to the Other income/(expense), net account of the statement of income. For

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a more detailed discussion of the most significant differences between Argentine GAAP and U.S. GAAP, please refer to Notes 12, 13 and 14 to the Audited Consolidated Financial Statements.

Finally, as a result of YPF's transition from Argentine GAAP to IFRS, which is mandatory for YPF for the fiscal year beginning on January 1, 2012, in future filings we will present financial information prepared in accordance with IFRS as issued by the IASB. Accordingly, we will no longer include a reconciliation to U.S. GAAP.

Principal Income Statement Line Items

The following is a brief description of the principal line items of our income statement.

Net sales

Net sales include primarily our consolidated sales of unrefined and refined fuel and chemical products net of the payment of applicable fuel transfer taxes, turnover taxes and custom duties on exports. Royalty payments required to be made to a third party, whether payable in cash or in kind, which are a financial obligation, or are substantially equivalent to a production or similar tax, are accounted for as a cost of production and are not deducted in determining net sales. See Item 4. Information on the Company Exploration and Production Oil and gas production, production prices and production costs and Note 2 (f) to the Audited Consolidated Financial Statements.

Cost of sales

The following table presents, for each of the years indicated, a breakdown of our consolidated cost of sales by category:

	For the Year Ended December 31,		
	2011	2010	2009
	(in millions of pesos)		
Inventories at beginning of year	3,865	3,066	3,449
Purchases for the year	18,211	9,631	5,873
Production costs ⁽¹⁾	24,841	20,391	16,932
Holding (losses)/gains on inventories	1,089	676	(11)
Inventories at end of year	(6,074)	(3,865)	(3,066)
Cost of sales	41,932	29,899	23,177

(1) The table below presents, for each of the years indicated, a breakdown of our consolidated production costs by category:

	For the Year Ended December 31,		
	2011	2010	2009
	(in millions of pesos)		
Salaries and social security costs	2,470	1,710	1,245
Fees and compensation for services	248	222	189
Other personnel expenses	687	488	359
Taxes, charges and contributions	428	351	277
Royalties and easements	3,518	2,970	2,516

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Insurance	175	150	176
Rental of real estate and equipment	951	487	449
Depreciation of fixed assets	5,211	5,036	4,610
Industrial inputs, consumable material and supplies	1,000	825	631
Operation services and other service contracts	3,027	2,228	1,810
Preservation, repair and maintenance	4,038	2,955	2,176
Contractual commitments	88	411	139
Transportation, products and charges	1,215	1,037	927
Fuel, gas, energy and miscellaneous	1,785	1,521	1,428
	<u> </u>	<u> </u>	<u> </u>
Total	24,841	20,391	16,932
	<u> </u>	<u> </u>	<u> </u>

[Back to Contents](#)**Other income/(expense), net**

Other income/(expense), net principally include credits and charges for pending lawsuits and other claims, provisions for environmental remediation and provisions for defined benefit pension plans and other post-retirement benefits.

Finance income/(expense), net and holding (losses)/gains

Finance income/(expense), net and holding (losses)/gains consist of the net of gains and losses on interest paid and interest earned, currency exchange differences and the periodic revaluation of inventories.

Taxes

The effective tax rates for the periods discussed in this annual report were similar to the statutory corporate income tax rate in Argentina which was 35% during each of the periods presented in this annual report. See Note 3(j) to the Audited Consolidated Financial Statements.

Results of Operations**Consolidated results of operations for the years ended December 31, 2011, 2010 and 2009**

The following table sets forth certain financial information as a percentage of net sales for the years indicated.

	Year Ended December 31,		
	2011	2010	2009
	(percentage of net sales)		
Net sales	100.0	100.0	100.0
Cost of sales	(74.0)	(67.7)	(67.5)
Gross profit	26.0	32.3	32.5
Administrative expenses	(3.3)	(3.2)	(3.2)
Selling expenses	(6.6)	(6.8)	(7.3)
Exploration expenses	(1.0)	(0.8)	(1.6)
Operating income	15.1	21.5	20.4

The tables below present, for the years indicated, volume and price data with respect to our sales of our principal products in the domestic and export markets, respectively. The data presented below does not include sales by Compañía Mega S.A. (Mega), Refinor or Profertil, jointly controlled companies in which we have 38%, 50% and 50% interests, respectively, and which are proportionally consolidated in our consolidated financial statements. Mega contributed, after consolidation adjustments, 0.5%, 0.6% and 0.7%, respectively, of our consolidated net sales for 2011, 2010 and 2009. Refinor contributed, after consolidation adjustments, 1.4%, 1.4% and 1.7%, respectively, of our consolidated net sales for 2011, 2010 and 2009. Profertil contributed, after consolidation adjustments, 2.2%, 1.8% and 2.0%, respectively, of our consolidated net sales for 2011, 2010 and 2009.

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Domestic Market	Year Ended December 31,					
	2011		2010		2009	
	Units sold	Average price per unit ⁽¹⁾	Units sold	Average price per unit ⁽¹⁾	Units sold	Average price per unit ⁽¹⁾
				(in pesos)		(in pesos)
Natural gas	12,170 mcm	341/mcm	12,238 mcm	288/mcm	14,238 mcm	244/mcm
Diesel	8,546 mcm	2,613/m3	8,029 mcm	2,029/m3	7,733 mcm	1,556/m3
Gasoline	3,884 mcm	2,400/m3	3,514 mcm	1,922/m3	3,382 mcm	1,545/m3
Fuel oil	353 mtn	1,997/ton	650 mtn	1,556/ton	529 mtn	1,246/ton
Petrochemicals	665 mtn	2,669/ton	548 mtn	2,175/ton	467 mtn	1,574/ton

(1) Average prices shown are net of applicable domestic fuel transfer taxes payable by consumers.

Export Market	Year Ended December 31,					
	2011		2010		2009	
	Units sold	Average price per unit ⁽¹⁾	Units sold	Average price per unit ⁽¹⁾	Units sold	Average price per unit ⁽¹⁾
				(in pesos)		(in pesos)
Natural gas	91 mcm	2,115/mcm	315 mcm	1,324/mcm	630 mcm	1,427/mcm
Gasoline	290 mcm	2,730/m3	448 mcm	1,893/m3	777 mcm	1,331/m3
Fuel oil	490 mtn	2,507/ton	677 mtn	1,826/ton	828 mtn	1,384/ton
Petrochemicals ⁽²⁾	334 mtn	4,038/ton	461 mtn	2,813/ton	414 mtn	1,897/ton

(1) Average prices shown are gross of applicable export withholding taxes payable by us, and, as a result, may not be indicative of amounts recorded by us as net sales. See Factors Affecting Our Operations International oil and gas prices and Argentine export taxes for more information on the export tax withholding rates applicable to our principal products.

(2) Includes exports of refined paraffinic.

Net sales

Net sales in 2011 were Ps.56,697 million, representing a 28.4% increase compared to Ps.44,162 million in 2010. This increase was attributable to, among other things, the increases in the volumes sold of gasoline and diesel, to the adequacy of sales prices in the domestic market, as well as a result of the increase in the average international market crude oil price (the average Brent price in 2011 was approximately 40% higher than in 2010), with the corresponding effect in certain products sold in the domestic market which track international prices, such as fuel oil and petrochemicals. However, net sales in 2011 were adversely affected by the temporary suspension of the Petroleum Plus program according to Notes Nos. 707/12 and 800/12 of the Argentine Secretariat of Energy. The effects of the suspension extend, retroactively, to benefits accrued and not yet redeemed by YPF at the time of such suspension, representing a negative impact of approximately U.S.\$355 million, taking into account the income recorded under the program in 2010 and the reversal of income recorded in 2011 as a result of the suspension of the program.

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Net sales in 2010 were Ps.44,162 million, representing a 28.7% increase compared to Ps.34,320 million in 2009. This increase was attributable to, among other things, the increases in the volumes sold of premium gasoline and premium diesel, to the adequacy of sales prices in the domestic market, as well as a result of the increase in the average international market price of WTI (approximately a 29% increase in the average market price in 2010 compared to 2009), with the corresponding effect in certain products sold in the domestic market which track international prices, such as LPG, jet fuel and petrochemicals. During 2010, we continued with our efforts within the scope of the Petroleum Plus program, reinforcing our commitment towards the exploitation and development of available energetic resources to fulfill domestic demand, which permitted us to record income under such Program.

For further information on our net sales for the periods discussed above, see Results of operations by business segment for the years ended December 31, 2011, 2010 and 2009.

Cost of sales

Cost of sales in 2011 was Ps.41,932 million compared to Ps.29,899 million in 2010, representing a 40.2% increase. The increase is partly attributable to the higher amounts of crude oil purchased from third parties (which

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increased, in part, in order to substitute our decreased production), as well as to the higher average price of crude oil purchased from third parties (which increased by approximately 22% compared to the average purchase price in 2010), and an increase in the imported volumes of low-sulfur diesel (Euro Diesel) and regular diesel (Ultra Diesel), in order to fulfill the higher demand of these products in the domestic market and to satisfy the demand for higher quality products. In 2011, there has also been an increase in the volumes purchased of biofuels (biodiesel and bioethanol), in order to comply with present regulations, as well as in the average purchase prices paid for such biofuels. Additionally, with respect to production costs, there was an increase in royalties, driven mainly by the higher crude oil prices at the wellhead, which was partially offset by the lower volumes produced, as well as generalized cost increases, mainly preservation, repair and maintenance costs, salaries and social security costs and costs of services rendered by third parties. This increase in costs is attributable mainly to our increased activity and upward price pressure in Argentina.

Cost of sales in 2010 was Ps.29,899 million compared to Ps.23,177 million in 2009, representing a 29.0% increase. The increase is partly attributable to the higher average price of crude oil purchased from third parties (which increased by approximately 25% compared to the average purchase price in 2009, whereas the volumes of oil bought from such third parties remained almost unchanged), as well as an increase in the imported volumes of our new low-sulfur diesel (Euro Diesel), gasoline and fertilizers in order to fulfill the higher demand of these products in the domestic market and to satisfy the demand for higher quality products. In 2010, we have also made purchases of biofuels (biodiesel and bioethanol) in order to comply with present regulations. Additionally, within the production expenses, there was an increase in royalties, driven mainly by the abovementioned higher crude oil prices, as well as general increases in costs, mainly in preservation, repair and maintenance, salaries and social security costs and costs related to operation services and other service contracts, caused mainly by upward price pressure, and also in charges related to contractual commitments.

Selling expenses

Our selling expenses were Ps.3,723 million in 2011, compared to Ps.3,015 million in 2010, representing an increase of 23.5%, resulting from increases in transportation expenses, due to higher prices of gasoline and diesel in the domestic market and to increases in the corresponding fees paid for these services, in line with the general upward price pressure in Argentina. Selling expenses have also been affected by increases in wages and higher publicity and promotional expenses.

Our selling expenses were Ps.3,015 million in 2010, compared to Ps.2,490 million in 2009, representing an increase of 21.1%, resulting from increases in transportation expenses, due to higher prices of gasoline and diesel in the domestic market and to increases in the corresponding fees paid for these services.

Administrative expenses

Our administrative expenses increased by Ps.476 million (33.3%) in 2011 compared to 2010 particularly due to increases in wages and social security costs, as well as by increases in fees and compensation for services, mainly related to technology information service contracts and licenses expenses.

Our administrative expenses increased by Ps.327 million (29.7%) in 2010 compared to 2009 particularly due to increases in wages and social security costs, driven mainly by a centralization process of tasks in the corporate departments that previously were carried out in the other business units, as well as by increases in fees and compensation for services, mainly related to technology information service contracts and licenses expenses and institutional publicity expenses.

Exploration expenses

Our exploration expenses increased by Ps.230 million in 2011 compared to 2010, mainly as a result of the expenses incurred in the Malvinas basin exploration campaign during 2011. In addition, in 2011 we continued our search of new energy resources in Argentina, including through the exploration of unconventional resources, which

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implied a significant investment from YPF, with expenditures amounting to approximately Ps.1,731 million in 2011 (Ps.1,121 million higher than in 2010).

Our exploration expenses decreased by Ps.208 million in 2010 compared to 2009, mainly as a result of the high exploration expenses incurred in connection with the offshore dry wells recognized during 2009 (in the Golfo San Jorge Marina and Austral basins), compared to our exploration expenses in 2010 (associated mainly to the Neuquina and Noroeste basins). Our expenditures on exploration activities reached approximately Ps.610 million in 2010.

Operating income

Operating income in 2011 was Ps.8,563 million, compared to Ps.9,475 million in 2010, representing a 9.6% decrease, due to the factors described above.

Operating income in 2010 was Ps.9,475 million, compared to Ps.6,999 million in 2009, representing a 35% increase, due to the factors described above.

Our operating margins (operating income divided by net sales) were 15.1%, 21.5% and 20.4% in 2011, 2010 and 2009, respectively.

Other income/(expense), net

Other expense, net amounted to Ps.62 million in 2011 compared to other expense, net of Ps.155 million in 2010, due mainly to: (i) lower expenses related to legal claims and as a result of the reassessment of certain legal proceedings in light of new developments; (ii) lower expenses related to certain defined benefits pension plans of our wholly controlled subsidiary, YPF Holdings; and (iii) income derived from our insurance coverage in compensation for certain damages that we suffered in our facilities (in the Estrecho de Magallanes platform) in 2010.

Other expense, net amounted to Ps.155 million in 2010 compared to other income, net of Ps.159 million in 2009, due mainly to: (i) higher expenses related to certain defined benefits pension plans of our wholly controlled subsidiary, YPF Holdings; (ii) recoveries related to certain claims brought in 2009, as a result of their reassessment in light of new developments in our legal proceedings; and (iii) income derived from insurance coverage in compensation for certain damages that we suffered in our facilities in 2009.

Financial income/(expense), net and holding gains/(losses)

In 2011, financial expense, net and holding gains, decreased to Ps.347 million, from Ps.379 million in 2010. This decrease is mainly attributable to a Ps.413 million increase in holding gains on inventories valued at replacement cost, as a result of the upward cost pressure in Argentina in 2011, which was partially offset by the higher negative net exchange rate differences in 2011 (Ps.283 million), related to our net liabilities denominated in U.S. dollars, as a result of the higher depreciation of the Argentine peso against the U.S. dollar in 2011 compared to the previous year.

In 2010, financial expense, net and holding gains, decreased to Ps.379 million, from Ps.1,242 million in 2009. This material diminution is mainly attributable to a Ps.687 million increase in holding gains on inventories valued at replacement cost, mainly to reflect the aforementioned general cost increases in the economy during 2010 compared to 2009, as well as lower net negative exchange rate differences in 2010, related to our net liabilities denominated in U.S. dollars, as a result of the lower depreciation of the Argentine peso against the U.S. dollar in 2010 compared to the previous year.

Taxes

Income tax expense in 2011 decreased 8.7% to Ps.2,950 million from Ps.3,230 million in 2010 mainly as a result of the lower net income before income tax, as explained above. The effective income tax rates for 2011 and 2010 were 35.77% and 35.81%, respectively, compared to the statutory income tax rate of 35%.

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Income tax expense in 2010 increased 45.6% to Ps.3,230 million from Ps.2,218 million in 2009 mainly as a result of the higher net income before income tax, as explained above. The effective income tax rates for 2010 and 2009 were 35.81% and 37.55%, respectively, compared to the statutory income tax rate of 35%.

For additional information on our income tax expense see Note 3(j) to the Audited Consolidated Financial Statements.

Net income

Net income for 2011 was Ps.5,296 million, compared to Ps.5,790 million in 2010, a decrease of 8.5%. This decrease is mainly attributable to the decrease in operating income described above.

Net income for 2010 was Ps.5,790 million, compared to Ps.3,689 million in 2009, an increase of 57.0%. This increase is mainly attributable to the increase in operating income and the decrease in financial expense described above.

Results of operations by business segment for the years ended December 31, 2011, 2010 and 2009

The following table sets forth net sales and operating income for each of our lines of business for the years ended December 31, 2011, 2010 and 2009:

	For the Year Ended December 31,		
	2011	2010	2009
	(in millions of pesos)		
<i>Net sales</i> ⁽¹⁾			
Exploration and Production ⁽²⁾			
To unrelated parties	3,814	4,611	4,757
To related parties	1,166	981	751
Intersegment sales and fees ⁽³⁾	20,129	17,428	14,473
Total Exploration and Production	25,109	23,020	19,981
Refining and Marketing			
To unrelated parties	46,774	34,209	25,733
To related parties	1,004	917	627
Intersegment sales and fees	1,766	1,668	1,202
Total Refining and Marketing	49,544	36,794	27,562
Chemicals			
To unrelated parties	2,632	2,445	1,932
Intersegment sales and fees	2,188	1,871	1,105
Total Chemicals	4,820	4,316	3,037
Corporate and Other			
To unrelated parties	1,307	999	520
Intersegment sales and fees	651	358	350

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Total corporate and others	1,958	1,357	870
	<u> </u>	<u> </u>	<u> </u>
Less intersegment sales and fees	(24,734)	(21,325)	(17,130)
	<u> </u>	<u> </u>	<u> </u>
Total net sales ⁽⁴⁾	56,697	44,162	34,320
	<u> </u>	<u> </u>	<u> </u>
Operating income (loss)			
Exploration and Production	4,977	6,210	5,379
Refining and Marketing	3,649	3,313	1,896
Chemicals	1,451	874	559
Corporate and Other	(1,383)	(952)	(820)
Consolidation adjustments	(131)	30	(15)
	<u> </u>	<u> </u>	<u> </u>
Total operating income	8,563	9,475	6,999
	<u> </u>	<u> </u>	<u> </u>

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- (1) Net sales are net to us after payment of a fuel transfer tax, turnover tax and custom duties on exports. Royalty payments required to be made to a third party, whether payable in cash or in kind, which are a financial obligation, or are substantially equivalent to a production or similar tax, are accounted for as a cost of production and are not deducted in determining net sales. See Item 4. Information on the Company-Exploration and Production-Oil and gas production, production prices and production costs and Note 2 (f) to the Audited Consolidated Financial Statements.
- (2) Includes exploration costs in Argentina, Guyana and the United States and production operations in Argentina and the United States.
- (3) Intersegment sales of crude oil to Refining and Marketing are recorded at transfer prices that reflect our estimates of Argentine market prices.
- (4) Total net sales include export sales of Ps.6,770 million, 5,678 million and Ps.4,904 million for the years ended December 31, 2011, 2010 and 2009 respectively. The export sales were mainly to the United States, Chile and Brazil.

Exploration and Production

Exploration and Production sales increased to Ps.25,109 million in 2011 from Ps.23,020 million in 2010, representing an increase of 9.1%. Intersegment net sales (substantially all of which relate to intersegment sales of crude oil) increased by Ps.2,701 million during 2011 compared to the prior year mainly as a result of an approximately 26% increase in the average intersegment price in pesos of a barrel of oil (an approximately 20% increase in U.S. dollars), which was partially offset by an approximately 8.4% decrease in the volumes transferred. The average price of natural gas sold in the domestic market increased 18% in 2011 and was driven mainly by price increases in the industry segment of the Argentine market, especially with respect to sales to our subsidiary Mega, whose contractual prices track international prices, which increased along with crude oil international prices. Exploration and Production sales in 2011 were adversely affected by the temporary suspension of the Petroleum Plus program. The effects of the suspension extend, retroactively, to benefits accrued and not yet redeemed by YPF at the time of such suspension, representing a negative impact of approximately U.S.\$355 million, taking into account the income recorded under the program in 2010 and the reversal of income recorded in 2011 as a result of the suspension of the program.

Exploration and Production operating income reached Ps.4,977 million in 2011, a 19.9% decrease from Ps.6,210 million in 2010. Increases in crude oil sales were more than offset by an increase in operating expenses. Segment operating expenses increased by approximately 19.8% due mainly to (i) increases in expenses related to operation services and other service contracts undertaken in order to increase and improve our reserves replacement ratio, which increased substantially in 2010 and 2011, (ii) generalized cost increases, and (iii) a Ps.404 million increase in royalties paid, due mainly to the higher value, expressed in pesos, at the wellhead, of hydrocarbons produced (used as the basis for calculation of such royalties), mainly as a result of the higher product prices in 2011 as previously mentioned. The increase in operating expenses is also explained by the effect of the strikes that took place in the Santa Cruz and Chubut provinces during the second quarter of 2011 and the operational costs that we had to face despite the fact that our level of activity was substantially affected in the region during such period.

Our exploration expenses increased by Ps.230 million in 2011 compared to 2010, mainly as a result of the expenses incurred in the Malvinas basin exploration campaign during the present year. It is remarkable as well that our exploration activities in the search of new energetic resources in Argentina, including the exploration of non conventional resources, which implies the concentration of an important portion of our economic resources, continued to be one of our strategic objectives in 2011, with our expenditures on such activities reaching approximately Ps.1,731 million, Ps.1,121 million more than those incurred in 2010.

Average oil production during 2011 reached 273 thousand barrels per day, compared to 293 thousand barrels per day in 2010, decreasing by 6.8%, mainly due to the effect of the strikes referred to above. Natural gas production in 2011 decreased by 10.3% to 1,208 mmcf/d from 1,346 mmcf/d in 2010. In addition to the adverse impact of the

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strikes in the Santa Cruz province, this decline was mainly attributable to the natural decline in the production curve resulting from the continuing overall maturity of our fields.

Exploration and Production sales increased to Ps.23,020 million in 2010 from Ps.19,981 million in 2009, representing an increase of 15.2%. Intersegment net sales (substantially all of which relate to intersegment sales of crude oil) increased by Ps.2,955 million during 2010 compared to the prior year mainly as a result of an approximately 20% increase in the average intersegment price in pesos of a barrel of oil (an approximately 15% increase in U.S. dollars), which was partially offset by an approximately 2.5% decrease in the volumes transferred. These positive effects were reinforced by the income recorded under the Petroleum Plus program referred to above. The average price of natural gas sold in the domestic market increased 18% in 2010 and was driven mainly by price increases in the power generation and industry segments of the Argentine market, especially with respect to sales to our subsidiary Mega, whose contractual prices track international prices, which increased along with the WTI price.

Exploration and Production operating income reached Ps.6,210 million in 2010, a 15.4% increase from Ps.5,379 million in 2009, due to the aforementioned increases in crude oil sales, but was partially offset by an increase in operating expenses. Segment operating expenses increased by approximately 15.1% due mainly to (i) increases in expenses related to operation services and other service contracts undertaken in order to increase and improve our reserves replacement ratio, which increased substantially in 2010, (ii) generalized cost increases and higher contractual commitments costs required under present agreements and management estimations, and (iii) a Ps.395 million increase in royalties paid, due mainly to the higher value, expressed in pesos, at the wellhead (used as the basis for calculation of such royalties), of hydrocarbons produced, mainly as a result of higher product prices in 2010 as previously mentioned.

Our exploration expenses decreased by Ps.208 million in 2010 compared to 2009, mainly as a result of the high exploration expenses incurred in connection with the offshore dry wells recognized during 2009 (in the Golfo San Jorge Marina and Austral basins), compared to our exploration expenses in 2010 (associated mainly to the Neuquén and Noroeste basins). Our expenditures on exploration activities reached approximately Ps.610 million in 2010.

Average oil production during 2010 reached 293 thousand barrels per day, compared to 302 thousand barrels per day in 2009. Natural gas production in 2010 decreased by 7.8% to 1,346 mmcf/d from 1,460 mmcf/d in 2009. This decline was mainly attributable to the natural decline in the production curve resulting from the continuing overall maturity of our fields.

Refining and Marketing

Refining and Marketing net sales in 2011 were Ps.49,544 million, 34.7% higher than the Ps.36,794 million in net sales recorded in 2010. This increase was attributable, among other factors, to higher volumes sold in the domestic market, especially in the premium lines of diesel and gasoline, as well as to the higher average sale prices of gasoline and diesel sold in the domestic market in 2011 (the most important products in this business segment). Notwithstanding the increase in the average domestic prices of diesel and gasoline, domestic prices of our refined products remained below average international prices, except for the domestic prices of certain refined products that tend to track international prices, such as propylene, which increased in 2011.

Refining and Marketing operating profit increased to Ps.3,649 million in 2011 from Ps.3,313 million in 2010. This increase was mainly due to higher volumes and average sales prices of products sold in the domestic market, which effect was partially offset by the increased operating costs. In addition, purchases of crude oil, which account for approximately 90% of the segment's operating costs, were made at an average intersegment price (paid to the Exploration and Production business segment) which was 26% higher than in 2010. This increase reflected the adjustments made in crude oil prices in the domestic market among local producers, considering the market evolution and the differences in crude oil qualities. This increase also affected crude oil purchase prices paid to third parties. Further, refining costs (excluding crude oil purchases and transportation costs) increased by approximately 29%, mainly due to increases in operation services and service contract costs, higher energy prices, as well as salary increases. Refining costs per barrel, which we calculate as the segment's production costs for the period less crude oil purchase costs, divided by the number of barrels produced during the period, was Ps.22.9 in 2011, compared to Ps.17.8 in 2010.

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Refinery output in 2011, including 50% of Refinor's output (we own 50% of Refinor), reached 290 thousand barrels per day, representing a 4.6% decrease compared to 304 thousand barrels per day processed in 2010. This decrease was mainly attributable to certain programmed technical stoppages during 2011, lower crude oil availability in the domestic market and the unions conflicts previously mentioned.

Refining and Marketing net sales in 2010 were Ps.36,794 million, 33.5% higher than the Ps.27,562 million in net sales recorded in 2009. This increase was attributable, among other factors, to higher volumes sold in the domestic market, especially in the premium lines of diesel and gasoline, as well as to the higher average sale prices of gasoline and diesel sold in the domestic market in 2010 (the most important products in this business segment). Notwithstanding the increase in the average domestic prices of diesel and gasoline, domestic prices of our refined products remained below average international prices, except for the domestic prices of certain refined products that tend to track international prices, such as aviation fuel and LPG, which increased in 2010.

Refining and Marketing operating profit increased to Ps.3,313 million in 2010 from Ps.1,896 million in 2009. This increase was mainly due to higher volumes and average sales prices of products sold in the domestic market. In addition, purchases of crude oil, which account for approximately 90% of the segment's operating costs, were made at an average intersegment price (paid to the Exploration and Production business segment) which was 20% higher than in 2009. This increase reflected the adjustments made in crude oil prices in the domestic market among local producers, considering the market evolution and the differences in crude oil qualities. This increase also affected crude oil purchase prices paid to third parties. Further, refining costs (excluding crude oil purchases and transportation costs) increased by approximately 20%, mainly due to higher energy prices, increases in operation services and service contract costs, as well as salary increases. Refining costs per barrel, which we calculate as the segment's production costs for the period less crude oil purchase costs, divided by the number of barrels produced during the period, was Ps.17.8 in 2010, compared to Ps.14.8 in 2009.

Refinery output in 2010, including 50% of Refinor's output (we own 50% of Refinor), reached 304 thousand barrels per day, representing a 1.9% decrease compared to 310 thousand barrels per day processed in 2009.

Chemicals

Net sales increased 11.7% to Ps.4,820 million in 2011 compared to Ps.4,316 million in 2010. This increase was attributable mainly to higher sales prices in the domestic market, particularly with respect to methanol and aromatic products lines, and to higher volumes sold in the domestic market of these products. Additionally, higher volumes were sold and higher prices were received from the sales of octane bases and methanol, which are used in the elaboration of liquid fuels, to the Refining and Marketing business unit.

Operating income increased by 66.0% to Ps.1,451 million in 2011 compared to Ps.874 million in 2010 due mainly to the results obtained from our interest in Profertil S.A. and to the higher margins in various aromatics product lines processed at Ensenada Industrial Complex and in our Methanol Plant. With respect to the results obtained from our interest in Profertil S.A., their increase was attributable to the positive effects of higher urea and other fertilizers volumes sold in the domestic and international markets and the higher average prices of these products both at the domestic and international markets.

Net sales increased 42.1% to Ps.4,316 million in 2010 compared to Ps.3,037 million in 2009. This increase was attributable mainly to higher sales prices in the domestic market, particularly with respect to methanol and aromatic products lines, and to higher volumes of fertilizers sold in the domestic market. Additionally, higher volumes were sold and higher prices were received from the sales of aromatic additives, such as toluene and xylene, which are used in the elaboration of liquid fuels, to the Refining and Marketing business unit. In the international market, net sales rose in 2010, both in terms of volume (essentially, of parafinic refined) and in average prices for exported petrochemical products as a consequence of an upward trend in reference prices in 2010 compared to 2009, consistent with the upward trend in reference prices experienced in other segments.

Operating income increased by 56.4% to Ps.874 million in 2010 compared to Ps.559 million in 2009 due mainly to higher margins in various aromatics product lines processed at Ensenada Industrial Complex. The results obtained from our interest in Profertil S.A. remained stable compared to 2009, as the higher urea and other fertilizer volumes

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sold in the domestic market and the higher average prices of these products both at the domestic and international market, were offset by a sharp diminution in the volumes of urea sold in the international market.

Corporate and others

In fiscal year 2011, operating loss for administrative expenses and other expenses reached Ps.1,383 million, a 45.3% increase over the previous year. The main reasons for the increase were higher salaries and related charges, increases in fees and compensation for services, higher technology information services and licenses expenses and institutional publicity expenses. In addition, there was a slight decrease in the operating income of our controlled company A-Evangelista S.A., and in the earnings related to support services, mainly IT services, provided to related parties, compared to 2010.

In fiscal year 2010, operating loss for administrative expenses and other expenses reached Ps.952 million, a 16.1% increase over the previous year. The main reasons for the increase were higher salaries and related charges, increases in fees and compensation for services, higher technology information services and licenses expenses and institutional publicity expenses. This increase was, however, partially offset by the slight increase in operating income of our controlled company A-Evangelista S.A., and by earnings related to support services, mainly IT services, provided to related parties.

Liquidity and Capital Resources*Financial condition*

Total debt outstanding as of December 31, 2011 and 2010 was Ps.12,767 million and Ps.7,789 million, respectively, consisting of short-term debt (including the current portion of long-term debt) of Ps.8,113 million and long-term debt of Ps.4,654 million as of December 31, 2011, and short-term debt of Ps.6,176 million and long-term debt of Ps.1,613 million as of December 31, 2010. As of December 31, 2011 and 2010, a major part of our debt was denominated in U.S. dollars.

Since September 2001, we have repurchased certain of our publicly-traded bonds in open market transactions on an arms-length basis. As of December 31, 2011, we had repurchased approximately U.S.\$12.6 million of our outstanding bonds. We may from time to time make additional purchases of, or affect other transactions relating to, our publicly-traded bonds if in our own judgment the market conditions are attractive.

The following tables set forth our consolidated cash flow information for the periods indicated.

	For the Year Ended December 31,		
	2011	2010	2009
	(in millions of pesos)		
Net cash flows provided by operating activities	12,770	12,726	9,414
Net cash flows used in investing activities	(12,278)	(8,624)	(5,603)
Net cash flows used in financing activities	(1,571)	(3,720)	(2,881)
Net increase/(decrease) in cash and equivalents	(1,079)	382	930
Cash and equivalents at the beginning of period	2,527	2,145	1,215
Cash and equivalents at the end of period	1,448	2,527	2,145

Net cash flow provided by operating activities was Ps.12,770 million in 2011, compared to Ps.12,726 million in 2010. Net cash flow provided by operating activities was Ps.12,726 million in 2010, compared to Ps.9,414 million in 2009. This 35% increase was mainly attributable to higher operating income in 2010 compared to 2009, as explained above.

The main uses of cash in investing and financing activities in 2011 involved Ps.12,289 million in fixed asset acquisitions corresponding mainly to our Exploration and Production business segment and our refineries, and Ps.5,565 million to dividend payments. These uses of cash were also afforded by Ps.3,994 million net cash flow corresponding to proceeds from loans. The main uses of cash in investing and financing activities in 2010 involved Ps.8,729 million in fixed asset acquisitions corresponding mainly to our Exploration and Production business

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segment and our refineries, and Ps.4,444 million to dividend payments. These uses of cash were also afforded by Ps.724 million net cash flow corresponding to proceeds from loans. The principal uses of cash in investing and financing activities in 2009 included Ps.5,636 million in fixed asset acquisitions relating mainly to exploration and development activities in our upstream operations, Ps.4,897 million in dividend payments, while net proceeds from loans reached Ps.2,016 million. Our current financing policy is to use cash flows provided by operating activities and debt to fund both our investing and operating activities. We have several domestic credit lines available from financial institutions in foreign and local currency. We believe that our level of working capital will not affect our business operations, mainly as a result of the expected net cash flow provided by operating activities in 2012.

In the shareholders' agreement entered into by Repsol YPF and Petersen Energía in connection with the Petersen Transaction, they agreed to effect the adoption of a dividend policy under which we would distribute 90% of our net income as dividends, starting with our net income for 2007. See Item 8. Financial Information Dividend Policy and Item 7. Major Shareholders and Related Party Transactions Shareholders Agreement. However, following repeated public statements by the Argentine government that YPF had paid too much of its earnings in dividends and requesting the Company to withhold dividend payments for 2010 and 2011 and invest the related funds in exploration and production activities in Argentina, in March 2012, our Board of Directors decided not to pay a cash dividend but rather offer a scrip dividend with respect to 2011 and remaining undistributed prior years' earnings.

Accordingly, on March 21, 2012, the Board of Directors resolved to make the following proposals to YPF's shareholders: (i) to transfer Ps.1,057 million included in the Reserve for future dividends to Unappropriated retained earnings (this amount, together with the earnings of the 2011 fiscal year, total Ps.6,353 million); (ii) to carry out a capital increase of Ps.5,789 million (which represents approximately 91.1% of such total); (iii) to assign Ps.299 million to meet the relevant CNV requirements concerning the distribution of profits in connection with deferred negative earnings; and (iv) to assign Ps.265 million, which represents 5% of the 2011 fiscal year earnings, to partially meet the increase in the legal reserve which will be required when the capital increase referred to above is carried out. These proposals as well as our accounting documentation corresponding to Fiscal Year N° 35, ended December 31, 2011, are expected to be evaluated by our shareholders. On April 23, 2012 the Intervention of the Company has decided to suspend, until further notice, the call notice of the General Ordinary Shareholders' Meeting to be held on April 25, 2012, in order to guarantee the normality of the meeting and protect the interests of the Company and its shareholders and the transparency in the market. The agenda for that meeting includes the evaluation of our accounting documentation corresponding to Fiscal Year N° 35. We expect that the new members of our Board of Directors to be appointed at the General Ordinary Shareholders' Meeting of June 4, 2012 lift the aforementioned suspension. The effect of the foregoing, if approved by our shareholders, will be to pay our dividends with respect to 2011 and remaining undistributed prior years' earnings in the form of a scrip dividend.

Given the recent passage of the Expropriation Law, we are developing our new business plan and the related new investment, economic and dividend policy for the Company. See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law. See Item 3. Key Information Risk Factors Risks Relating to Argentina We may not be able to pay, maintain or increase dividends.

The shareholder's meeting held on January 8, 2008, approved a Notes Program for an amount up to U.S.\$1,000 million. Proceeds of any offering under this program shall be used exclusively to invest in fixed assets and working capital in Argentina. On September 24, 2009, YPF issued Ps.205 million of Negotiable Obligations Class I under this program, which bore variable interest rate and matured in 2011. On March 4, 2010, YPF issued Ps. 143 million of Negotiable Obligations Class II under this program, which bore variable interest rate and matured in 2011, and U.S.\$70 million of Negotiable Obligations Class III, which bear a fixed interest rate and will mature in 2013. As of December 31, 2011, the Company had fully complied with the use of proceeds disclosed in the pricing supplement relating to each of these classes of Negotiable Obligations and Negotiable Obligations Class I and Class II had been fully paid. Additionally, on June 21, 2011, YPF issued Ps.300 million of Negotiable Obligations Class V under this program, which bear a variable interest rate and will mature in 2012. The securities referred to above have been authorized to be traded on the Buenos Aires Stock Exchange (*Bolsa de Comercio de Buenos Aires*) and the Electronic Open Market (*Mercado Abierto Electrónico*) in Argentina, while outstanding.

The following table sets forth our commitments for the periods indicated below with regard to the principal amount of our debt, as of December 31, 2011, plus accrued but unpaid interest through December 31, 2011:

[Back to Contents](#)**Expected Maturity Date**

	Expected Maturity Date						
	Total	Less than 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years
(in millions of pesos)							
Debt ⁽¹⁾	12,767	8,113	2,051	761	45	1,205	592

(1) See Item 3. Key Information-Risk Factors Risks Relating to Argentina A significant portion of our outstanding financial indebtedness contains covenants that prohibit a change in the control of the Company or a nationalization event and we may be required to repay some or all of our outstanding debt and Item 3. Key Information Risk Factors Risks Relating to Argentina Our access to international capital markets and the market price of our shares are influenced by the perception of risk in Argentina and other emerging economies. Recent developments in Argentina may adversely affect our ability to finance our operations and the trading values of our securities.

Contractual obligations

The following table sets forth information with regard to our commitments, expressed in U.S. dollars, under commercial contracts for the years indicated below, as of December 31, 2011:

Contractual Obligations	Total	Less than			More than 5 years
		1 year	1 - 3 years	3 - 5 years	
(in millions of U.S.\$) ⁽⁵⁾					
Debt ⁽¹⁾	3,038	1,973	800	58	207
Operating Lease Obligations	623	296	232	69	25
Purchase Obligations ⁽²⁾	2,416	863	696	456	401
Purchases of services	1,267	417	297	204	349
Purchases of goods	1,150	446	399	253	51
LPG	29	12	16		
Electricity	77	16	24	22	15
Gas	313	104	106	83	20
Oil	430	98	196	135	
Steam	43	5	10	10	17
Others	259	211	46	2	
Other Liabilities ⁽³⁾	4,875	3,089	297	241	1,248
Total⁽³⁾⁽⁴⁾	10,953	6,222	2,025	825	1,882

(1) These projected amounts include interest due during all the periods presented. Interest on variable rate instruments is calculated using the rate as of December 31, 2011 for all periods.

(2) Includes purchase commitments under commercial agreements that do not provide for a total fixed amount, which have been valued using our best estimates. Accordingly, our actual purchase obligations may differ from the estimated amounts shown in the table.

(3) Reserves for contingent liabilities under commercial contracts, which amounted to U.S.\$678 million as of December 31, 2011, are not included in the table above since we cannot, based on available evidence, reasonably estimate the settlement dates of such contingencies.

(4) In addition to the contractual obligations detailed in the preceding table, we are also committed to carry out exploration activities in certain exploration areas and to make certain investments and expenditures until the expiration of some of our concessions. These commitments amounted to approximately U.S.\$8.9 billion as of December 31, 2011.

(5) The table is presented in U.S.\$, which is the Company's functional currency, and not in its reporting currency, as the majority of the Company's contractual obligations are originally denominated in U.S.\$.

We have additional commitments under guarantees. For a discussion of these additional commitments see Guarantees provided below.

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Covenants in our indebtedness

Our financial debt generally contains customary covenants. With respect to a significant portion of our financial debt totaling Ps.12,767 million, including accrued interest (long- and short-term debt) as of December 31, 2011, we have agreed, among other things and subject to certain exceptions, not to establish liens or charges on our assets. In addition, approximately 21% of our financial debt outstanding as of December 31, 2011 was subject to financial covenants related to our leverage ratio and debt service coverage ratio.

In addition, a significant portion of our financial debt, totaling approximately U.S.\$1,600 million as of the date of this annual report (U.S.\$2,000 million as of December 31, 2011), provides that certain changes in control and/or nationalization events with respect to us may constitute an event of default. In addition, our outstanding financial indebtedness also contains cross-default provisions and/or cross-acceleration provisions that could cause all of our debt to be accelerated if the debt having changes in control and/or nationalization events provisions goes into default or is accelerated. While as of the date of this annual report we have not received any default notification or debt acceleration request, we may be required to repay some or all of our outstanding debt as a result of the passage of the Expropriation Law. Our management is actively pursuing formal waivers from the corresponding financial creditors. In case those waivers are not obtained and immediate repayment is required, the Company could face short-term liquidity problems. However Management expects that in such case it could obtain financing from several sources, including the Company's operating cash flows and available credit lines. See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law. See Item 3. Key Information Risk Factors Risks Relating to Argentina A significant portion of our outstanding financial indebtedness contains covenants that prohibit a change in the control of the Company or a nationalization event and we may be required to repay some or all of our outstanding debt.

Guarantees provided

As of December 31, 2011, we had signed a guarantee in relation to a loan that Central Dock Sud S.A. had borrowed from the European Investment Bank in 2001. As of December 31, 2011 the carrying amount (and maximum potential amount of future payments) of the guarantee was approximately U.S.\$9.4 million, consisting of U.S.\$8.6 million of principal, plus a 9% cap which covers any sum of interest, commission, liquidated damages, charge or expense or any other sum which is expressed to be payable by the borrower to the bank. The guarantee triggers in the event of a lack of payment of any guaranteed amount by Central Dock Sud S.A. The corresponding loan matures in 2013.

Furthermore, we have issued letters of credit in an aggregate total amount of U.S.\$51.32 million to guarantee certain environmental obligations and guarantees in an aggregate amount of U.S.\$29.42 million in relation with the performance of contracts of certain of our controlled companies.

Capital investments, expenditures and divestitures

Capital investments and expenditures

Capital investments in 2011 totaled approximately Ps.13,639 million. The table below sets forth our capital expenditures and investments by activity for each of the years ended 2011, 2010 and 2009.

	2011		2010		2009	
	(in millions of pesos)	(%)	(in millions of pesos)	(%)	(in millions of pesos)	(%)
Capital Expenditures and Investments						
Exploration and Production	9,125	67	6,274	70	4,322	74
Refining and Marketing	3,186	23	1,826	20	1,177	20
Chemicals	1,098	8	712	8	155	3
Corporate and Other	230	2	149	2	178	3
Total	13,639	100%	8,961	100%	5,832	100%

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Given the recent passage of the Expropriation Law, we are developing our new business plan and the related new investment, economic and dividend policy for the Company. Our new business plan will be designed in accordance with the goals set forth in the Expropriation Law. See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law.

Capital divestitures

We have not made any significant divestitures in the past three years.

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet arrangements. Our only off-balance sheet arrangements are those described in Liquidity and Capital Resources Guarantees provided.

ITEM 6. Directors, Senior Management and Employees

Management of the Company under the Intervention

On April 16, 2012, the Company was notified, through a notarial certification, of Decree No. 530/12 of the National Executive Power, which provides for the temporary intervention of the Company (the Intervention) for a period of thirty (30) days, with the aim of securing the continuity of its business and the preservation of its assets and capital, securing fuel provision and the satisfaction of the country's needs, and guaranteeing that the goals of the Expropriation Law, are met. See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law.

In accordance with Article 3 of Decree No. 530/2012, the powers conferred by YPF's bylaws on the Board and/or the President of the Company have been temporarily granted to Julio M. De Vido, the Intervenor who, as of the date of this annual report performs the functions of our Principal Executive Officer and Principal Financial Officer. In addition, the Intervenor has appointed the following delegates:

Deputy Intervenor, Mr. Axel Kicillof (Decree No. 532/2012);

Delegate for the Corporate Legal Services Division, Mr. Rodrigo Cuesta;

Delegate for the Administrative and Tax Division and the Finance Division, Mr. Nicolás Arceo;

Delegate for the Human Resources Division, Mr. Juan Manuel Abud;

Delegate for the Upstream Executive Division, Mr. Exequiel Espinoza;

Delegate for the Downstream Executive Division, Mr. Walter Fagyas;

Delegate for the Commercial Executive Division, Mr. Emanuel Agis; and

Delegate for the Industrial Subsidiaries Division, Mr. Juan José Carbajales.

In addition, a General Operations Unit has been created to optimize and streamline the daily management of the Company and its activities. The General Operations Unit is formed by Mr. Roberto Baratta, Mr. Antonio Pronsato, Mr. Damian Camacho, Mr. Luis Vitullo, the delegates of the Intervenor mentioned above, and the Intervention General Secretariat, which is lead by Mr. Juan Strada.

On May 7, 2012, through Decree No. 676/2012 of the National Executive Power, Mr. Miguel Matías Galuccio was appointed General Manager of the Company during the Intervention. We expects that Intervention will be extended up to our next shareholders meeting to be held on June 4,

2012.

Set forth below is a summary of the professional experience of Mr. Miguel Galuccio and Mr. Nicolás Arceo.

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Miguel Galuccio

Mr. Galuccio holds a degree in oil engineering from the Technological Institute of Buenos Aires. Until April 16, 2012, Mr. Galuccio formed part of the management team of Schlumberger in London. He has more than 20 years of international experience in the oil and gas industry. During his career at Schlumberger, he has held the positions of Real Time Reservoir Manager, Mexico and Central America General Manager, President of Integrated Project Management – IPM and President of Production Management. In 2011, he created the strategic – Schlumberger Production Management – division, based in London, which he led until joining YPF. Throughout his career at Schlumberger, Mr. Galuccio has led companies and working teams in the United States, Middle East, Asia, Europe, Latin America, Russia and China. Prior to joining Schlumberger, he worked at YPF where he participated in the Company’s internationalization process as Manager within Maxus Energy. During his career at YPF, he held among others the positions of Development Manager – YPF Division South, Asset Manager Advisor at Maxus – YPF International and Business Unit Manager at Maxus – YPF International. On May 7, 2012, through Decree No. 676/2012 of the National Executive Power, Mr. Miguel Matías Galuccio was appointed General Manager of the Company during the Intervention period.

Nicolás Arceo

Mr. Arceo has received degrees in economy from the University of Buenos Aires. He holds a PhD in Social Science and a Master’s Degree in Economy Politics from the Latin-American Faculty of Social Sciences. Mr. Arceo is Undersecretary of Economy Planning of the Ministry of Economy of the Republic of Argentina and has been appointed Delegate for the Administrative and Tax Division and the Finance Division of YPF during the Intervention period.

The information provided below describes the composition and responsibilities of our Board of Directors and committees as of the date prior to the Intervention (April 16, 2012). While none of our Board committees have been terminated and our Board of Directors has not been dissolved, they are currently devoid of any powers, functions or duties, as such powers, functions or duties have been temporarily assumed by the Intervenor.

In compliance with the provisions of the Expropriation Law, the CNV has convened a general shareholders’ meeting for June 4, 2012. The removal of all regular members and alternate members of our Board of Directors and our Supervisory Committee will be submitted for their approval. In addition, such general shareholders’ meeting will fix the number of regular and alternate members of our Board Directors and Supervisory Committee and appoint their new regular and alternate members. The Argentine government and the governments of certain provinces will be able to appoint a majority of the members of our Board of Directors. See Item 3. Key Information Risk Factors Risks Relating to Argentina The Argentine federal government has taken control over the Company and will operate it according to domestic energy policies in accordance with the Expropriation Law and Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law.

We expect that the new members of our Board of Directors, once appointed, will determine the composition and size of our Board committees.

Board of Directors

The information provided below describes the composition and responsibilities of our Board of Directors as of the date prior to the Intervention (April 16, 2012). The powers, functions or duties of our Board of Directors have been temporarily assumed by the Intervenor and its delegates. See Management of the Company under the Intervention.

Composition of our Board of Directors as of the date prior to the Intervention (April 16, 2012)

Our business and affairs were managed by the Board of Directors in accordance with our by-laws and the Argentine Corporations Law No. 19,550 (the Argentine Corporations Law). Our by-laws provide for a Board of Directors of 11 to 21 members, and up to an equal number of alternates. Alternates are those elected by the

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shareholders to replace directors who are absent from meetings or who are unable to exercise their duties, when and for whatever period appointed to do so by the Board of Directors. Alternates have the responsibilities, duties and powers of directors only if and to the extent they are called upon to attend board meetings and as long as they perform the duties of a director.

Directors shall hold office from one to three years, as determined by the shareholders' meetings. Since the shareholders' general ordinary meeting held on April 26, 2011, our Board of Directors is composed of 17 directors and 12 alternates.

In accordance with our by-laws, the Argentine government, sole holder of Class A shares, is entitled to elect one director and one alternate. On November 5, 2010, our Board of Directors discussed the resignation handed in by the director representative of Class A shares. A replacement had not yet been appointed as of the date prior to the Intervention (April 16, 2012).

Under the Argentine Corporations Law, a majority of our directors must be residents of Argentina. All directors must establish a legal domicile in Argentina for service of notices in connection with their duties.

Our by-laws require the Board of Directors to meet at least once every quarter in person or by video conference, and a majority of directors is required in order to constitute a quorum. If a quorum is not met one hour after the start time set for the meeting, the President or his substitute may invite alternates of the same class as that of the absent directors to join the meeting, or call a meeting for another day. Resolutions must be adopted by a majority of the directors present (including by teleconference), and the President or his substitute is entitled to cast the deciding vote in the event of a tie.

The members of our Board of Directors, the year in which they were appointed and the year their term of appointment expired were as follows as of the date prior to the Intervention (April 16, 2012):

Name	Position	Age	Director Since	Term Expiration
Antonio Brufau Niubo	Chairman and Director	64	2004	2013
Enrique Eskenazi	Vice-Chairman and Director	86	2008	2013
Sebastián Eskenazi	Executive Vice-Chairman, Chief Executive Officer (CEO) and Director	48	2008	2013
Antonio Gomis Sáez	Repsol Argentina General Director, Assistant Director to the CEO and Director	59	2007	2013
Aníbal Guillermo Belloni	Director	77	2008	2013
Mario Blejer	Director	63	2008	2013
Carlos Bruno	Director	63	2005	2013
Roberto Baratta	Director	38	2011	2012
Carlos de la Vega	Director	71	1993	2013
Matías Eskenazi Storey	Assistant Director to the CEO and Director	43	2008	2013
Carlos Arnoldo Morales-Gil	Director	57	2011	2013
Salvador Font Estrany	Director	61	2008	2013
Federico Mañero	Director	55	2005	2013
Miguel Martínez San Martín	Director	53	2011	2013
Luis Suárez de Lezo Mantilla	Director	60	2008	2013
Javier Monzón	Director	56	2005	2013
Mario Vázquez	Director	76	2008	2013
Alejandro Quiroga López	Alternate Director	49	2004	2013
Alfredo Pochintesta	Alternate Director and Commercial Executive Director	59	2008	2013
Tomás García Blanco	Alternate Director and Upstream Executive Director	47	2008	2013

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Name	Position	Age	Director Since	Term Expiration
Fernando Dasso	Alternate Director and Director of Human Resources	46	2008	2013
Carlos Jiménez López	Alternate Director and Director of Management Control	55	2008	2013
Carlos Alfonsi	Alternate Director and Downstream Executive Director	51	2008	2013
Ángel Ramos Sánchez	Alternate Director and Director of Administration and Tax	55	2009	2013
Ezequiel Eskenazi Storey	Alternate Director	51	2008	2013
Mauro Renato José Dacomo	Alternate Director and General Counsel	48	2008	2013
Ignacio Cruz Moran	Alternate Director and COO	41	2008	2013
Eduardo Ángel Garrote	Alternate Director	60	2008	2013
To be appointed *	Alternate Director			

* Representing our Class A shares.

Alternate Director Alejandro Quiroga López, who owned 4,000 Class D shares as of April 13, 2012 (representing approximately 0.001% of our Class D shares outstanding as of such date), was the only director who owned shares in YPF. In addition, Sebastián Eskenazi, Enrique Eskenazi, Matías Eskenazi Storey and Ezequiel Eskenazi Storey control Petersen Energía and PEISA (the Petersen Group), which own 25.46% of our capital stock. See Item 7. Major Shareholders and Related Party Transactions.

Pursuant to the shareholders' agreement between Repsol YPF and Petersen Energía, the composition of our Board of Directors had to reflect a proportional representation of Repsol YPF's and Petersen Energía's interests in our capital stock. See Item 7. Major Shareholders and Related Party Transactions Shareholders' Agreement.

The Chairman of the Board of Directors, who, according to our by-laws, must be a Class D director, is elected by the Board of Directors to serve for a two-year term, but not to exceed his term as director. All other officers serve at the discretion of the Board of Directors and may be terminated at any time without notice.

Outside business interests and experience of the members of our Board of Directors as of the date prior to the Intervention (April 16, 2012)

Antonio Brufau Niubo

Mr. Brufau Niubo graduated with an economics degree from the University of Barcelona. From 1999 to 2004, he acted as managing director for the La Caixa Group. He served as a member of the Repsol YPF Board of Directors from 1996 until becoming chairman and CEO of Repsol YPF in October 2004, a position he currently occupies. He was appointed chairman of Gas Natural group in July 1997 and is now vice chairman of the group. From July 2002 to July 2005, he served as chairman of Barcelona's *Círculo de Economía*. Mr. Brufau has served on the boards of several other companies, including Suez, Enagás, Abertis, Aguas de Barcelona, Colonial and Caixa Holding, CaixaBank France and CaixaBank Andorra. Until December 2005, he was the only Spanish member of the Executive Committee of the International Chamber of Commerce.

Enrique Eskenazi

Mr. Eskenazi graduated with a chemical engineering degree from the Universidad Nacional del Litoral. In 2008, Mr. Eskenazi was appointed Vice Chairman and Director of YPF. He is the Co-Chief Executive Officer of Marviol S.R.L. and the President of Petersen Inversiones S.A., Napelgrind S.A., Banco de San Juan S.A., Banco de Santa Cruz S.A., Nuevo Banco de Santa Fe S.A., Nuevo Banco de Entre Ríos S.A., Petersen Energía S.A. (Argentina), Fundación Banco San Juan, Fundación Banco Santa Cruz, Fundación Nuevo Banco de Santa Fe, Fundación Nuevo Banco de Entre Ríos, Mantenimientos y Servicios S.A., Petersen, Thiele y Cruz S.A., Estacionamientos Buenos Aires S.A, Petersen Energía Pty. Ltd., Agro Franca S.A. and Fundación YPF. Mr. Eskenazi is the father of Messrs. Sebastián Eskenazi and Matías and Ezequiel Eskenazi Storey.

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Sebastián Eskenazi

In March 2008, Mr. Eskenazi was appointed Executive Vice-Chairman, Chief Executive Officer and Director of YPF. He is the Co-Chief Executive Officer of Marviol S.R.L. and President of Arroyo Lindo S.A. Mr. Eskenazi is Vice President of Petersen Inversiones S.A, Petersen Energía S.A. (Argentina), and Nuevo Banco de Santa Fe S.A. He is member of the Board of Directors of Petersen Energía Pty. Ltd., Petersen Energía S.A. (Spain) and Petersen Energía Inversora S.A. (Spain), and alternate director in Banco de San Juan S.A., Banco de Santa Cruz S.A., and Nuevo Banco de Entre Ríos. Mr. Eskenazi is the son of Mr. Enrique Eskenazi and brother of Messrs. Matías and Ezequiel Eskenazi Storey.

Antonio Gomis Sáez

Mr. Gomis Sáez graduated with a chemical engineering degree from the Complutense University of Madrid and a master's in business administration from IESE Business School University of Navarra in Spain. He began his career in 1974 at the Repsol YPF Petróleo refinery in Puertollano, Ciudad Real and later went to work at the International Energy Agency in Paris founded by the Organization for Economic Cooperation and Development (OECD). He served as advisor to the General Secretary of Energy and Mineral Resources at the Spanish Ministry of Energy. In 1986 he joined the *Instituto Nacional de Hidrocarburos*, where he was appointed managing director of international and institutional relations of Repsol YPF. From 1997 to 2000, he was general director of energy at the Spanish Ministry of Industry and Energy. From September 2000 to November 2004, he was corporate director of external relations, overseeing investor and media relations. In January 2005 he was appointed CEO of Repsol YPF Química and managing director of Repsol YPF's Chemicals Europe and Rest of the World. In July 2007 he was appointed director of our company and in February 2010 he was appointed General Director Repsol Argentina, and Assistant Director to the CEO.

Aníbal Guillermo Belloni

Mr. Belloni holds a degree in Electrical Engineering from the Universidad de Buenos Aires, and has been a director of Petersen, Thiele y Cruz S.A. since 1989. He has worked as an engineer and business development manager at Sade S.A., as a general manager at Cosapi S.A., in Lima, Peru, as a Vice President of Kanter S.A., and as the Argentine representative of Foster Wheeler Corporation. He has been an Executive Board member of the Argentine Chamber of Construction and was a founding member and Executive Board member of the Argentine Union of Construction.

Mario Blejer

Mr. Blejer holds a bachelor's and a master's degree in Economics from the Hebrew University, and a master's degree and a Ph.D. in Economics from the University of Chicago. He has been a professor of Economics at the Hebrew University of Jerusalem, Boston University, the Central European University, in Budapest, and the New York University Graduate School of Business, a senior advisor to the World Bank, Europe and Central Asia region, and the International Monetary Fund, and was a senior researcher at the Center for Latin American Monetary Studies. From 2001 to 2002, he was the Deputy Governor and then the Governor of the Central Bank of Argentina, and from 2003 to 2008 he was the director of the Centre for Central Banking Studies, and advisor to the Governor, of the Bank of England. He is currently an independent economic consultant, professor at the Universidad de San Andrés in Buenos Aires, and is a director of Inversiones y Representaciones S.A. and Consultants Asset Management, both located in Buenos Aires.

Carlos Bruno

Mr. Bruno graduated with a degree in architecture from the University of Buenos Aires. He is president and co-founder of the *Centro de Investigaciones para la Transformación*. He has participated in the creation of the Center of International Economy while being a member of the Ministry of Foreign Relations. He was the Undersecretary of Economic Integration and Secretary of International Economy Relations from 1984 to 1989 and was appointed Ambassador V with the Senate's approval. His areas of expertise are international economic relations and international trade.

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Roberto Baratta

Mr. Baratta graduated in International Trade from University of Lujan. He also holds an M.B.A. from the University of Buenos Aires. Since 2003, he has been the Under-Secretary of Coordination and Management Control in the Ministry of Planning, Public Investment and Services of Argentina. Previously, he was a private and public consultant.

Carlos de la Vega

Mr. de la Vega was director of La Caja ART from 1996 to 2004 and director of Luncheon Tickets from 1991 to 1998. Since April 2003 he has been president of the Argentine Chamber of Commerce, a position he also held from 1988 to 1993. He has been a member of our Board of Directors for Class D shares since 1993, and until 1996 he was director of Institutional Relations of Ciba-Geigy Argentina. He has been a member of our Audit Committee from 1993 to 1997 and since 2004.

Matías Eskenazi Storey

Mr. Eskenazi Storey is Chief Executive Officer of Administradora San Juan S.R.L. He is President of November S.A. and Vice President of Comercial Latino S.A. and Nuevo Banco de Entre Ríos S.A. Mr. Storey is member of the Board of Directors of Petersen Energía S.A. (Spain), Petersen Energía Pty. Ltd., Profertil S.A., Refinería del Norte S.A., Compañía Mega S.A., and vice-president of Petersen Energía S.A. (Spain) and Petersen Energía Inversora S.A. (Spain). He is also alternate director in Banco de San Juan S.A., Banco de Santa Cruz S.A., and Nuevo Banco de Santa Fe S.A. Mr. Eskenazi is the son of Mr. Enrique Eskenazi and the brother of Messrs. Sebastián Eskenazi and Ezequiel Eskenazi Storey.

Carlos Arnoldo Morales-Gil

Mr. Morales-Gil holds a degree in Petroleum Engineering from the National Autonomous University of Mexico and a Master's Degree in Science (specializing in Petroleum Engineering) from Stanford University, as well as a degree in Project Management and Evaluation from Harvard University. Mr. Morales-Gil was responsible for the Master's Degree in Petroleum Engineering and lectured courses on Reservoir Engineering and Hydrocarbon Thermodynamics at the National Autonomous University of Mexico. He is currently General Director of Pemex Exploration and Production. During his career at Petroleos Mexicanos, he held the positions of Deputy Director of Planning, Deputy Director of the Southern Region, Planning Manager, Production Manager, Production Facilities Project Coordinator, Deputy Manager of Reservoir Management, Deputy Manager of Applied Computing and Reservoir Engineer, all within Pemex-Exploration and Production. Before joining Pemex, he worked at the Mexican Institute of Petroleum, where he developed foaming agents for gas wells. Outside of Petroleos Mexicanos, he has been Manager of Operations in the Liquid Storage Department of the company Transportación Marítima Mexicana. He is an active member of the Society of Petroleum Engineers (SPE), of which he has been a member of the Board of Directors. He is a member of the World Energy Council (WEC), the Mexico Chapter of which he has been President, and of the Academy of Engineering (AI). He is also member of the Association of Petroleum Engineers of Mexico (AIPM) and the College of Petroleum Engineers of Mexico (CIPM). He is currently President of the U. M. A. I. (Mexican Union of Engineering Associations) for the period 2011-2014. He has received both the State of Tabasco Engineering Award and the AIPM's Miguel Ángel Zenteno Award and in June 2009 he was granted the National Petroleum Engineering Award by the College of Petroleum Engineers of Mexico.

Salvador Font Estrany

Mr. Font Estrany is a civil engineer. He is currently Energy General Manager of Sacyr Vallehermoso, S.A. in Spain. He has previously served as Commercial Director and Chairman of CAMPSA Red, Managing Director of CEPSA Red, Cepsisa and Dispesa, Chairman of CEPSA Estaciones de Servicio, a member of the Executive Committee of CEPSA, and was a Director of CEPSA Lubricantes, CEPSA Gas, Petro Cat, Cepsa Portuguesa and Turyocio. He also previously served as Commercial General Manager and member of the Operating and Executive Committees of Iberdrola.

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Federico Mañero

Mr. Mañero graduated with a law degree from the San Sebastián Faculty of Law. He is president of Comunicación y Gestión de Entornos, and has more than 25 years of experience in managerial and consulting positions for organizations and private, public and political projects. He is an expert in strategic positioning and corporate communications, and has an international profile with professional activities in more than 50 countries and strong relations in Latin America. He is the founder of various nonprofit projects and organizations like *Solidaridad Internacional*, *Programa de Cooperación Iberoamericana en Temas de Juventud (Organismo Iberoamericano de Juventud)* and *Movimiento por la Paz, el Desarme y la Libertad* and is a regular collaborator with the *Fundación Salvador Allende*, *Fundación Progreso Global* and UNICEF. Mr. Mañero is a native speaker of Spanish and French.

Miguel Martínez San Martín

Mr. Martínez San Martín graduated as Industrial Engineer from the Higher Technical School of Industrial Engineering of Madrid and is a financial information systems specialist. He has been Managing Auditor at Arthur Andersen and CFO at both Elosua and Page Ibérica.

In 1993, he joined Repsol YPF as Chief Financial Officer of Refining and Repsol Comercial, where he was also Director of the company-owned-and-operated network, CAMPSA Red. He has held the positions of Director of Repsol YPF Service Stations in Europe and of Executive Director for Corporate Strategy and Development of Repsol YPF. In 2007, he was appointed Repsol YPF's Executive Director of Operations. He is currently Repsol YPF's Chief Financial Officer and Director of Affiliated Companies.

Luis Suárez de Lezo Mantilla

Mr. Suárez de Lezo Mantilla received his degree in Law from the Universidad Complutense of Madrid and is a State Attorney (on leave) specializing in Commercial and Administrative Law. He was Director of Legal Affairs of CAMPSA, and has been in private legal practice, particularly in the energy industry. He is currently Director of Gas Natural SDG, S.A., YPF and Repsol-Gas Natural LNG, S.L., Vice Chairman of Foundation Repsol and member of the Environment and Energy Commission of the International Chamber of Commerce (ICC).

Javier Monzón

Mr. Monzón graduated with a degree in economics from the Complutense University of Madrid. He is chairman and CEO of Indra. He has a finance and management background. He has acted as corporate banking director of Caja Madrid, CFO and president of Telefónica International, executive vice president and member of the executive committee of Telefónica, worldwide partner of Arthur Andersen, managing partner of Corporate Finance Consulting Services and president of Alpha Corporate in Arthur Andersen Spain. He is a member of the boards of other companies, foundations and entrepreneurial organizations, such as our company, ACS and the American Chamber of Commerce.

Mario E. Vázquez

Mr. Vázquez graduated as a certified public accountant from the University of Buenos Aires. He has been a professor of auditing at the Economics School of the University of Buenos Aires. Mr. Vázquez has acted as CEO of Grupo Telefónica in Argentina and was a member of the Board of Telefónica, S.A. from 2000 to 2006. Mr. Vázquez is currently a member of the Board of Telefónica Internacional, S.A. (Spain) and of Telefónica Chile. He is also a member of the boards of directors or a statutory auditor of several companies (including Telefónica de Argentina S.A., Telefónica Holding de Argentina S.A., YPF S.A., Santander Río Seguros, Indra, Universia and Sheraton Hotels). He is a member of the board of F.I.E.L. (Latin American Foundation for Economic Investigation), Fundación Leer, the Argentine Chamber of Commerce, IDEA, CARI (*Consejo Argentino para las Relaciones Internacionales*) and Fundación Carolina. Mr. Vázquez was also partner and general director of Arthur Andersen (Pistrelli, Díaz y Asociados y Andersen Consulting Accenture) for more than 20 years until his retirement in 1993.

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Alejandro Quiroga López

Mr. Quiroga López graduated with a law degree from the University of Buenos Aires School of Law. Since 2001 and until February 2010 he has been our general counsel and Secretary of our Board of Directors. He was a partner at the law firm Nicholson & Cano from 1986 to 1997, a foreign associate at Davis Polk & Wardwell in 2000, and Undersecretary of Banking and Insurance at the Ministry of Economy of Argentina from 1997 to 1999. He was professor of banking and commercial law at the University of Cema. He was a member of the Executive Board of the University of Buenos Aires School of Law. He is also a graduate of the Wharton Advanced Management Program.

Alfredo Pochintesta

Mr. Pochintesta has received degrees in public accounting and administration from the University of Buenos Aires. Mr. Pochintesta worked as a planning and administration manager in Pluspetrol Energy S.A., planning manager in Petrosur S.A. and senior auditor at PriceWaterhouseCoopers. He worked for Astra for more than 18 years as CFO and since 1990 as head of the Gas and Electricity Division. Mr. Pochintesta joined YPF in 1999 when YPF merged with Astra. He was in charge of the LPG business for Latin America from 1999 to January 2005, when he was appointed marketing director. He also serves as director of a number of other companies. As of the date prior to the Intervention (April 16, 2012), Mr. Pochintesta was our Commercial Executive Director.

Tomás García Blanco

Mr. García Blanco graduated with a degree in mining engineering from Oviedo University, a certificate in petroleum engineering from Oil & Gas Consultants International in Tulsa, Oklahoma and an IMD Managing Corporate Resources degree from Laussane University. He has developed his Exploration and Production career internationally in Spain, the United States, Egypt, Libya, Venezuela and Argentina. Mr. García Blanco has held several positions in Repsol YPF, including field engineer, reservoir engineer, production engineer, development manager, production manager, operations manager, business unit manager, director of technical staff. As of the date prior to the Intervention (April 16, 2012), Mr. García Blanco was our Upstream Executive Director.

Fernando Dasso

Mr. Dasso graduated with a labor relations degree from the University of Buenos Aires. In 1993, he joined our company and has held several positions within our company ever since. In 2006, he was appointed Director of Human Resources in the Exploration and Production business unit for Argentina, Bolivia and Brazil. As of the date prior to the Intervention (April 16, 2012) and since June 2007, Mr. Dasso was our Director of Human Resources.

Carlos Jiménez López

Mr. Jiménez graduated with a degree in chemical engineering from the Complutense University of Madrid, Spain and received a master's degree in business administration and financial management from the Polytechnic University of Madrid. In addition, he completed the Program of Management Development (*Programa de Desarrollo Directivo*) at the *Institut Européen d'Administration des Affaires* (INSEAD). Mr. Jiménez began his professional career as a Process and Startup Engineer in 1980 with a leading engineering and construction company, while also being employed as Professor at the Complutense University of Madrid. In 1986, he joined Petronor, S.A., part of the Repsol YPF group, as head of the Department of Technical Studies in the area of commercial planning and coordination. In 1999, he became Director of Refining in the area of strategic planning and development of Repsol YPF. During the period 2002 to 2004, he was Director of the Refining and Marketing business unit in Brazil. From 2004 to 2007, he was Technical Director of Refining and Logistics. In addition, Mr. Jiménez is a member of the boards of directors of Oiltanking-Ebytem S.A., Oldelval S.A. and OTA and OTC S.A. He is also the President of the Refinery Committee of ARPEL. As of the date prior to the Intervention (April 16, 2012), Mr. Jimenez was our Director of Management Control.

Carlos Alfonsi

Mr. Carlos Alberto Alfonsi graduated with a chemistry degree from Universidad Tecnológica of Mendoza, Argentina, an IMD Managing Corporate Resources degree from Lausanne University and studied at the

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Massachusetts Institute of Technology. In 1987, he joined our company and has held several positions in our company and Repsol YPF, including operations manager, director of the La Plata refinery, operational planning director, trading and transport director for Latin America, refinery and marketing director in Peru, country manager for Peru, and R&M for Peru, Chile, Ecuador and Brazil. As of the date prior to the Intervention (April 16, 2012), Mr. Alfonsi was our Downstream Executive Director.

Ángel Ramos Sánchez

Mr. Ramos Sánchez received a degree in Economics and Business Studies from the Universidad Autónoma de Madrid. He has been a director in different areas of Repsol YPF's financial department since 1992. As of the date prior to the Intervention (April 16, 2012), Mr. Ramos was our Director of Administration and Tax.

Ezequiel Eskenazi Storey

Mr. Eskenazi Storey serves as vice president of Agro Franca S.A. and Fundación YPF. He is also member of the board of directors of Petersen, Thiele y Cruz S.A. and Santa Sylvia S.A. and alternate member of the board of directors of Los Boulevares S.A. and Petersen Inversiones S.A. Mr. Eskenazi Storey is the son of Mr. Enrique Eskenazi and the brother of Mr. Sebastián Eskenazi and Mr. Matías Eskenazi Storey.

Mauro Renato José Dacomo

Mr. Dacomo graduated with a law degree from the University of Buenos Aires, and is Partner at ABD law firm. He is also President of Inwell S.A. and Los Boulevares S.A. Mr. Dacomo serves as General counsel to Fundación Banco de Santa Cruz S.A., Fundación Nuevo Banco de Santa Fe S.A. and Fundación Nuevo Banco de Entre Ríos S.A. He is an alternate member of the Board of Directors of Petersen Energía S.A. (Argentina), Arroyo Lindo S.A. and Nuevo Banco de Santa Fe S.A., and member of the Board of Directors of Inwell S.A. and Nuevo Banco de Entre Ríos S.A. Mr. Dacomo is also Director and Secretary of Petersen Energía S.A. (Spain). As of the date prior to the Intervention (April 16, 2012), and since February 2010. Mr. Dacomo was our General Counsel and Secretary of Board of Directors.

Ignacio Cruz Moran

Mr. Moran has received degrees in public accounting from the University of Buenos Aires. He is an alternate member of the Board of Directors of Banco de Santa Cruz S.A., Nuevo Banco de Santa Fe S.A. and Red Link S.A. and member of the Board of Directors of Banco de San Juan S.A., Nuevo Banco de Entre Ríos S.A., ACH S.A. and Petersen Energía S.A. (Spain). As of the date prior to the Intervention (April 16, 2012), Mr. Moran was our Chief Operating Officer.

Eduardo Ángel Garrote

Mr. Garrote graduated with a degree in architecture from the University of Buenos Aires. He is a member of the Board of Directors of Nuevo Banco de Santa Fe S.A., and alternate member of the Board of Directors of Nuevo Banco de Entre Ríos S.A. Mr. Garrote also serves as General Manager of Petersen, Thiele y Cruz S.A.

Board practices

The information provided below describes the composition and responsibilities of our Board of Directors as of the date prior to the Intervention (April 16, 2012). The powers, functions or duties of our Board of Directors have been temporarily assumed by the Intervenor and its delegates. See Management of the Company under the Intervention.

Board practices of our Board of Directors as of the date prior to the Intervention (April 16, 2012)

In accordance with the Argentine Corporations Law, directors have an obligation to perform their duties with loyalty and with the diligence of a prudent business person. Directors are jointly and severally liable to us, our shareholders and to third parties for the improper performance of their duties, for violating the law or our by-laws or regulations, and for any damage caused by fraud, abuse of authority or gross negligence. Specific duties may be

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assigned to a director by the by-laws, applicable regulations, or by resolution of the shareholders' meeting. In such cases, a director's liability will be determined by reference to the performance of such duties as long as the director's appointment and the determination of duties approved by a shareholders' meeting is registered with the Superintendency of Corporations.

Only shareholders, through a shareholders' meeting may authorize directors to engage in activities in competition with us. Transactions or contracts between directors and us in connection with our activities are permitted to the extent they are performed under fair market conditions. Transactions that do not comply with the above requirements may only be carried out with prior approval of the Board of Directors or, in the case of an absence of a quorum in a Board of Directors meeting, the Supervisory Committee. In addition, these transactions must be subsequently approved by the shareholders at a general meeting. If our shareholders do not approve the relevant transaction, the directors and members of the Supervisory Committee who approved such transactions are jointly and severally liable for any damages caused to us.

Any director whose personal interests are adverse to ours shall notify the Board of Directors and the Supervisory Committee and abstain from voting on such matters. Otherwise, such director may be held liable to us.

A director will not be liable if, notwithstanding his presence at the meeting at which a resolution was adopted or his knowledge of such resolution, a written record exists of his opposition to such resolution and he reports his opposition to the Supervisory Committee before any complaint against him is brought before the Board of Directors, the Supervisory Committee, the shareholders' meeting, the appropriate governmental agency or the courts. Any liability of a director to us terminates upon approval of the director's actions by the shareholders at a general meeting, provided that shareholders representing at least 5% of our capital stock do not object and provided further that such liability does not result from a violation of the law, our by-laws or other regulations.

The Audit Committee

The information provided below describes the composition and responsibilities of our Audit Committee as of the date prior to the Intervention (April 16, 2012). The powers, functions and duties of our Audit Committee have been temporarily assumed by the Intervenor and its delegates. See Management of the Company under the Intervention.

Composition and responsibilities of our Audit Committee as of the date prior to the Intervention (April 16, 2012)

The Transparency Decree (as defined in Item 9. The Offer and Listing Argentine Securities Market) and Resolutions No. 400/02 and No. 402/02 of the CNV, require that Argentine public companies appoint an audit committee (*comité de auditoría*) composed of at least three members of the Board of Directors. The by-laws must set forth the composition and regulations for the operation of the Audit Committee. A majority of the members of the Audit Committee must be independent directors. See Independence of the Members of our Board of Directors and Audit Committee below.

Our Audit Committee was created on May 6, 2004. The members of the Audit Committee as of the date prior to the Intervention were: president Mario Vázquez, members Mario Blejer, Carlos de la Vega, Federico Mañero and Carlos Bruno.

Mario Vázquez was determined by our Board of Directors to be an Audit Committee Financial Expert pursuant to the rules and regulations of the SEC.

Executive directors may not sit on the Audit Committee.

Our Audit Committee, among other things:

- periodically inspects the preparation of our financial and economic information;

- reviews and opines with respect to the Board of Directors' proposals regarding the designation of the external auditors and the renewal, termination and conditions of their appointment;

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evaluates internal and external audit work, monitors our relationship with the external auditors, and assures their independence;

provides appropriate disclosure regarding operations in which there exists a conflict of interest with members of the corporate committees or controlling shareholders;

opines on the reasonability of the proposals by the Board of Directors for fees and stock option plans of the directors and administrators;

verifies compliance with applicable national or international regulations in matters related to behavior in the stock markets; and

ensures that the internal Code of Ethics complies with normative demands and is adequate.

Activities of the Audit Committee prior to the Intervention (April 16, 2012)

The Audit Committee, which pursuant to its regulations shall meet as many times as needed and at least once every quarter, held 7 meetings between March 2011 and March 2012.

Performing its basic function of supporting the Board of Directors in its oversight duties, the Audit Committee periodically reviews economic and financial information relating to us, supervises the internal financial control systems and oversees the independence of the external auditors.

Economic and financial information

With the help of the Director of Administration and Tax and considering the work performed by our external and internal auditors, the Audit Committee analyzes the consolidated annual and quarterly financial statements before they are submitted to the Board of Directors. The Audit Committee reviewed our consolidated financial statements as of and for the year ended December 31, 2011, and comparative information, included in our report on Form 6-K submitted to the SEC on March 7, 2012.

In addition, because our shares are traded on the NYSE, pursuant to U.S. law we must include our annual financial information in an annual report on Form 20-F, which must be filed with the SEC.

Oversight of the internal control system

To supervise the internal financial control systems and ensure that they are sufficient, appropriate and efficient, the Audit Committee oversees the progress of the annual internal audit, which is aimed at identifying our critical risks.

Throughout each year, the Audit Committee is informed by our internal audit department of the most relevant facts and recommendations arising out of its work, and the status of the recommendations issued in prior years.

As of the date prior to the Intervention (April 16, 2012), our internal control system for financial reporting was aligned with the requirements established by Section 404 of the Sarbanes-Oxley Act, a process supervised by the Audit Committee. These regulations require that, along with the annual audit, a report must be presented from our management relating to the design, maintenance and periodic evaluation of the internal control system for financial reporting, accompanied by a report from our external auditor. Several of our departments are involved in this activity, including the internal audit department. Our external auditor reported on our internal control system for financial reporting as of December 31, 2011.

Relations with the external auditors

The Audit Committee maintains a close relationship with the external auditors, allowing it to make a detailed analysis of the relevant aspects of the audit of financial statements and to obtain detailed information on the planning and progress of the work.

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The Audit Committee also evaluates the services provided by our external auditors, determines whether the condition of independence of the external auditors, as required by applicable law, is met and monitors the performance of external auditors to ensure that it is satisfactory.

As of December 31, 2011, and as a consequence of the evaluation process described in the paragraph above, the Audit Committee had no objections to the designation of Deloitte & Co. S.R.L. as our external auditors of the financial statements for the year ending December 31, 2012. The shareholders are expected to consider the designation of Deloitte & Co. S.R.L. as external auditors of the financial statements for the year ended December 31, 2012 in a shareholders' meeting to be celebrated this year.

Independence of the Members of our Board of Directors and Audit Committee

Pursuant to CNV regulations, a director is not considered independent when such director (i) owns at least a 35% equity interest in a company, or a lesser interest if the director has the right to appoint one or more directors of the company, which we refer to as a Significant Participation, or has a Significant Participation in another company that in turn has a Significant Participation in the company or a significant influence on the company (significant influence is defined by Argentine GAAP); (ii) is a member of the Board of Directors of, or depends on, shareholders, or is otherwise related to shareholders, who have a Significant Participation in the company or another company in which these shareholders have a direct or indirect Significant Participation or significant influence; (iii) is or has been in the previous three years an employee of the company; (iv) has a professional relationship with, or is a member of a company that maintains professional relationships with, or receives remuneration (other than that received in consideration of his performance as a director) from the company or any of its shareholders who has a direct or indirect Significant Participation in or significant influence on the company, or with a third-party company that has a direct or indirect Significant Participation or a significant influence; (v) directly or indirectly sells or provides goods or services to the company or to any of its shareholders who has a direct or indirect Significant Participation in or significant influence on the company for an amount exceeding his remuneration as a member of the Board of Directors or audit committee; or (vi) is the spouse or parent (up to second grade of affinity or up to fourth grade of consanguinity) of persons who, if they were members of the Board of Directors or Audit Committee, would not be independent, according to the above-listed rules.

As of the date prior to the Intervention (April 16, 2012), Messrs. Carlos Bruno, Carlos de la Vega, Federico Mañero, Mario Vázquez and Mario Blejer qualified as independent members of our Board of Directors under the above-described criteria.

Disclosure Committee

The information provided below describes the composition and responsibilities of our Disclosure Committee as of the date prior to the Intervention (April 16, 2012). The powers, functions and duties of our Disclosure Committee have been temporarily suspended during the Intervention as thirteen members of our senior management are suspended in their functions during the Intervention of the Company. We expect that the new Board of Directors to be appointed by our next general shareholders' meeting, expected to be held on June 4, 2012, will confirm them or replace them by appointing new senior managers. See -Management of the Company under the Intervention.

Composition and responsibilities of our Disclosure Committee as of the date prior to the Intervention (April 16, 2012)

In February 2003, we created a Disclosure Committee to:

monitor the overall compliance with regulations and principles of conduct of voluntary application, especially in relation to listed companies and their corporate governance;

direct, establish and maintain procedures for the preparation of accounting and financial information to be approved and filed by us or which is generally released to the markets;

direct, establish and maintain internal control systems that are adequate and efficient to ensure that our financial statements included in annual and quarterly reports, as well as any accounting and financial information to be approved and filed by us, are accurate, reliable and clear;

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identify significant risks to our businesses and activities that may affect the accounting and financial information to be approved and filed;

assume the activities that, according to U.S. laws and SEC regulations, are applicable to us and may be assumed by disclosure committees or other internal committees of a similar nature, especially those activities relating to the SEC regulations dated August 29, 2002 (Certification of Disclosure in Companies Quarterly and Prospectus SEC Release number 33-8124), in relation to the support for the certifications by our Chief Executive Officer and Chief Financial Officer as to the existence and maintenance by us of adequate procedures and controls for the generation of the information to be included in its annual reports on Form 20-F, and other information of a financial nature;

take on activities similar to those stipulated in SEC regulations for a disclosure committee with respect to the existence and maintenance by us of adequate procedures and controls for the preparation and content of the information to be included in the annual financial statements, and any accounting or financial information to be filed with the CNV and other regulators of the stock markets on which our stock is traded; and

formulate proposals for an internal code of conduct on the stock markets that follow applicable rules and regulations or any other standards deemed appropriate.

In addition, the Disclosure Committee reviews and supervises our procedures for the preparation and filing of:

official notices to the SEC, the Argentine stock market authorities and other regulators of the stock markets on which our stock is traded;

interim financial reports;

press releases containing financial data on results, earnings, large acquisitions, divestitures or any other information relevant to the shareholders;

general communications to the shareholders; and

presentations to analysts, investors, rating agencies and lending institutions.

As of the date prior to the Intervention of the Company, the Disclosure Committee was composed of the following people:

Name	Position
Sebastián Eskenazi	Chief Executive Officer
Antonio Gomis Sáez	General Director Repsol Argentina
Ignacio Cruz Moran	Chief Operating Officer
Guillermo Reda	Chief Financial Officer and President of the Disclosure Committee
Mauro Renato José Dacomo	General Counsel and Secretary of the Disclosure Committee
Tomás García Blanco	Upstream Executive Director
Alfredo Pochintesta	Commercial Executive Director
Carlos Alfonsi	Downstream Executive Director
Matías Eskenazi Storey	Assistant Director to the CEO
Teodoro Marcó	Director of Industrial Subsidiaries
Carlos Jiménez	Director of Management Control
Ángel Ramos Sánchez	Director of Administration and Tax
Sergio Resumil	Director of Communication
Fernando Dasso	Director of Human Resources
Juan Carlos Miranda	Media Director

Rubén Marasca

Director of Internal Audit

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Name	Position
Aguiles Rattia	Director of Reserves Control
Juan Bautista Ordoñez	Director of Institutional Affairs

Guillermo Reda was the President of the Disclosure Committee. Mr. Reda has received degrees in public accounting from the University of Rosario. He has worked as the Money Desk Manager of Nuevo Banco de Santa Fe S.A. and served as our financial manager until February 2010. As of the date prior to the Intervention of the Company, Mr. Reda was our Chief Financial Officer.

Share Ownership of Executive Officers

None of our executive officers as of the date prior to the Intervention of the Company owned any of our shares or held vested options to purchase YPF stock as of April 9, 2012. None of our current executive officers owned any of our shares or held vested options to purchase YPF stock as of May 11, 2012.

Compliance with NYSE Listing Standards on Corporate Governance

On November 4, 2003, the SEC approved rules proposed by the NYSE intended to strengthen corporate governance standards for listed companies.

In accordance with the NYSE corporate governance rules, as of July 31, 2005, all members of the Audit Committee were required to be independent. Independence is determined in accordance with highly detailed rules promulgated by the NYSE and SEC. Each of the members of our Audit Committee as of the date prior to the Intervention was determined to be independent in accordance with the applicable NYSE and SEC rules.

Significant differences between our corporate governance practices and those required by NYSE listing standards

Non-U.S., NYSE-listed companies may, in general, follow their home country corporate governance practices in lieu of most of the NYSE corporate governance requirements. The NYSE rules, however, require that non-U.S. companies disclose any significant ways in which their specific corporate governance practices differ from U.S. companies under the NYSE listing standards.

Since the passage of Decree No. 530/12 of the National Executive Power, which provides for the Intervention of YPF, all powers, duties and responsibilities of the Audit Committee of the Company have been transferred to the government-appointed Intervenor. Accordingly, since April 16, 2012, the Company no longer has an audit committee that satisfies the requirements of Rule 10A-3 under the Securities Exchange Act of 1934, as amended. If we fail to cure this deficiency, NYSE rules provide that the NYSE may initiate suspension and delisting procedures with respect to our securities. See Item 3. Key Information Risk Factors Risks Relating to Our Class D Shares and ADSs We are currently not in compliance with NYSE continued listing requirements regarding our Audit Committee and are at risk of being delisted from the NYSE.

The following is a summary of the significant differences between our corporate governance practices prior to the Intervention and those applicable to U.S. companies under the NYSE listing standards. Because more than 50% of our voting stock was then held by another company, Repsol YPF, we would not have been required to comply with the following NYSE corporate governance requirements even if we had been a U.S. company: (i) having a majority of independent directors, (ii) corporate governance committee requirements, and (iii) compensation committee requirements.

Independence of the directors on the Board of Directors

In accordance with the NYSE corporate governance rules, a majority of the board of directors of U.S. companies listed on the NYSE must be composed of independent directors, whose independence is determined in accordance with highly detailed rules promulgated by the NYSE. The relevant Argentine rules for determining director independence are described under Independence of the Members of our Board of Directors and Audit Committee above.

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Compensation and nomination committees

In accordance with the NYSE corporate governance rules, all U.S. companies listed on the NYSE must have a compensation committee and a nominations committee and all members of such committees must be independent in accordance with highly detailed rules promulgated by the NYSE. Under Argentine law, these committees are not required.

Separate meetings for non-management directors

In accordance with NYSE corporate governance rules, independent directors must meet periodically outside of the presence of the executive directors. Under Argentine law, this practice is not required and as such, the independent directors on our Board of Directors do not meet outside of the presence of the other directors, except for the meetings of the Audit Committee, the members of which are independent directors.

Code of Ethics

We have adopted a code of ethics applicable to the Board of Directors and all employees. Since its effective date on August 15, 2003, we have not waived compliance with or amended the code of ethics.

Compensation of members of our Board of Directors and Supervisory Committee

Argentine law provides that the aggregate annual compensation paid to the members of the Board of Directors (including those directors acting in an executive capacity) with respect to a fiscal year may not exceed 5% of net income for such year if YPF is not paying dividends in respect of such net income, which percentage is increased up to 25% of net income based on the amount of dividends, if any, are paid. The compensation of the president and other directors acting in an executive capacity, together with the compensation of all other directors, requires the ratification of an ordinary general shareholders' meeting as provided by Argentine law. The compensation of the members of the Supervisory Committee is determined by the shareholders at the ordinary shareholders' meeting.

For the year ended December 31, 2011 the aggregate compensation accrued or paid to the members of the Board of Directors and YPF's executive officers for services in all capacities was Ps.110 million. During 2011, YPF's performance-based compensation programs included a bonus plan for approximately 7,000 employees. This bonus plan provided for cash to be paid to its participants based on a measurable and specific set of objectives under Repsol YPF's Management by Objectives program and the results of the review of individual performance. All of the participants were non-unionized YPF employees. The participation of each eligible employee in the bonus plan ranged from 10% to 45% of such employee's annual base salary. Bonus percentages were fixed by the president of Repsol YPF with the approval of Repsol YPF's Compensation Committee at the beginning of each calendar year. The amount set aside or accrued by YPF to provide pension, retirement or similar benefits to members of its Board of Directors amounted to a total of Ps.8.6 million in 2011.

YPF's directors do not have any service contracts with YPF.

Supervisory Committee

The Supervisory Committee is responsible for overseeing compliance by the management and the Board of Directors with the Argentine Corporations Law, the by-laws and regulations (if any), and shareholders' resolutions. The functions of the Supervisory Committee include, among others, attending all meetings of the Board of Directors, preparing a report of the financial statements for our shareholders, attending shareholders' meetings and providing information upon request to holders of at least 2% of our capital stock.

The by-laws provide for a Supervisory Committee consisting of three to five members and three to five alternate members, elected to one-year terms. The Class A shares are entitled to elect one member and one alternate member of the Committee so long as one share of such class remains outstanding. The holders of Class D shares elect up to four members and up to four alternates. Under the by-laws, meetings of the Supervisory Committee may be called by any member. The meeting requires the presence of all members, and a majority vote of the members in order to make a decision. The members and alternate members of the Supervisory Committee are not members of our Board of Directors. The role of our Supervisory Committee is distinct from that of the Audit Committee. See [The Audit](#)

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Committee. For the year 2011, the aggregate compensation paid to the members of the Supervisory Committee was Ps.2.27 million.

The current members of the Supervisory Committee, the year in which they were appointed and the year their current term expires are as follows:

Name	Class of Shares Represented	Age	Member Since	Term Expires
Silvana Rosa Lagrosa	A	53	2007	2012 ^(*)
Juan A. Gelly y Obes	D	56	2005	2012 ^(*)
Israel Lipsich	D	87	2008	2012 ^(*)
Santiago C. Lazzati	D	74	2005	2012 ^(*)
Carlos María Tombeur	D	56	2008	2012 ^(*)
Gustavo Adolfo Mazzoni	A	60	2010	2012 ^(*)
Arturo F. Alonso Peña	D	61	2007	2012 ^(*)
Oscar Oroná	D	64	2008	2012 ^(*)
Edgardo A. Sanguineti	D	61	2008	2012 ^(*)
Rubén Laizerowitch	D	57	2008	2012 ^(*)

(*) Members of our Supervisory Committee are appointed in connection with a fiscal year. Our shareholders, in the general ordinary shareholders meeting to be held on June 4, 2012 will appoint the members of our Supervisory Committee for fiscal year 2012.

Silvana Rosa Lagrosa

Mrs. Lagrosa graduated as a certified public accountant from the University of Buenos Aires. She has been a member of the National General Audit Office (*Sindicatura General de la Nación* (SIGEN)) since 2000, for which she acts as statutory auditor of our company, Aerolíneas Argentinas S.A., Austral S.A. and Lotería Nacional S.E.

Juan A. Gelly y Obes

Mr. Gelly y Obes graduated as a certified public accountant from the Belgrano University of Buenos Aires. He is a partner of the consulting firm Gelly y Obes & Asociados-Accountants, and he is a consulting accountant in legal matters to the board of directors of the Argentine Republic Central Bank. Previously, Mr. Gelly y Obes was a member of the statutory audit committees of Aerolíneas Argentinas S.A. and Agritech Inversora S.A.

Israel Lipsich

Mr. Lipsich graduated as a certified public accountant from the University of Buenos Aires. He is currently a member of the Supervisory Committee of Banco de San Juan S.A., Banco de Santa Cruz S.A., Nuevo Banco de Santa Fe S.A., Nuevo Banco de Entre Ríos S.A., Petersen, Thiele y Cruz S.A., Santa Sylvia S.A., Turfmax S.A., Petersen Inversiones S.A. and Serra Lima S.A.

Santiago C. Lazzati

Mr. Lazzati graduated as a certified public accountant from the University of Buenos Aires. He was a partner of Arthur Andersen from 1974 until he retired in 1993 and was the head of the Audit and Business Advisory Division from 1975 to 1987 and Practice Director from 1987 until his retirement. He is currently working in Argentina and other Latin American countries in consulting, especially in human capital services. He is a business consultant, specializing in topics related to management and human behavior. He is the author of fifteen books and many articles on accounting, auditing and business administration. Additionally, Mr. Lazzati is assessor of the International Criminal Court in the Hague of all matters concerning the organization of the Office of the Prosecutor in charge, Dr. Luis Moreno Ocampo. Mr. Lazzati is the statutory auditor of Sheraton Hotels and Telefónica de Argentina and a full-time business administration professor of the Universidad Católica Argentina.

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Carlos María Tombeur

Mr. Tombeur graduated from the University of Buenos Aires, School of Law and Social Sciences, with a law degree in 1976. Previously, he was Professor of Economic Law in the School of Economic Sciences and of Commercial Law in the School of Law, both at the University of Buenos Aires. Mr. Tombeur was also Professor of Economic Law in the Master's Degree program in Public Policy at the University Di Tella. From 1999 to 2005 he served as member of the Board of Directors of YPF S.A. Mr. Tombeur was appointed controller at Seguro de Depósitos S.A. (SEDESA) (Insurance Deposit Company) by the Central Bank for the period 1997-2001. He also served as legal undersecretary of the Ministry of Economy and Public Works and Services from 1992 until 1996 and was member of the Board of Directors of the Central Bank of the Argentine Republic, 1991-1992. Mr. Tombeur was Partner of the firm Caride Fitte & Tombeur from 1977 until 1991. Mr. Tombeur is currently Partner with the firm Severgnini Robiola Grinberg & Larrechea. He is also a member of the Bar Association of the City of Buenos Aires and the International Bar Association. Mr. Tombeur is currently the President of the Board of Directors at EMC Computer Systems Argentina S.A. and Williams Lea Argentina S.A.

Gustavo Adolfo Mazzoni

Mr. Mazzoni graduated as a certified public accountant from the University of Buenos Aires. He is a member of the National General Audit Office (Sindicatura General de la Nación (SIGEN)) and acts as statutory auditor of our company, Emprendimientos Energéticos Binacionales S.A. (EBISA), Gas Natural Ban, ARSAT and RTA. He is also an assessor of the National General Auditor.

Arturo F. Alonso Peña

Mr. Peña received his law degree from the University of Buenos Aires School of Law in 1973. He was statutory auditor of Banco Hipotecario Nacional from 1995 to 2001. He was partner of M&M Bomchil law firm from 1980 to 1985, Chief of the trademark department of the National Intellectual Property Registry in 1979, and secretary of the Court of First Instance in commercial matters of the City of Buenos Aires from 1974 to 1978. He is currently an attorney with Severgnini, Robiola, Grinberg & Larrechea.

Oscar Alberto Oroná

Mr. Oroná graduated with a law degree from the Belgrano University of Buenos Aires in 1975. He is a Consultant Lawyer of Cassagne Abogados Law Firm. In 1991 Mr. Oroná completed the Petroleum Management Certificate Program in Boston, Massachusetts. He previously served as a member of the Board of Directors of Astra Compañía Argentina de Petróleo S.A., Terminal Marítima Patagónica S.A., Pluspetrol Energy S.A., Central Dock Sud S.A., Inversora Dock Sud S.A., Empresa Petrolera Andina S.A. (Bolivia), Apex Petroleum Inc., Gas Argentino S.A., Metrogas S.A., Petroken Petroquímica Ensenada S.A. and Empresa de Distribución Eléctrica de Entre Ríos S.A. Mr. Oroná was also the Second Vice President of the Cámara de Sociedades Anónimas and President of the Legal Committee of the Cámara de la Industria del Petróleo and of San Isidro Golf Club S.A. He is a member of the Supervisory Committee of Oleoductos del Valle S.A. and Metrogas S.A., as well as the Colegio de Abogados de Buenos Aires, the American Bar Association, the Asociación de Derecho de la Energía, the Instituto Argentino del Petróleo y Gas (IAPG) and the Association of International Petroleum Negotiators (AIPN).

Edgardo A. Sanguinetti

Mr. Sanguinetti graduated from the University of Buenos Aires with a degree in Business Administration and holds a doctorate in Economic Sciences from the same university, where he was a professor in the Economic Sciences doctoral program. He is a Certified Public Accountant and Partner of Lazzati y Sanguinetti Management Consulting Firm. Mr. Sanguinetti is a member of the Statutory Audit Committee of Telefónica de Argentina, Telefónica Holding de Argentina S.A., Televisión Federal S.A.-Telefé, Atlántida Comunicaciones S.A. and Telefónica Media Argentina S.A., among other companies.

Rubén Laizerowitch

Rubén Laizerowitch received his law degree at the University of Buenos Aires. He is an alternate member of Board of Directors of Petersen, Thiele y Cruz S.A., Estacionamientos Buenos Aires S.A. Mantenimientos y

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Servicios S.A., and INWELL S.A., and is a member of Supervisory Committee of Nuevo Banco de Santa Fe S.A., Banco de San Juan S.A., and Nuevo Banco de Entre Ríos S.A. He is also an alternate member of the Supervisory Committee of Banco Santa Cruz S.A.

Employee Matters

As of December 31, 2011, we had 16,048 employees, including 7,644 employees of the Refining and Marketing business segment, 2,784 employees of the Exploration and Production business segment, 136 employees of the Chemicals business segment and 5,484 employees of the Corporate and Other segment. Approximately 42% of our employees are represented by the labor union *Federación Sindicatos Unidos Petroleros e Hidrocarbúricos* (SUPeH) that negotiates with us labor agreements and salaries which apply to YPF and OPESSA unionized employees. The SUPeH is permanently negotiating with us, and we maintain a good level of communication. In general, requests of labor unions related to the petrochemical industry were consistent with general wage increases given by the General Unions Confederation (*Confederación General del Trabajo* or CGT).

In 2011 we began negotiations with the SUPeH, that resulted in the extension of our agreements with such unions until the end of 2014. The negotiations involved the economic and social conditions for employees of ours and of third parties that are addressed in the labor agreement. We consider our current relations with our workforce to be generally good.

In addition, labor conditions and salaries of third-party employees working with YPF and OPESSA in refineries, oil fields and gas stations, are negotiated with sixteen other unions.

As part of its privatization, YPF restructured its internal organization and significantly reduced the number of its employees. YPF reduced its work force from over 51,000 employees (including approximately 15,000 personnel under contract) at December 31, 1990 to approximately 7,500 at December 31, 1993. YPF paid to the employees affected by these reductions the termination payments required under Argentine labor laws which amounted to Ps.686 million. A substantial majority of lawsuits which were originated as a consequence of said restructuring process have been brought by former employees who allege that they received insufficient severance payments in connection with their dismissal and various job-related illnesses, injuries, typically seeking unspecified relief.

As of December 31, 2011, YPF was a party in approximately 1,811 labor lawsuits which relate to events or acts that took place after December 31, 1990. The outcome of said lawsuits depends on factual issues that vary from case to case, and it is not always feasible to predict the outcome of particular cases. However, based on the number and character of the lawsuits already commenced, the estimated likelihood of additional claims in view of the number of dismissed employees, applicable statutes of limitations, the legal principles involved in the suits and the financial statement reserves previously established, our management does not expect the outcome of these lawsuits to have a material adverse effect on our financial condition or future results of operations.

Maxus (a YPF subsidiary) has a number of trustee noncontributory pension plans covering substantially all its full-time employees. The benefits provided by these plans are based on the number of years of employment and the compensation earned during those years. This company has other noncontributory pension plans for executive officers, selected key employees and former employees of the Maxus group. The Maxus Energy Corporation career average pension plan was frozen effective March 1, 2007. The Maxus Energy Corporation savings plan was amended effective March 1, 2007 to include a non-elective component, through which the plan's sponsor contributes 7.5% of the employees' annual base salary. Maxus also grants benefits for health care, life insurance and other social benefits to some of its employees who retire early. The amounts payable accrue over the employees' years of service. During March 2008, YPF Holdings purchased a group annuity contract from an insurance company to settle the liability associated with the benefits under certain of Maxus' defined benefits plans, with a one-time premium payment of U.S.\$115 million. The assumption by the insurance company of liability under the plans was effective on March 20, 2008, the date the premium was paid by YPF Holdings.

As of December 31, 2011 there were also approximately 30,000 third-party employees under contract, mostly with large international service providers. Although we have policies regarding compliance with labor and social security obligations by its contractors, we are not in a position to ensure that contractors' employees will not initiate legal actions to seek indemnification from us based upon a number of Argentine judicial labor court precedents.

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recognizing joint and several liability between the contractor and the entity to which it is supplying services under certain circumstances.

The following table provides a breakdown of our employees by business units as of December 31, 2011.

Employees by Business Units

Exploration and Production	2,784
Refining and Marketing	7,644
Chemicals	136
Corporate and Other ⁽¹⁾	5,484
Total YPF	16,048

(1) Includes 3,763 employees of A-Evangelista S.A. and its subsidiaries.

The following table provides a breakdown of our employees by geographic locations.

Employees by geographic location

Argentina	14,511
Rest of South America	1,508
United States	29
Total YPF	16,048

ITEM 7. Major Shareholders and Related Party Transactions

The Expropriation Law has significantly changed our shareholding structure. The Class D shares expropriated from Repsol YPF or its controlling or controlled entities, which represent 51% of our share capital and have been declared of public interest, will be assigned as follows: 51% to the federal government and 49% to the governments of the provinces that compose the National Organization of Hydrocarbon Producing States. In addition, the Argentine federal government and certain provincial governments already own our Class A and Class B shares. See Item 3. Key Information Risk Factors Risks Relating to Argentina The Argentine federal government has taken control over the Company and will operate it according to domestic energy policies in accordance with the Expropriation Law.

As of the date of this annual report, the transfer of the expropriated shares between National Executive Office and the provinces that compose the National Organization of Hydrocarbon Producing States is still pending. According to Article 8 of the Expropriation Law, the distribution of the shares among the provinces that accept their transfer must be conducted in an equitable manner, considering their respective levels of hydrocarbon production and proved reserves. To ensure compliance with its objectives, the Expropriation Law provides that the National Executive Office, by itself or through an appointed public entity, shall exercise all the political rights associated with the shares subject to expropriation until the transfer of political and economic rights to the provinces that compose the National Organization of Hydrocarbon Producing States is completed. In addition, in accordance with Article 9 of the Expropriation Law, each of the Argentine provinces to which expropriated shares are allocated must enter a shareholder's agreement with the federal government which will provide for the unified exercise of its rights as a shareholder. See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law.

The following table sets forth information relating to the beneficial ownership of our shares as of May 7, 2012:

Number of shares	(%)
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Repsol YPF ⁽¹⁾	225,890,313	57.43%
Petersen Group ⁽²⁾	100,145,077	25.46%
Public ⁽³⁾	67,225,593	17.09%
Argentine federal and provincial governments ⁽⁴⁾	11,388	<0.01%
Employee fund ⁽⁵⁾	40,422	0.01%

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- (1) For purposes of ensuring the fulfillment of the objectives of the Expropriation Law, Class D shares representing 51% of our share capital held by Repsol YPF have been declared of public interest and subject to expropriation. See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law. To ensure compliance with its objectives, the Expropriation Law provides that the National Executive Office, by itself or through an appointed public entity, shall exercise all the political rights associated with the shares subject to expropriation until the transfer of political and economic rights to the provinces that compose the National Organization of Hydrocarbon Producing States is completed.
 - (2) Corresponds to Petersen Energía (14.90%) and PEISA (10.56%).
 - (3) According to data provided by The Bank of New York Mellon, as of April 30, 2012, there were 233,811,262 ADSs outstanding and 78 holders of record of ADSs. Such ADSs represented approximately 59% of the total number of issued and outstanding Class D shares as of such date. Excluding ADSs owned by Repsol YPF and the Petersen Group, outstanding ADSs represented 16% of the total number of outstanding Class D shares as of April 30, 2012. Repsol YPF (including its other subsidiaries) was the holder of 69.9 million of our ADSs at that date, while the Petersen Group collectively held 100,1 million of our ADSs.
 - (4) Reflects the ownership of 3,764 Class A shares and 7,624 Class B shares by the Argentine federal government and provincial governments, respectively. In addition, the Class D shares expropriated from Repsol YPF or its controlling or controlled entities, which represent 51% of our share capital, will be assigned as follows: 51% to the federal government and 49% to the governments of the provinces that compose the National Organization of Hydrocarbon Producing States. The completion of this assignment is pending. To ensure compliance with its objectives, the Expropriation Law provides that the National Executive Office, by itself or through an appointed public entity, shall exercise all the political rights associated with the shares subject to expropriation until the transfer of political and economic rights to the provinces that compose the National Organization of Hydrocarbon Producing States is completed. In addition, in accordance with Article 9 of the Expropriation Law, each of the Argentine provinces to which expropriated shares are allocated must enter a shareholder's agreement with the federal government which will provide for the unified exercise of its rights as a shareholder. See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law.
 - (5) Reflects the ownership of 40,422 Class C shares.

The following are summaries of certain material terms of the agreements entered into by Repsol YPF, Petersen Energía and certain of their respective affiliates in connection with the Petersen Transaction and the Petersen Options (as defined below), as described in Repsol YPF's public filings.

Share Purchase Agreement and Related Financing Agreements

Pursuant to the share purchase agreement entered into by Petersen Energía and Repsol YPF in 2008, Petersen Energía purchased 58,603,606 ADSs, representing 14.9% of our outstanding capital stock, from Repsol YPF for a total purchase price of U.S.\$2,235 million, or approximately U.S.\$38.14 per ADS (the Petersen Transaction). Petersen Energía's purchase of our securities was financed by the drawdown of U.S.\$1,026 million under a senior secured term loan facility provided by certain financial institutions, borrowing of U.S.\$1,015 million under a seller credit agreement entered into with Repsol YPF and equity provided by Petersen Energía's shareholders. The seller credit agreement matures on February 21, 2018. Principal payments are required to be made at certain periodic intervals commencing in 2013 until the maturity date. The loan under the seller credit agreement bears interest at 8.12% per year until May 15, 2013, and thereafter at 7.0% per year, and contains other customary terms and provisions.

Securities purchased by Petersen Energía are pledged as collateral under the senior secured term loan facility and the seller credit agreement. The seller credit agreement is subordinated to the senior secured term loan facility.

Option Agreements

Repsol YPF granted certain affiliates of Petersen Energía, an option to purchase the number of Class D shares or ADSs amounting to 0.1% of our capital stock, pursuant to the first option agreement (which was exercised in May 2008) (the First Petersen Option), and an option to purchase an additional number of Class D shares or ADSs amounting to 10.0% of our capital stock (collectively, the Option Shares), pursuant to the second option agreement (which was exercised in May 2011) (the Second Petersen Option) and, together with the First Petersen

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Option, the Petersen Options). Following the exercise of this option, the Petersen Group owns 25.46% of our capital stock.

The beneficiaries of the Petersen Options have agreed not to transfer for a period of five years the 10% of our capital stock that was acquired pursuant to the Second Petersen Option, but have not made such an agreement as to the 0.1% of our capital stock that was acquired pursuant to the First Petersen Option.

Shareholders Agreement

Petersen Energía, Repsol YPF and certain affiliates of Repsol YPF entered into a shareholders agreement on February 21, 2008 in connection with the Petersen Transaction establishing certain rights and obligations in connection with our governance and certain procedures for and limitations on transfers of our shares, among other matters. The following is a summary of certain material terms of the shareholders agreement based on Repsol YPF's public filings. We believe that the voting provisions contained in the shareholders agreement are without effect since the passage of the Expropriation Law.

Voting at Shareholders Meetings

Repsol YPF and Petersen Energía have agreed to discuss and reach agreement on their voting with respect to proposals presented at shareholders meetings involving certain matters, including certain increases or any reductions in our capital (except reductions that are legally required), the merger, divestiture or dissolution of our company or certain of our subsidiaries, the divestiture of material assets of our company or certain of our subsidiaries, the modification of our by-laws, and the designation or removal of our external auditors, among other matters. In the event that Repsol YPF and Petersen Energía cannot reach an agreement on any of these matters, they have agreed to vote against such matters.

Composition of our Board of Directors

Repsol YPF and Petersen Energía have agreed that the composition of our Board of Directors shall reflect a proportional representation of Repsol YPF's and Petersen Energía's interests in our capital stock, with (i) Repsol YPF retaining the right to appoint the majority of the members of our Board of Directors for so long as it holds the majority of our capital stock, and (ii) Petersen Energía having the right to appoint at least five members to our Board (or three members in the case that its interest in our outstanding capital stock falls below 10%).

Appointment of Directors and Officers and Certain Board Decisions

Repsol YPF and Petersen Energía have agreed that the Chairman of our Board of Directors and our Chief Operating Officer shall be designated by Repsol YPF while our Chief Executive Officer will be designated by Petersen Energía.

Certain decisions of our Board of Directors shall require the affirmative vote of the directors representing Repsol YPF and Petersen Energía, including any action that results in any of the specific matters discussed under *Voting at Shareholders Meetings* above, the reduction of our direct or indirect interest in certain of our subsidiaries, the contracting of debts, guarantees or investments that contractually limit the payment of dividends or cause our consolidated debt to EBITDA ratio to reach or exceed 3:1, undertake non-budgeted investments or acquisitions that individually exceed U.S.\$250 million, and the requesting of the declaration of insolvency or bankruptcy, among other matters. In the event that Repsol YPF and Petersen Energía cannot reach an agreement on any of these specific matters, they have agreed to instruct their directors to vote against such matters.

Lock-Ups and Transfer Restrictions

Petersen Energía has agreed not to sell any shares of our capital stock for a period of five years, subject to certain exceptions, including the condition that Repsol YPF continues to hold at least 35% of our outstanding capital stock. In addition, if our dividend payments are insufficient for Petersen Energía to meet its obligations under the senior secured term loan facility, or if Petersen Energía repays the senior secured term loan facility in full, Petersen Energía may sell shares of our capital stock, so long as Petersen Energía maintains a minimum interest in our capital

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stock of between 10% and 15% (depending on whether the beneficiaries of the Petersen Options have fully exercised the Petersen Options and excluding certain dilution events in respect of capital increases).

Repsol YPF has agreed to hold at least 50.01% of our capital stock for a period of at least five years, unless Petersen Energía repays the senior secured term loan facility in full. Once the senior secured term loan facility has been repaid in full, Repsol YPF has agreed to hold at least 35% of our capital stock, so long as Petersen Energía maintains a minimum interest in our capital stock of between 10% and 15% (depending on whether its affiliates that are beneficiaries of the Petersen Options have fully exercised the Petersen Options and excluding certain dilution events in respect of capital increases), provided that Repsol YPF may sell shares to a purchaser that is a first-tier company in the oil and gas industry and agrees to be bound by the terms of the shareholders' agreement.

After five years: (i) Petersen Energía may transfer its shares without limitation; and (ii) so long as Petersen Energía maintains a minimum interest in our capital stock of between 10% and 15% (depending on whether its affiliates that are beneficiaries of the Petersen Options have fully exercised the Petersen Options and excluding certain dilution events in respect of capital increases), Repsol YPF must maintain an interest that, combined with Petersen Energía's holdings, amounts to 40% of our outstanding capital stock, subject to certain conditions, provided that Repsol YPF may sell shares to a purchaser that is a first-tier company in the oil and gas industry and agrees to be bound by the terms of the shareholders' agreement.

Tag-Along Rights, Right to Participate in Public Offering and Right of First Refusal

If Petersen Energía has repaid the senior secured term loan facility in full, when Repsol YPF sells more than 5% of our outstanding capital stock, Petersen Energía shall have a *pro rata* tag-along right with respect to such sale by Repsol YPF. Petersen Energía also has a right to participate, on a *pro rata* basis, in any public offering of our outstanding capital stock conducted by Repsol YPF.

Additionally, when Repsol YPF or Petersen Energía sells a block of our shares representing greater than 10% of our capital stock, the other party shall have a right of first refusal to purchase such shares, subject to certain terms and conditions.

Acquisition of Certain of Repsol YPF's Latin American Assets

Repsol YPF and Petersen Energía have agreed to allow us to evaluate the possible acquisition, at market price, of certain specified Latin American assets of Repsol YPF in order to expand and diversify our business.

Dividends

Repsol YPF and Petersen Energía have agreed to effect the adoption of a dividend policy under which we would distribute 90% of our net income as dividends, starting with our net income for 2007. They have also agreed to vote in favor of requiring us to distribute an additional dividend of U.S.\$850 million, which was paid jointly with the ordinary dividends in 2008 and 2009.

Tender Offer by Petersen Energía

Repsol YPF agreed not to participate in the tender offer for our shares that Petersen Energía or its affiliates were required to make when they acquired 15% or more of our outstanding capital stock (as a result of its exercise of one of the Petersen Options, or otherwise).

Duration and Termination

The shareholders' agreement shall remain in effect during our existence, but is subject to immediate termination if Repsol YPF's holdings of our capital stock fall below 12.5% or Petersen Energía's holdings of our capital stock fall below 10%. The shareholders' agreement is also subject to termination if there are certain defaults under the shareholders' agreement, or if, within thirty days of the bankruptcy of either party, the bankrupt party cannot provide a sufficient guaranty to the other party.

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Registration Rights and Related Agreements

Under the terms of the registration rights agreement between us, Repsol YPF and the financial institutions providing the senior secured term loan facility, we have agreed to file a resale shelf registration statement under the Securities Act with respect to the ADSs sold in the Petersen Transaction, have it declared effective by the SEC, and keep it continuously effective until certain specified conditions have been met. On February 20, 2008, we filed such shelf registration statement on Form F-3 with the SEC. Upon any acceleration of the senior secured term loan facility following the occurrence and continuation of an event of default under such facility, Credit Suisse, London Branch, the administrative agent acting on behalf of the lenders under the senior secured term loan facility as holders of such pledged securities, may sell such securities under the shelf registration statement after giving us notice, provided that we may suspend the use of the registration statement upon the occurrence of certain specified events. Such securities and the associated registration rights may be transferred by any holder.

If the Company fails to keep continuously effective, supplemented and amended a resale shelf registration statement after an event of default under such facility has occurred and is continuing (each such event a Registration Default), then the Company must pay, for the benefit of the holders of the securities required to be registered a penalty in cash in an amount equal to the Liquidated Damages Amount (as defined below). Accrued liquidated damages, if any, shall be payable within 45 days of the first Registration Default and every 90 days thereafter if such Registration Default is continuing. This obligation to pay liquidated damages will cease on the date that all Registration Defaults have been cured and shall be the Company's sole liability for breach of the registration rights agreement. Liquidated Damages Amount means, as of the relevant date of determination, an amount payable per share outstanding required to be registered equal to the aggregate outstanding principal amount under the senior secured term loan facility as of such date of determination divided by the number of the shares outstanding required to be registered as of such date (adjusted for any share split or combination), multiplied by the number of days during which an event of default has occurred and is continuing and a Registration Default exists, multiplied by 0.05, and divided by 365.

The registration rights agreement provides that the selling shareholders and us will indemnify each other and their and our respective directors, officers, agents, employees and controlling persons against specific liabilities in connection with the offer and sale of the ADSs, including liabilities under the Securities Act, or will be entitled to contribution in connection with those liabilities. In addition, Repsol YPF and Petersen Energía PTY Ltd., the parent holding company of Petersen Energía, S.A., have agreed in a separate agreement to indemnify us against certain specific losses resulting from our agreement to indemnify the selling shareholders and their directors, officers and controlling persons pursuant to the registration rights agreement (excluding losses resulting from a final judgment determining the existence of a material misstatement or omission of fact contained in our resale shelf registration statement or a prospectus included therein, or a settlement based on such claims). Repsol YPF or Petersen Energía S.A. will pay all of our expenses incidental to the registration, offering and sale of the ADSs to the public (subject to the caps and limitations set forth in the registration rights agreement), and each selling shareholder will be responsible for payment of commissions, concessions, fees and discounts of underwriters, broker-dealers and agents.

We have also entered into a separate registration rights agreement with respect to the Option Shares, with terms and conditions that are substantially similar to those contained in the registration rights agreement entered into with respect to the ADSs sold in the Petersen Transaction.

Related Party Transactions

All material transactions and balances with related parties as of December 31, 2011 are set forth in Note 7 to the Audited Consolidated Financial Statements. The principal such transactions were our sales of refined and other products to certain affiliates (which amounted to Ps.2,170 million in 2011), our purchase of petroleum and other products that we do not produce ourselves from certain affiliates (which amounted to Ps.761 million in 2011), and loans and cancellations of loans granted to us by subsidiaries of Repsol (in a net amount of Ps.135 million). The prices of the transactions with related parties approximate the amounts charged by and/or to us by unrelated third parties. In addition, Repsol YPF and Petersen Energía PTY Ltd., the parent holding company of Petersen Energía, have agreed to indemnify us against certain specific losses resulting from our agreement to indemnify the selling shareholders and their directors, officers and controlling persons pursuant to the registration rights agreements we have entered into in connection with the Petersen Transaction (excluding losses resulting from a final judgment

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determining the existence of a material misstatement or omission of fact contained in our resale shelf registration statement or a prospectus included therein, or a settlement based on such claims). Repsol YPF or Petersen Energía will pay all of our expenses incidental to the registration, offering and sale of the securities registered hereby to the public. See [Registration Rights and Related Agreements](#).

Since the passage on May 3, 2012 of the Expropriation Law, the federal government and the governments of certain provinces in Argentina are related parties of the Company. We are party to numerous agreements with the federal government and the governments of such provinces, as well as with agencies or institutions dependent on such governments and stated-owned companies.

For an organizational chart showing our organizational structure, including our interests in our principal affiliates, see [Item 4. Information on the Company Overview](#).

Argentine Law Concerning Related Party Transactions

Section 73 of the Transparency Decree provides that before a company whose shares are listed in Argentina may enter into an act or contract involving a significant amount with a related party or parties, such company must obtain approval from its board of directors, and obtain an opinion, prior to such board approval, from its audit committee or from two independent valuation firms that states that the terms of the transaction are consistent with those that could be obtained on an arm's-length basis.

For the purpose of Section 73 of the Transparency Decree, as amended by Decree No. 1020/03, significant amount means an amount that exceeds 1% of the issuer's net worth as reflected in the latest approved financial statements, provided this amount exceeds Ps.300,000. For purposes of the Transparency Decree, related party means (i) directors, members of the supervisory committee, managers; (ii) the persons or entities that control or hold a significant participation in the company or in its controlling shareholder (at least 35% of its capital stock, or a lesser amount when they have the right to appoint one or more directors, or have other shareholder agreements related to the management of the company or its controlling shareholder); (iii) any other company under common control; (iv) direct relatives of the persons mentioned in (i) and (ii); or (v) companies in which the persons referred to in (i) to (iv) hold directly or indirectly significant participations.

The acts or contracts referred to above, immediately after being approved by the board of directors, shall be disclosed to the CNV, making express indication of the audit committee's or independent valuation firm's opinion, as the case may be. Also, beginning on the business day following the day the transaction was approved by the board of directors, the audit committee's or independent valuation firm's reports shall be made available to the shareholders at the company's principal executive offices.

If the audit committee or the two independent valuation firms do not find that the contract is on arm's-length terms, prior approval must be obtained at the company's shareholders' meeting.

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ITEM 8. Financial Information

Financial Statements

See Item 18 for our Audited Consolidated Financial Statements.

Legal Proceedings

Argentina

The Privatization Law provides that the Argentine State shall be responsible, and shall hold us harmless, for any liabilities, obligations or other commitments existing as of December 31, 1990 that were not acknowledged as such in the financial statements of Yacimientos Petrolíferos Fiscales Sociedad del Estado, our predecessor, as of that date arising out of any transactions or events that had occurred as of that date, provided that any such liability, obligation or other commitment is established or verified by a final decision of a competent judicial authority. In certain lawsuits related to events or acts that took place before December 31, 1990, we have been required to advance the payment of amounts established in certain judicial decisions, and have subsequently been reimbursed or are currently in the process of requesting reimbursement from the Argentine government of all material amounts in such cases. We are required to keep the Argentine government apprised of any claim against us arising from the obligations assumed by the Argentine government. We believe we have the right to be reimbursed for all such payments by the Argentine government pursuant to the above-mentioned indemnity, which payments in any event have to date not been material. This indemnity also covers fees and expenses of lawyers and technical consultants subject, in the case of our lawyers and consultants, to the requirement that such fees and expenses not be contingent upon the amounts in dispute.

Accrued, probable contingencies

Accruals totaling Ps.2,252 million, Ps.2,236 million and Ps.1,769 million as of December 31, 2011, 2010 and 2009, respectively, have been provided in connection with contingencies which are probable and can be reasonably estimated. In the opinion of our management, in consultation with our external counsel, the amount accrued reflects the best estimation, based on the information available as of the date of this annual report, of the probable outcome of the mentioned contingencies. The most significant legal proceedings and claims accrued are described in the following paragraphs.

Alleged defaults under natural gas supply contracts. Since 2004, the Argentine Secretariat of Energy and the Undersecretariat of Fuels, through Rule No. 27/04, Resolutions No. 265/04, 659/04, 752/05, 1329/06 and 599/07, have on various occasions instructed us to supply certain quantities of natural gas to the Argentine domestic market, in each case notwithstanding the lack of a contractual commitment on our part to do so. In addition, the Argentine government has, at various times since 2004, imposed direct volume limitations on natural gas exports in different ways. On January 5, 2012, the Official Gazette published Resolution SE No. 172 which temporarily extends the allocation rules and other criteria established by Resolution No. 599/07. As a result of these measures, from 2004 to the present, we have been forced in many instances to partially or fully suspend natural gas export deliveries that are contemplated by our contracts with export customers. See Item 4. Information on the Company Exploration and Production Delivery commitments Natural gas supply contracts for additional information on the restrictions affecting contracted volumes.

We appealed these measures, but, pending favorable final resolution of such appeals, we have been obliged to comply in order to avoid greater losses to us and our export customers that could be occasioned by the revocation of our export permits or other penalties. We informed our natural gas export customers of our position that these governmental measures constitute an event of *force majeure* that releases us from any contractual or extra-contractual liability deriving from the failure to deliver the agreed upon volumes of gas. Some of our customers have rejected our position and a number of them have sought damages and/or penalties for breach of supply commitments under a contractual deliver or pay clause.

On June 25, 2008, AES Uruguaiana Empreendimientos S.A. (AESU) claimed damages in a total amount of U.S.\$28.1 million for missed deliveries of natural gas volumes during the period September 16, 2007 through June

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25, 2008. On July 16, 2008, AESU also claimed damages in a total amount of U.S.\$2.7 million for missed deliveries of natural gas volumes during the period January 18, 2006 through December 1, 2006. We have contested both of these claims. Both parties have suspended the fulfillment of their obligations under the contract. On September 15, 2008, AESU notified YPF the interruption of the fulfillment of its commitments alleging delay and breach of YPF's obligations. YPF has rejected this notification. On December 4, 2008, YPF notified that having ceased the *force majeure* conditions, pursuant to the contract in force, it would suspend its delivery commitments, due to the repeated breaches of AESU's obligations. This notification was also rejected. On December 30, 2008, AESU rejected YPF's right to suspend its natural gas deliveries and on March 20, 2009, AESU notified YPF that it was terminating the contract. See Non-accrued, remote contingencies Arbitration with AES Uruguiana Empreendimentos S.A. (AESU), Companhia de Gás do Estado do Rio Grande do Sul (Sulgás) and Transportadora de Gas del Mercosur S.A. (TGM).

In addition, YPF is subject to certain claims related to transportation fees and charges associated with transportation services under contracts associated with natural gas exports. Transportadora de Gas del Norte S.A. (TGN), one of the parties to these contracts, initiated mediation proceedings with us in order to determine the merits of its claim. The mediation proceedings, did not result in an agreement and, on March 12, 2010, YPF was notified of the lawsuit filed by such company claiming the fulfillment of contractual obligations and the payment of unpaid invoices while reserving the right to claim for damages. TGN subsequently claimed the alleged related damages in a note addressed to the Company in November 2011. The total amount claimed by TGN amounts to approximately U.S.\$207 million as of the date of this annual report. YPF has answered the lawsuit brought by TGN. Additionally, the plaintiff notified us that it was terminating the contract, invoking YPF's alleged breach of such contract due to an alleged lack of payment of the related transportation fees. The Federal Court of Appeals in Civil and Commercial Matters has ruled in favor of the jurisdiction of the federal civil and commercial courts (and against ENARGAS' jurisdiction) to resolve this matter. Additionally, on January 12, 2012 and following a mediation process which ended without any agreement, Nación Fideicomisos S.A. filed a complaint against YPF, under art. 66 of Law 24,076, before ENARGAS, claiming the payment of certain transportation charges in an approximate amount of Ps.339 million. We answered the claim raising ENARGAS' lack of jurisdiction (as we did in the proceeding against TGN), rejecting the claim based on the theory of legal impossibility and requesting the consolidation of this proceeding with the one related to TGN. On April 12, 2012, ENARGAS resolved in favor of Nación Fideicomisos S.A. This resolution is not final and may be appealed by YPF. We believe the matters referred to above, if resolved unfavorably to YPF will not have a material adverse effect on our results of operations.

In connection with the above, on April 8, 2009, YPF filed a complaint against TGN with ENARGAS, seeking the termination of the natural gas transportation contract with TGN for the transport of natural gas in connection with the natural gas export contract entered with AESU and other parties. The complaint is based on the termination of the referenced natural gas export contract and the legal impossibility of assigning the transportation contract to other shippers because of certain changes in law in effect since 2002; as a second order matter, the legal impossibility for TGN to render the transportation service on a firm basis because of certain changes in law in effect since 2004; and as a third order matter, the Teoría de la Imprevisión (hardship provision under Article 1198 of the Argentine Civil Code) available under Argentine law when extraordinary events render a party's obligations excessively burdensome.

La Plata refinery environmental disputes. On June 29, 1999, a group of three neighbors of the La Plata refinery filed claims for the remediation of alleged environmental damages in the peripheral water channels of the refinery, investments related to contamination and compensation for alleged health and property damages as a consequence of environmental pollution caused by YPF prior to and after privatization. We notified the executive branch of the Argentine government that there is a chance that the tribunal may find us responsible for the damages. In such event, due to the indemnity provided by Privatization Law (Law No. 24,145) and in accordance with that law, we should be allowed to request reimbursement of the expenses for liabilities existing on or prior to January 1, 1991 (before privatization) from the Argentine government.

On December 27, 2002, a group of 264 claimants who resided near the La Plata refinery requested compensation for alleged quality of life deterioration and environmental damages purportedly caused by the operation of the La Plata refinery. The amount claimed is approximately Ps.42 million. We filed a writ answering the complaint. There are three similar additional claims raised by three groups of 120, 343 and 126 neighbors,

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respectively. The first group has made a claim for compensation of approximately Ps.16 million, the second group has made a claim for compensation of approximately Ps.45 million and the third one has made a claim of approximately Ps.16 million, in addition to a request for environmental cleanup.

On December 17, 1999, a group of 37 claimants who resided near La Plata refinery, demanded the specific performance by us of different works, installation of equipment, technology and execution of work necessary to stop any environmental damage, as well as compensation for health damages alleged to be the consequence of gaseous emissions produced by the refinery, currently under monitoring. On August 11, 2011, the judge ruled against YPF and the National State requiring us to pay approximately Ps.3.5 million plus interest. We appealed this ruling.

On January 25, 2011, we entered into an agreement with the Provincial Entity for Sustainable Development (*Organismo Provincial para el Desarrollo Sostenible* or OPDS) of the Government of the province of Buenos Aires, within the scope of the Remediation, liability and environmental risk control program, created by Resolution 88/10 of the OPDS. Pursuant to such agreement, YPF and the relevant authorities agreed to jointly perform an eight-year work program in the canals adjacent to the La Plata refinery, including the conduct of characterization and risk assessment studies of sediments. The agreement provides that when a required remediation action is identified as a result of a risk assessment study, different alternatives and available techniques will be considered, as well as the steps needed for its implementation. Studies to determine how old the contamination is will also be performed pursuant to the agreement, in order to evaluate whether the Argentine government should be liable for such contamination pursuant to its obligation to hold us harmless under the Privatization Law, which established the procedures for our privatization. YPF has provided an accrual of the estimated cost of the characterization and risk assessment studies mentioned above. The cost of the remediation actions, if required, will be recorded in those situations where the loss is probable and can be reasonably estimated.

Quilmes claims. We have been notified of 37 judicial claims filed by neighbors living near the riverside in Quilmes, in the province of Buenos Aires, as a consequence of a leak related to the La Plata Dock Sud pipeline, which occurred in 1988 as third parties damaged and stole fuel from the pipeline, which was then repaired by Yacimientos Petrolíferos Fiscales. One of the claims has been filed by a group of people that allegedly live in this area and have requested the remediation of environmental damages and the payment of approximately Ps.47 million plus interest as compensation for alleged personal damages for hydrocarbons exposure. We have answered the complaint requesting its rejection and impleading the Argentine government. We have also notified the Argentine government of the existence of this claim and that we plan to request that it hold us harmless and indemnify us against any liability derived from this lawsuit, as provided by the Privatization Law. The Argentine government, through an administrative decision, has denied any responsibility to indemnify us for this matter, and we have sued the Argentine government to obtain a declaratory judgment declaring this administrative decision null and void. Such declaratory judgment is still pending. There are 36 other judicial claims that have been brought against us based on similar allegations, amounting to approximately Ps.19 million. Additionally, we are aware of the existence of other actions brought against us that have not yet been served and which are based on similar allegations. As of the date of this annual report, a remediation plan is being performed in the affected area, under the supervision of the environmental authority of the province of Buenos Aires.

Tax claims. We have received several claims from the Federal Administration of Public Revenue (*Administración Federal de Ingresos Públicos*, or AFIP) and from the provincial and municipal fiscal authorities, which are not individually significant, and which have been accrued based on the best information available as of the date of this annual report.

Non-accrued, possible contingencies

In addition to the probable contingencies described in the preceding paragraphs, we are subject to several labor, civil, commercial and environmental claims in respect of which, we have not provided any accrual since management, based on the evidence available to date and upon the opinion of our external counsel, have considered them to be possible contingencies.

Based on the information available to the Company, including the amount of time remaining before trial, the results of discovery and the judgment of internal and external counsel, the Company is unable to estimate the reasonably possible loss or range of loss resulting for these contingencies.

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The most significant of these contingencies are described below:

New Jersey claims. On December 13, 2005, the New Jersey Department of Environmental Protection (the DEP) and the New Jersey Spill Compensation Fund filed a claim with a New Jersey court against Occidental Chemical Corporation, Tierra, Maxus, Repsol YPF, YPF, YPF Holdings and CLH Holdings (see Item 4. Information on the Company Environmental Matters YPF Holdings Operations in the United States). YPF International S.A. and Maxus International Energy Company were added to the claim in 2010. The plaintiffs are claiming economic compensation in an undetermined amount and punitive damages as a consequence of environmental damages, as well as the costs and fees associated with this proceeding, based on alleged violations of the Spill Compensation and Control Act (Spill Act), the Water Pollution Control Act and common law claims relating to a facility allegedly operated by the defendants and located in Newark, New Jersey that allegedly impacted the Passaic River and Newark Bay. DEP filed its Second Amended Complaint in April 2008; YPF's motion to dismiss for lack of personal jurisdiction was denied in September 2008. The decision was affirmed by the Court of Appeals following an appeal from YPF. Notwithstanding the above, the Court denied the plaintiffs' motion to bar third party practice and allowed defendants to file third-party claims. Third-party claims against approximately 300 companies and governmental entities (including certain municipalities) which could have responsibility in connection with the claim were filed by Tierra and Maxus in February 2009. In September 2010, New Jersey governmental parties, along with other summoned entities, filed their motions to dismiss, which have been answered by Maxus and Tierra. Third-party defendants motions to dismiss were rejected by the court in January 2011. Some of the mentioned third-parties appealed the decision, but the court denied such appeal in March 2011. A mediator had prepared a work plan for an alternative dispute resolution process, but this process failed since the parties could not reach a consensus. In May 2011, the judge issued Case Management Order XVII (CMO XVII), which contains the Trial Plan for the case. This Trial Plan divides the case into two phases. Phase One will determine liability and Phase Two will determine damages. Following the issuance of CMO XVII, the State of New Jersey and Occidental filed motions for partial summary judgment. The State filed two motions: one against Occidental and Maxus on liability under the Spill Act, and one against Tierra on liability under the Spill Act. In addition, Occidental filed a motion for partial summary judgment that Maxus owes a duty of contractual indemnity to Occidental for liabilities under the Spill Act. In July and August 2011, the court ruled that, although the discharge of hazardous substances by Chemicals has been proved, liability cannot be imposed if the nexus between any discharge and the alleged damage is not established. Additionally, the Court ruled that Tierra has Spill Act liability to the State based merely on its current ownership of the Lister Avenue site (an area located nearby the Passaic river); and that Maxus has an obligation under the 1986 Stock Purchase Agreement to indemnify Occidental for any Spill Act liability arising from contaminants discharged on the Lister Avenue site. Finally, the Special Master (a retired State judge, appointed to assist the court for discovery) called for and held a settlement conference in late November 2011 between the State of New Jersey, on the one hand, and Repsol, YPF and Maxus, on the other hand to discuss the parties' respective positions, but no resolution was reached. However, the parties have agreed to continue the settlement process, and they have committed to further communication during 2012.

For additional information about this legal proceeding, see YPF Holdings-Passaic River/Newark Bay, New Jersey.

Patagonian Association of Land-Owners claims. On August 21, 2003, the Patagonian Association of Land-Owners (ASSUPA) sued the companies operating production concessions and exploration permits in the Neuquina basin, including us, claiming for the remediation of the general environmental damage purportedly caused in the execution of such activities or the establishment of an environmental restoration fund, and the implementation of measures to prevent environmental damages in the future. The total amount claimed against all companies is more than U.S.\$547.6 million. The plaintiff requested that the Argentine government (Secretariat of Energy), the Federal Environmental Council (Consejo Federal de Medio Ambiente), the provinces of Buenos Aires, La Pampa, Neuquén, Río Negro and Mendoza and the National Ombudsman be summoned. It requested, as a preliminary injunction, that the defendants refrain from carrying out activities affecting the environment. Both the Ombudsman's summons as well as the requested preliminary injunction were rejected by the Argentine Supreme Court. Once the complaint was served, we and the other defendants filed a motion to dismiss for failure of the plaintiff to state a claim upon which relief may be granted. The court granted the motion, and the plaintiff had to file a supplementary complaint. We requested that the claim be rejected because the defects of the complaint indicated by the Argentine Supreme Court have not been corrected, but such request was denied. However, we have also requested its rejection

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for other reasons, and impleaded the Argentine government, due to its obligation to indemnify us against any liability and hold us harmless for events and claims arising prior to January 1, 1991, according to the Privatization Law and Decree 546/1993. On February 23, 2009, the Argentine Supreme Court ordered that certain provinces, the Argentine government and the Federal Environmental Council be summoned. Therefore, pending issues were deferred until the impleaded parties appear before the court and procedural issues are resolved. The provinces of Río Negro, Buenos Aires, Neuquén, Mendoza, and the Argentine government have presented their arguments to the Supreme Court, although such arguments are not available to us. The provinces of Neuquén and La Pampa have claimed lack of jurisdiction, which has been opposed by the plaintiff, and the claim is pending resolution. On December 13, 2011, the Supreme Court suspended the proceeding for 60 days and ordered YPF and the plaintiff to present a schedule of the conferences that would take place during said suspension, authorizing the participation of the rest of the parties as well as third parties in such conferences.

Dock Sud claim. We have been sued in the following environmental lawsuits that have been filed by residents living near Dock Sud, in the province of Buenos Aires: (i) Mendoza, Beatriz against National State et al., and (ii) Cicero, María Cristina against Antivari S.A.C.I. et al. for damages. In the Mendoza lawsuit before the Argentine Supreme Court, the Argentine government, the province of Buenos Aires, the City of Buenos Aires, 14 municipalities and 44 companies (including us) were sued. The plaintiffs have requested unspecified compensation for collective environmental damage to the Matanza and Riachuelo river basins and for physical and property damage, which they claim to have suffered. The Argentine Supreme Court declared itself legally competent to settle only the conflict related to the collective environmental damages, including prevention of future pollution, remediation of environmental damages already caused and monetary compensation for irreparable environmental damages, and has requested that the defendants submit specific reports. In particular, it has requested that the Argentine government, the province of Buenos Aires, the City of Buenos Aires and the Federal Environmental Council submit a plan with environmental objectives. We answered the complaint and requested the impleading of the Argentine government, based on its obligation to indemnify us against any liability and hold us harmless for events and claims previous to January 1, 1991, according to the Privatization Law and Decree No. 546/1993. In July 2008, the Argentine Supreme Court decided that the Basin Authority (Law 26,168) (ACUMAR) will be in charge of performing a remediation plan as well as of taking preventive measures in the area. The National State as well as the Province and City of Buenos Aires will be responsible for the performance of these measures. It also declared the exclusive competence of the First Instance Federal Court in Quilmes to hear any claims or disputes arising out of the remediation plan or the preventive measures and determined that any future action seeking the environmental remediation of the basin will be dismissed (*litis pendencia*). We have been notified of certain resolutions issued by ACUMAR, pursuant to which we are required to submit a Restructuring Industrial Plan regarding certain of our facilities. While we have appealed such resolutions, we have submitted to the relevant authority the mentioned Restructuring Industrial Plan. Additionally, the Argentine Supreme Court declared that it will determine whether and how much liability is to be borne by the parties involved. In the Cicero lawsuit, the plaintiffs, who are residents of Villa Inflamable, Dock Sud, also demand the environmental remediation of Dock Sud and Ps.33 million in compensation for physical and property damages against many companies that have operations there, including us. We answered the complaint by requesting its rejection and asked the citation of the Argentine government, due to its obligation to indemnify us against any liability and hold us harmless for events and claims previous to January 1, 1991, according to the Privatization Law and Decree No. 546/1993.

La Plata refinery environmental claims. We are aware of an action in which we have not yet been served, in which the plaintiff requests the cessation of contamination and the cleanup of the canals adjacent to the La Plata refinery, in Río Santiago, and other sectors near the coast (removal of mud, drainage of wetlands, restoration of biodiversity, among other things), and, if such sanitation is not practicable, compensation of Ps.500 million or an amount to be determined from evidence produced in discovery. We believe that this claim partially overlaps with the requests made by a group of neighbors of the La Plata refinery on June 29, 1999 and with the complaint served on June 6, 2007, mentioned in preceding paragraphs. Accordingly, we consider that if we are served in this proceeding or any other proceeding related to the same subject matters, the cases will need to be consolidated to the extent that the claims overlap. With respect to claims that would not be included in the previous proceedings, for the time being we are unable to estimate the prospects of such claims. Additionally, we believe that most of the damages that do not overlap with the aforementioned claims may be attributable to events that occurred prior to YPF's privatization and could therefore be the responsibility of the Argentine government in accordance with the Privatization Law concerning YPF.

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In addition to the above, YPF has entered into an agreement with the OPDS in connection with the claims related to the channels adjacent to the La Plata refinery, which is described in [Accrued, probable contingencies](#) [La Plata refinery environmental disputes](#) above.

Concessions on Hydrocarbon zones *Provincial claims*

Río Negro Province. We have been notified of Resolution 433/08 issued by the Ministry of Production, Hydrocarbon Department of the Río Negro Province concerning compliance with certain obligations by exploitation concessionaires in the hydrocarbon bearing zones of Barranca de los Loros, Bajo del Piche, El Medanito and Los Caldenes, all located in Río Negro Province. This resolution asserts that we, among others, in our capacity as a concessionaire, are liable for failing to meet certain concession and environmental obligations. If found liable, we could be at risk of termination of these concession contracts.

The Hydrocarbons Law grants the concessionaire and/or licensee the right, prior to termination based upon contractual provisions, to cure a contractual breach within a certain period of time after receiving notice thereof. Accordingly, on May 29, 2008, we filed a request for nullification of Resolution 433/08, since this resolution failed to grant us this right. Additionally, on June 13, 2008, we submitted a response denying the charges against us and on November 12, 2008, the Ministry of Production ordered the initiation of the evidence production period. On November 28, 2008, we filed a writ requesting the production of certain evidence and the appointment of our technical expert. We have challenged certain aspects related to the production of evidence. On May 12, 2009, we were notified of the issuance of Resolution No. 31/09 dated March 13, 2009 by the Ministry of Production, Hydrocarbon Department of the Río Negro Province, which ordered an extension of the evidence production period in this case. On December 1, 2009, we presented the requested documentary evidence, while stating that the resolution of our claims related to certain aspects of the production of evidence were still pending. On September 16, 2010, YPF submitted a presentation and requested the termination of this claim based on: (a) the amounts invested in the four hydrocarbon bearing zones between 2007 and 2010 and (b) the actions taken as regards to the environmental matters. YPF later submitted a new presentation providing updated information on the amounts invested in 2010, expected investments in exploratory activity for 2011 and for the period 2011-2016, requesting the resolution of a claim brought against the intervention of the Hydrocarbon s Secretariat in all issues being investigated by the provincial environmental authority (CODEMA), and making a new request for the termination of this claim.

On March 28, 2012, YPF was notified that a legal process was initiated for purposes of declaring the expiration of the concession in Los Caldenes area due to YPF s alleged failure to meet the minimum investment requirements. YPF is currently analyzing its course of action. The net value of the assets and the proved reserves related to this concession is not material to the Company.

Chubut Province. On March 1, 2012, the province of Chubut, through Decree No. 271, requested YPF to submit a response in relation to the Company s alleged breach of its obligation to make investments in certain concessions (El Trébol-Escalante and Campamento Central- Bella Vista Este- Cañadón Perdido) and to propose a work plan aimed at remedying such alleged breach.

YPF submitted its response on March 13, 2012, rejecting the alleged breach of the relevant regulation and submitted a work plan concerning the affected areas. On March 20, 2012, YPF was notified of Decree 324/12, which ordered the expiration of the exploitation concessions of the areas El Trébol-Escalante and Campamento Central-Bella Vista Este-Cañadón Perdido. According to the decree, the expiration will be effective 90 calendar days after its notification. YPF filed a declaratory action before the Argentine Supreme Court requesting that the decree be declared unconstitutional and requesting a preliminary injunction against its implementation until the action brought by YPF is solved. On April 10, 2012, an open call for tenders was published in the Government Gazette for the rating and selection of companies to form a joint venture with Petrominera Chubut SE for the exploitation of hydrocarbons in the El Trebol-Escalante and Cañadon Perdido-Campamento Central. YPF has informed the Supreme Court of this most recent event. Assets (net of deferred income tax liabilities and asset retirement obligations) related to the areas affected by this expiration totaled approximately Ps.188 million as of December 31, 2011 (0.34% of our total assets as of such date), had a production of approximately 4.3 mmmboe in 2011 (2.42% of our

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production in 2011) and had proved reserves totaling 21.1 mmboe as of December 31, 2011 (2.11% of our total proved reserves as of such date).

In addition, on April 3, 2012, the province of Chubut requested YPF to submit a new investment and work proposal for the Manantiales Behr area within a period of 10 working days, and invited YPF to hold a meeting to discuss the matters referred to above. Such proposal was made in accordance with Resolutions No. 319/93 and 10/06 of the Subsecretariat of Hydrocarbons and Mining of the province of Chubut in connection with the investments made in this area. On May 11, 2012, YPF submitted a new investment and work proposal for this area. Assets (net of deferred income tax liabilities and asset retirement obligations) related to this area totaled approximately Ps.1,468 million as of December 31, 2011 (2.65% of our total assets as of such date), had a production of approximately 7.6 mmboe in 2011 (4.29% of our production in 2011) and had proved reserves totaling approximately 24.7 mmboe as of December 31, 2011 (2.46% of our total proved reserves as of such date).

Santa Cruz Province. On March 2, 2012, the province of Santa Cruz, through a registered letter, requested YPF to inform the province's Energy Institute of the technical, economic and financial reasons for which YPF had allegedly failed to make the required investments in the following concessions: Barranca Yankowsky, Barranca Baya, Cañadón de la Escondida, Cerro Grande, Cañadón León, Cañadón Seco, Meseta Espinosa, Cañadón Vasco, Cañadón Yatel, Estancia Cholita, Estancia Cholita Norte, Cerro Guadal, Cerro Guadal Norte, Cerro Piedras, Los Sauces, El Guadal, Lomas del Cuy, Aguada Bandera, Los Monos, Cerro Bayo, La Cueva, Las Mesetas and Koluel Kaike, under penalty of being subject to the sanctions provided for in section 80, subsection c), of the Hydrocarbons Law, pursuant to which concessions and permits may expire, among other reasons, as a result of a material and unjustified breach of the applicable productivity, conservation and investment obligations. Assets (net of deferred income tax liabilities and asset retirement obligations) related to the areas affected by this request totaled approximately Ps.1,681 million as of December 31, 2011 (3.04% of our total assets as of such date), had a production of approximately 11.5 mmboe in 2011 (6.43% of our production in 2011) and had proved reserves totaling 80.3 mmboe as of December 31, 2011 (8% of our total proved reserves as of such date).

In addition, on March 12, 2012, the Energy Institute of Santa Cruz requested YPF to submit, within 24 hours, information aimed at rejecting the conclusions reached by a report prepared by said institute, which would indicate that investments made in the exploitation concessions Barranca Yankowsky, Los Monos and Cerro Piedra-Cerro Guadal Norte were insufficient, as well as an action plan aimed at putting an end to the alleged breach of YPF's obligations, under penalty of declaring the expiration of these concessions pursuant to section 80, subsections c) and d), of the Hydrocarbons Law.

On March 13, 2012, YPF submitted its response relating to the province of Santa Cruz's request of March 2, 2012 providing information on investments made and rejecting the accusations made against it.

On March 20, 2012, YPF was notified of Decree 393/12, which: (i) declares the expiration of the concessions relating to the areas Los Monos and Cerro Piedra-Cerro Guadal Norte, and (ii) rejects YPF's request for authorization concerning the assignment to YPF of the participating interest held by BG International Limited, Argentine Subsidiary in the Barranca Yankowsky area. On March 21, 2012, the province's Energy Institute declared that the expiration of the concessions referred to in (i) above shall be effective within 90 days following said notification. Assets (net of deferred income tax liabilities and asset retirement obligations) related to the areas affected by this expiration totaled approximately Ps.53 million as of December 31, 2011 (0.10% of our total assets as of such date), had a production of approximately 0.609 mmboe in 2011 (0.34% of our production in 2011) and had proved reserves totaling 2.7 mmboe as of December 31, 2011 (0.27% of our total proved reserves as of such date).

On March 23, 2012, YPF was notified of Resolution No. 004 of the Energy Institute of Santa Cruz, which: (i) acknowledges that YPF has submitted its response; (ii) provides YPF with an additional period of 10 days to submit annual reports providing information on investments, production and reserves relating to the period 2006-2011 in the areas of Cañadon La Escondida, Cerro Grande, Cañadon Seco, Meseta Espinosa, El Guadal, Estancia Cholita, Estancia Cholita Norte, Cerro Bayo, La Cueva, Las Mesetas and Koluel Kaike; and (iii) provides YPF with a period of 10 days to submit a Work Plan aimed at curing the alleged

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breaches, under penalty of applying section 80, subsection c), of the Hydrocarbons Law. On April 11, 2012, YPF submitted its response with respect to Cañadón de la Escondida, Cerro Grande, Cañadón Seco, Meseta Espinosa, Estancia Cholita, Estancia Cholita Norte, El Guadal, Cerro Bayo, la Cueva, Las Mesetas and Koluel Kaike. Assets (net of deferred income tax liabilities and asset retirement obligations) related to the areas affected by this resolution totaled approximately Ps.1,290 million as of December 31, 2011 (2.33% of our total assets as of such date), had a production of approximately 7.3 mmboe in 2011 (4.13% of our production in 2011) and had proved reserves totaling approximately 53.16 mmboe as of December 31, 2011 (5.29% of our total proved reserves as of such date).

On April 18, 2012, YPF was notified of Decree No. 575/12, which declares the expiration of the concessions relating to the areas Los Perales Las Mesetas, Cañadon Vasco y Pico Truncado El Cordón Los Monos and Cerro Piedra-Cerro Guadal Norte. Assets (net of deferred income tax liabilities and asset retirement obligations) related to the areas affected by this Decree totaled approximately Ps.84 million as of December 31, 2011 (0.15% of our total assets as of such date), had a production of approximately 9.1 mmboe in 2011 (5.14% of our production in 2011) and had proved reserves totaling approximately 66.4 mmboe as of December 31, 2011 (6.62% of our total proved reserves as of such date).

On May 4, 2012, YPF filed a motion of reconsideration of Decree No. 575/12 with the governor of the Santa Cruz Province.

Neuquén Province. On March 9, 2012, the province of Neuquén requested YPF to submit, within seven calendar days, a plan for future action aiming at curing its alleged breaches in the areas of Don Ruiz, Chihuido de la Salina and Rincón del Mangrullo, setting forth verifiable information concerning investments and production, under penalty of imposing the sanction set forth in section 80, subsection c), of the Hydrocarbons Law.

On March 19, 2012, YPF responded to the province's request by submitting a work plan for the areas Don Ruiz and Rincón del Mangrullo and informing that it has decided to return the areas Chihuido de la Salina and Portezuelo Minas. Assets (net of deferred income tax liabilities and asset retirement obligations) related to these areas totaled approximately Ps.13 million as of December 31, 2011 (0.02% of our total assets as of such date), with no proved reserves as of December 31, 2011 and no production in 2011.

With respect to the areas Don Ruiz and Rincón del Mangrullo, YPF has rejected the alleged breach of its obligations to make investments.

On April 4, 2012, YPF was notified by Decree 0558/12 of the expiration of the Don Ruiz area concession which shall be effective within 90 days following said notification.

On April 11, 2012, YPF was notified of Decree 0559/12, accepting the reversion of the Chihuido de la Salinas Sur and Portezuelo Minas areas. According to the Decree, the reversion shall be effective within 90 days following its notification.

On March 30, 2012, the province of Neuquén requested YPF to submit, within 7 days, a plan for future action aimed at curing its alleged breaches with respect to its failure to meet requirements relating to investment, production and reserves in the Señal Cerro Bayo, Paso de las Bardas Norte, Cerro Hamaca, Filo Morado, Octogono, Señal Picada Punta Barda, Las Manadas and Loma Campana areas, under penalty of imposing the expiration sanction established by section 80 of the Hydrocarbons Law. On April 13, 2012, YPF requested an extension for the submission of the required plan. On that same day, a 10-day extension was granted. On April 27, 2012, YPF requested an additional extension of 30 days which was granted on the same day. YPF is currently preparing its response.

Mendoza Province. On March 8, 2012, the province of Mendoza, through a certified notification, requested YPF to, within 7 working days, submit information on investments made in connection with concessions Ceferino and Cerro Mollar Norte and to submit a Complementary Development and Exploration investment plan for these areas, under penalty of ordering the expiration of the related concessions,

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according to sections 31 and 80, subsection c), of the Hydrocarbons Law, as a result of the alleged breaches of YPF's obligations concerning the productivity of these exploitation concessions.

On March 19, 2012, YPF submitted its response to the province of Mendoza, providing information on investments made in these areas (which had already been provided in the past to the relevant authorities) and proposing a plan for future investment. On March 26, 2012, YPF was notified of Decree 502/12, which declared the expiration of the exploitation concessions relating to the areas Ceferino and Cerro Mollar Norte. According to this decree, the expiration will be effective 90 calendar days after its notification. Assets (net of deferred income tax liabilities and asset retirement obligations) related to these areas totaled approximately Ps.12 million as of December 31, 2011 (0.02% of our total assets as of such date), had a production of 0.084 mmbbl in 2011 (0.05% of our production in 2011) and had proved reserves totaling approximately 0.69 mmbbl as of December 31, 2011 (0.07% of our total proved reserves as of such date).

On April 25, 2012, YPF filed an administrative claim before the Supreme Court of Mendoza Province regarding the areas Ceferino and Cerro Mollar Norte.

Tierra del Fuego Province. On March 26, 2012, YPF was notified of Resolution No. 88/12 of the Secretariat of Energy and Hydrocarbons, which requests YPF to submit, within a period of 15 working days following its notification, a plan aimed at complying with YPF's obligations concerning production, investment and reserves in the Lobo area, which is reasonable and adequate considering the characteristics of such area, under penalty of declaring the expiration of the related exploitation concession. On April 17, 2012, YPF submitted its response to the Province of Tierra del Fuego, providing information on reserves in this area. As of December 31, 2011, there were no proved reserves or assets assigned to this area.

In addition to the legal action referred to above, following the passage of the Expropriation Law, the Intervenor and its delegates have initiated negotiations with the relevant provincial authorities so that the revocations and intimations referred to above are withdrawn. The governors of certain of these provinces have publicly manifested that they will reconsider the matter in view of the stated objectives of the Intervention and the Expropriation Law. However, as of the date of this annual report, we have not been notified of the withdrawal of any of these revocations or intimations.

Claims related to the gas market and others. In addition to the claims described under Accrued, probable contingencies Alleged defaults under natural gas supply contracts, we are involved in the following proceedings also related to the restrictions imposed by the Argentine government in the natural gas market:

Arbitration with Transportadora de Gas del Mercosur S.A. (TGM). YPF was notified by the International Chamber of Commerce (ICC) of an arbitration brought by TGM against YPF claiming unpaid and outstanding payments in an approximate amount of U.S.\$10 million, in connection with the transportation fee established in the natural gas transportation contract entered into in September 1998 between YPF and TGM, associated with the natural gas export contract entered into by YPF, AESU and Companhia de Gás do Estado do Rio Grande do Sul (Sulgás). See Non-accrued, remote contingencies Arbitration with AES Uruguaiana Empreendimentos S.A. (AESU), Companhia de Gás do Estado do Rio Grande do Sul (Sulgás) and Transportadora de Gas del Mercosur S.A. (TGM). On April 8, 2009, YPF requested that this claim be rejected and counterclaimed for the termination of the natural gas transportation contract, based on its termination rights upon the termination by AESU and Sulgás of the related natural gas export contract. On July 10, 2009, TGM increased the amount of its claim to approximately U.S.\$17.3 million and claimed an additional amount of approximately U.S.\$366.4 million for lost profits, a claim for which we believe YPF should not be responsible. YPF rejected TGM's arguments. The Arbitration Tribunal was constituted. On April 20, 2010, the parties agreed on the Terms of Reference in coordination with the Arbitration Tribunal. On June 10, 2010, YPF submitted its arguments on procedural grounds before the Arbitration Tribunal and requested the Arbitration Tribunal to declare that it was not competent to hear the claim. In case such motion is rejected, YPF has requested the Arbitration Tribunal to suspend this arbitration until the ongoing arbitration with TGM, AESU and Sulgás is solved. On February 14, 2011, we were notified of the Arbitration Tribunal's decision to sustain our motion, and suspend the proceeding until the arbitration brought by YPF was solved. On April 6, 2009, YPF registered a request for arbitration at the ICC against TGM, AESU and Sulgás, seeking an award declaring the termination of the gas transportation contract with TGM as a result of the termination of the natural gas export contract with AESU and Sulgás by such parties. On the same date, YPF was notified by the ICC of an arbitration

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brought against it by AESU and Sulgás (see *Non-accrued, remote contingencies Arbitration with AES Uruguaiana Empreendimentos S.A. (AESU), Companhia de Gás do Estado do Rio Grande do Sul (Sulgás) and Transportadora de Gas del Mercosur S.A. (TGM)*, below). On April 6, 2011, the Arbitration Tribunal appointed in the *YPF vs. AESU, Sulgas and TGM* arbitration decided to sustain YPF's motion, and ordered the consolidation of all the related arbitrations (*AESU and Sulgas vs. YPF* , *TGM vs. YPF* and *YPF vs. AESU and Sulgas*) in the *YPF vs. AESU, Sulgas and TGM* arbitration. Consequently, AESU and TGM desisted from and abandoned their respective arbitrations, and all the matters claimed in the three proceedings are to be solved in *YPF vs. AESU, Sulgas and TGM* arbitration. Between December 15 and 22, 2011, evidence production hearings took place in Montevideo, Uruguay. On January 13, 2012 the parties presented their post-hearing briefs, closing the evidence production period. The Arbitration Tribunal has indicated that it will reach a resolution by July 31, 2012. On April 19 and 24, 2012, AESU and Sulgás presented new evidence requesting its admission in the arbitration proceedings. YPF and TGM commented on the admission of such new evidence on April 27, 2012. On May 1, 2012, the Arbitration Tribunal denied the admission of such new evidence, while ruling that, if during the trial the Tribunal considers such evidence to be necessary, such new evidence may be admitted.

CNDC claims. On November 17, 2003, the CNDC requested explanations, within the framework of an official investigation pursuant to Art. 29 of the Antitrust Protection Law, from a group of almost 30 natural gas production companies, including us, with respect to the following items: (i) the inclusion of clauses purportedly restraining trade in natural gas purchase/sale contracts and (ii) gas imports from Bolivia, in particular (a) expired contracts signed by YPF, when it was state-owned, and YPFB (the Bolivian state-owned oil company), under which YPF allegedly sold Bolivian gas in Argentina at prices below the purchase price; and (b) the unsuccessful attempts in 2001 by Duke and Distribuidora de Gas del Centro to import gas into Argentina from Bolivia. On January 12, 2004, we submitted explanations in accordance with Art. 29 of the Antitrust Protection Law, contending that no antitrust violations had been committed and that there had been no price discrimination between natural gas sales in the Argentine market and the export market. On January 20, 2006, we received a notification of resolution dated December 2, 2005, whereby the CNDC (i) rejected the *non bis in idem* petition filed by us, on the grounds that ENARGAS was not empowered to resolve the issue when ENARGAS Resolution No. 1,289 was enacted; and (ii) ordered that the preliminary opening of the proceedings be undertaken pursuant to the provisions of Section 30 of Law 25,156. On January 15, 2007, the CNDC charged us and eight other producers with violations of Law 25,156. We have contested the complaint on the basis that no violation of the Law took place and that the charges are barred by the applicable statute of limitations, and have presented evidence in support of our position. On June 22, 2007, without acknowledging any conduct in violation of the Antitrust Protection Law, we filed with the CNDC a commitment according to Article 36 of the Antitrust Protection Law requesting that the CNDC approve the commitment, suspend the investigation and dismiss the proceedings. We are still awaiting a formal response. On December 14, 2007, the CNDC elevated the investigation to the Court of Appeals.

In addition, on January 11, 2012, the Argentine Secretary of Transport filed with the CNDC a complaint against five oil companies (including YPF) for alleged abuse of a dominant position regarding bulk sales of diesel fuel to public bus transportation companies. The alleged conduct consists of selling bulk diesel fuel to public bus transportation companies at prices higher than the price charged in service stations. According to the provisions of Article 29 of Law 25,156 of Antitrust Protection, YPF has submitted the corresponding explanations to the CNDC, questioning certain formal aspects of the complaint, and arguing that YPF has acted at all times in conformity with current regulations and that it did not engage in any discrimination or abuse in determining prices.

On January 26, 2012, the Secretary of Domestic Commerce issued Resolution No. 6/2012 whereby (i) each of these five oil companies was ordered to sell diesel oil to public bus transportation companies at a price no higher than the retail price charged by its service station located, in general terms, nearest to the place of delivery of diesel fuel to each such transportation company, while maintaining both historic volumes and delivery conditions; and (ii) it created a price monitoring scheme of both the retail and the bulk markets to be implemented by the CNDC. YPF has challenged this Resolution and requested a preliminary injunction against its implementation. YPF's preliminary injunction has been granted and the effects of the Resolution No. 6/2012 have been temporarily suspended.

We are also subject to other claims before the CNDC which are related to alleged price discrimination in the sale of fuels. Our management, based on the evidence available to date and upon the opinion of our external counsel, has considered them to be possible contingencies.

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Users and Consumers Association claim. The Users and Consumers Association (*Unión de Usuarios y Consumidores*) claimed (originally against Repsol YPF before extending its claim to YPF) the reimbursement of allegedly excessive prices charged to bottled LPG consumers between 1993 and 2001. The claim is for a sum of Ps.91.2 million for the period 1993 to 1997 (this sum, in current pesos, would amount to approximately Ps.365 million), together with an undetermined amount for the period 1997 to 2001. We invoked the statute of limitations, since the applicable two-year statute of limitation had already elapsed. A ruling is pending on the applicability of the statute of limitations. Notwithstanding the above, the evidence production period commenced on August 6, 2009.

Alleged defaults under natural gas contracts Mega. Mega, a company in which YPF has a 38% interest, has claimed compensation from us for failure to deliver natural gas under the contract between us and Mega. We invoked that natural gas deliveries to Mega pursuant to the contract were affected by the Argentine government's interference. Consequently, we believe that we are not liable for such natural gas delivery deficiencies pursuant to the doctrine of *force majeure*. However, Mega has recently served a written claim on YPF for the total sum of U.S.\$94 million corresponding to undelivered volumes for the years 2009, 2010 and 2011. While we believe we have meritorious arguments in our defense, we have considered these claims as possible contingencies.

Quilmes claims. The Company has recently been notified of a complaint filed by a group of neighbors of Quilmes, in the province of Buenos Aires, claiming approximately Ps.209 million in compensation for personal damages.

Non-accrued, remote contingencies

Our management, in consultation with our external counsel, believes that the following contingencies, while individually significant, are remote:

Congressional request for investigation to CNDC. On November 7, 2003, certain former members of the Argentine Congress, Arturo Lafalla, Ricardo Falu and others, filed with the CNDC a complaint against us for abuse of a dominant position in the bulk LPG market during 2002 and part of 2003. The alleged conduct consisted of selling bulk LPG in the domestic market at prices higher than the export price, thereby restricting the availability of bulk LPG in the domestic market. On December 15, 2003, the CNDC decided to forward the complaint to us, and requested explanations under Art. 29 of the Antitrust Protection Law. On January 21, 2004, we submitted explanations in accordance with Art. 29 of the Antitrust Protection Law, contending that no antitrust violations had been committed. At this point, the CNDC may accept our explanations or begin a criminal investigation. We contend that we did not restrict LPG supply in the domestic market during the relevant period, that during this period all domestic demand for LPG could have been supplied by our competitors and that therefore our market share could not be deemed a dominant position. On September 2, 2008, the CNDC issued Note No. 1131/08 requesting information in relation to the prices in the internal and external markets corresponding to the years 2000-2008. On October 7, 2008, we presented the information. On December 10, 2008, the CNDC requested us to file the LPG export contracts signed during the years 2001-2004 as well as to explain the evolution of the prices in the internal and external markets of propane and butane during the March to December period in the years 2001-2004. On December 16, 2008, we presented the requested information. Having filed the requested information, we have become aware that the CNDC has issued an opinion suggesting that the proceedings be dismissed. However, the matter is still pending before the Secretary of Domestic Commerce.

Pursuant to the provisions of Resolution No. 189/99, referred to above, certain third parties have claimed compensation for alleged damages suffered by them as a consequence of our sanctioned conduct. We have denied these claims and presented our defenses.

Other export tax disputes. Between 2006 and 2009, the Customs General Administrations in Neuquén, Comodoro Rivadavia and Puerto Deseado informed us that certain summary proceedings had been brought against us based on alleged formal misstatements on forward oil deliveries (future commitments of crude oil deliveries) in the loading permits submitted before these agencies. In December 2008, the Customs General Administration of Neuquén rejected our arguments and issued a resolution against us. We will appeal before the National Fiscal Court. Although our management, based on the opinion of legal counsel, believes the claim has no legal basis, the potential fines imposed could be substantial.

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Mendoza royalties dispute. Following certain claims from the province of Mendoza that the international market price be used in the calculation of royalties relating to internal market transactions based on its interpretation of Section 6 of Law No. 25,561, we commenced an administrative proceeding. Our request is currently pending. Additionally, YPF filed a declaratory action with the Argentine Supreme Court, with application for an injunction to declare unconstitutional the interpretation that the province of Mendoza applies to Section 6 of Law No. 25,561. On April 7, 2009, we were notified that the Argentine Supreme Court declared itself competent to hear the case brought by YPF, and issued a preliminary injunction to restrain the province of Mendoza from applying the international market price in calculating the royalties payable by YPF. The final resolution of this case is still pending.

Arbitration with AES Uruguaiana Empreendimentos S.A. (AESU), Companhia de Gás do Estado do Rio Grande do Sul (Sulgás) and Transportadora de Gas del Mercosur S.A. (TGM). On April 6, 2009, YPF was notified by the ICC of an arbitration brought against it by AESU and Sulgás claiming damages in an amount of approximately U.S.\$1,052 million, which includes damages for the matter described above with respect to AESU, in connection with YPF's alleged liability resulting from the termination by AESU and Sulgás of the natural gas export contract entered into in September 1998. See *Accrued, probable contingencies Alleged defaults under natural gas supply contracts* above. YPF denies all liability arising from such termination. Moreover, YPF believes that AESU's damages assessment is far beyond any reasonable assessment, since it exceeds six-fold the maximum aggregate deliver-or-pay penalties that would have accrued in the event that YPF would breached its delivery obligations for the maximum daily quantity through the expiration of the term of the natural gas export contract. In addition, more than 90% of AESU's damages assessment relates to alleged loss of profits that may be strongly challenged on the basis that prior to the termination of the natural gas export contract, AESU voluntarily terminated all of its long term power purchase contracts. Furthermore, on April 6, 2009, YPF registered a request for arbitration against AESU, Sulgás and TGM at the ICC seeking a declaration from the arbitral tribunal that, among other things, AESU and Sulgás have repudiated and unilaterally and illegally terminated the natural gas export contract entered into in September 1998 and declaring AESU and Sulgás liable for any damages suffered by the parties because of such termination, including but not limited to the damages resulting from the termination of the natural gas transportation contracts associated with the natural gas export contract. See *Non-accrued, possible contingencies Arbitration with Transportadora de Gas del Mercosur S.A. (TGM).*

In October 2010, the parties agreed on the Terms of Reference of both proceedings, determining among other matters the controversial issues of both claims. Furthermore, the Arbitration Tribunal ordered to divert proceedings in order to solve jurisdictional oppositions before ruling on the object of the claims. On April 6, 2011, the Arbitration Tribunal appointed in *YPF vs. AESU, Sulgas and TGM* arbitration decided to sustain YPF's motion, and ordered the consolidation of all the related arbitrations (*AESU and Sulgas vs. YPF*, *TGM vs. YPF* and *YPF vs. AESU and Sulgas*) in the *YPF vs. AESU, Sulgas and TGM* arbitration. Consequently, AESU TGM desisted from and abandoned their respective arbitrations, and all the matters claimed in the three proceedings are to be solved in the *YPF vs. AESU, Sulgas and TGM* arbitration. Between December 15 and 22, 2011, evidence production hearings took place in Montevideo, Uruguay. On January 13, 2012 the parties presented their post-hearing briefs, closing the evidence production period. The Arbitration Tribunal has indicated that it will reach a resolution by July 31, 2012. On April 19 and 24, 2012, AESU and Sulgás presented new evidence requesting its admission in the arbitration proceedings. YPF and TGM commented on the admission of such new evidence on April 27, 2012. On May 1, 2012, the Arbitration Tribunal denied the admission of such new evidence, while ruling that, if during the trial the Tribunal considers such evidence to be necessary, such new evidence may be admitted.

Proceedings related to foreign currency proceeds. On December 9, 2002, we filed a declaratory judgment action (*Acción Declarativa de Certeza*) before an Argentine federal court requesting clarification as to the uncertainty generated by opinions and statements of several organizations providing official advice that the right of the hydrocarbon industry to freely dispose of up to 70% of foreign currency proceeds from exports of hydrocarbons products and byproducts, as provided by Executive Decree No. 1,589/89, had been implicitly abolished by the new exchange regime established by Executive Decree No. 1,606/01. On December 9, 2002, a federal judge issued an injunction ordering the Argentine government, the Central Bank and the Ministry of the Economy to refrain from interfering with our access to and use of 70% of the foreign exchange proceeds from our hydrocarbon exports. Following the enactment of Decree No. 2,703/02 in December 2002, we expanded the scope of the declaratory judgment action before the federal court to clear any doubts and uncertainty arising after the enactment of this decree. See *Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine*

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Government Repatriation of Foreign Currency. On December 1, 2003, the National Administrative Court of Appeals decided that the issuance of Decree No. 2,703/02, which allows companies in the oil and gas sector to keep abroad up to 70% of the export proceeds, rendered the injunction unnecessary. Nevertheless, the Court of Appeals' decision was silent with respect to the availability of the exemption to convert proceeds from export operations carried out by oil and gas companies into domestic currency prior to the issuance of Decree No. 2,703/02.

On October 12, 2007, we were notified of the initiation of an administrative summary proceeding for alleged late repatriation of foreign currency proceeds, and the failure to repatriate the remaining 70%, in connection with some hydrocarbon export transactions made in 2002 (during the period between the issuance of Decree No. 1,606/01 and the issuance of Decree No. 2,703/02). Nevertheless, a final and unchallenged judicial judgment issued by a First Instance Court in Criminal Economic Matters in a similar administrative summary proceeding against a different company for alleged violation of the criminal exchange law (lack of repatriation of 70% of foreign currency proceeds) regarding export transactions made in 2002 resolved the matter in favor of that company based on well-founded arguments that were not challenged by the prosecutor. In addition, the Office of the General Prosecutor of Argentina has issued an opinion in a similar administrative summary proceeding involving another oil company stating that no criminal law violations existed in that case due to the lack of willful misconduct and the existence of differing regulations that created uncertainty as to the scope of certain obligations, and stating that the proceeding should be dismissed. On April 30, 2009, in similar administrative proceedings involving another oil company, the National Administrative Court of Appeals resolved the matter in favor of that company, on the basis that the free disposal regime of up to 70% of export proceeds was in force during 2002, upon the publication of Decree No. 1638/01 on December 12, 2001. Extraordinary appeals filed by the Argentine government and the Central Bank have been rejected. Consequently, YPF considers that the administrative summary proceeding against YPF is unlikely to be successful.

La Plata refinery environmental claims. On June 6, 2007, we were served with a complaint in which nine residents of the vicinity of the La Plata refinery request (i) the cessation of contamination and other harms they claim are attributable to the refinery and (ii) the cleanup of the adjacent canals, Río Santiago and Río de la Plata (water, soils and aquifers, including within the refinery), or, if cleanup is impossible, compensation for environmental and personal damages. The plaintiffs have also requested physical and property damages of approximately Ps.52 million, or an amount to be determined from evidence produced in discovery. We believe that most damages that are alleged by the plaintiffs, if proven, may be attributable to events that occurred prior to YPF's privatization and would therefore be the responsibility of the Argentine government in accordance with the Privatization Law of YPF. Notwithstanding the aforesaid, there is the possibility a judgment could order us to meet the expenses of remedying these liabilities, in which case we could ask the Argentine government to reimburse the remediation expenses for liabilities existing prior to January 1, 1991 pursuant to the Privatization Law. In addition, we believe that this claim partially overlaps with the request made by a group of neighbors of the La Plata refinery on June 29, 1999, mentioned in preceding paragraphs. Accordingly, we consider that the cases will need to be partially consolidated to the extent that the claims overlap. We answered the complaint by requesting its rejection and asked for the citation of the Argentine government, due to its obligation to indemnify us against any liability and hold us harmless for events and claims previous to January 1, 1991, according to the Privatization Law and Decree No. 546/1993. Additionally, we believe that any contamination that may exist could be attributable to numerous sources, including dumping of refuse over many years by other industrial facilities and by ships.

YPF Holdings

The following is a brief description of certain environmental and other liabilities related to YPF Holdings Inc., a Delaware corporation. See Item 4. Information on the Company-Environmental Matters YPF Holdings Operations in the United States for additional information.

In connection with the sale of Maxus former chemical subsidiary, Chemicals, to Occidental in 1986, Maxus agreed to indemnify Chemicals and Occidental from and against certain liabilities relating to the business or activities of Chemicals prior to the Closing Date, including certain environmental liabilities relating to certain chemical plants and waste disposal sites used by Chemicals prior to the Closing Date. See Item 4. Information on the Company Environmental Matters YPF Holdings Operations in the United States.

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As of December 31, 2011, YPF Holdings' accruals for environmental and other contingencies totaled approximately Ps.665 million. YPF Holdings management believes it has adequately accrued for all environmental and other contingencies that are probable and can be reasonably estimated based on information available as of such time; however, many such contingencies are subject to significant uncertainties, including the completion of ongoing studies, the discovery of new facts, and the issuance of orders by regulatory authorities, which could result in material additions to such accruals in the future. It is possible that additional claims will be made, and additional information about new or existing claims (such as results of ongoing investigations, the issuance of court decisions or the signing of settlement agreements) is likely to develop over time. YPF Holdings' accruals for the environmental and other contingencies described below are based solely on currently available information and as a result, YPF Holdings, Maxus and Tierra may have to incur costs that may be material, in addition to the accruals already taken.

In the following discussion concerning plant sites and third party sites, references to YPF Holdings include, as appropriate and solely for ease of reference, references to Maxus and Tierra. As indicated above, Tierra is also a subsidiary of YPF Holdings and has assumed certain of Maxus obligations.

Newark, New Jersey. A consent decree, previously agreed upon by the U.S. Environmental Protection Agency (the EPA), the New Jersey Department of Environmental Protection (the DEP) and Occidental, as successor to Chemicals, was entered in 1990 by the United States District Court of New Jersey for Chemicals' former Newark, New Jersey agricultural chemicals plant. The approved interim remedy has been completed and paid for by Tierra pursuant to the above described indemnification agreement with Occidental. Operations and maintenance of the constructed remedy are ongoing, and as of December 31, 2011, YPF Holdings has accrued approximately Ps.59 million in connection with such activities.

Passaic River/Newark Bay, New Jersey. Maxus, acting on behalf of Occidental, negotiated an agreement with the EPA (the 1994 AOC) under which Tierra has conducted testing and studies to characterize contaminated sediment and biota in a six-mile portion of the Passaic River near the Newark, New Jersey plant site described above. While some work remains, the work under the 1994 AOC was substantially subsumed by the remedial investigation and feasibility study (RI/FS) being performed and funded by Tierra and a number of other entities of the lower 17-mile portion of the Passaic River (including the six-mile portion already studied) pursuant to a 2007 administrative settlement agreement (the 2007 AOC). The parties to the 2007 AOC are discussing the possibility of further work with the EPA. The entities that have agreed to fund the RI/FS have negotiated an interim allocation of RI/FS costs among themselves based on a number of considerations. The 2007 AOC is being coordinated with a joint federal, state, local and private sector cooperative effort designated as the Lower Passaic River Restoration Project (PRRP).

The EPA's findings of fact in the 2007 AOC (which amended the 1994 AOC) indicate that combined sewer overflow/storm water outfall discharges are an ongoing source of hazardous substances to the Lower Passaic River Study Area (the 17-mile stretch of the Passaic river from the Dundee Dam south to Newark Bay). For this reason, during the first half of 2011, Maxus and Tierra negotiated with the EPA, on behalf of Occidental, a draft Administrative Settlement Agreement and Order on Consent for Combined Sewer Overflow/Storm Water Outfall Investigation (CSO AOC), which was signed and became effective in September 2011. Besides providing for a study of combined sewer overflows in the Passaic River, the CSO AOC confirms that there will be no further obligations to be performed under the 1994 AOC. Tierra estimates that the total cost to implement the CSO AOC is approximately U.S.\$5.0 million and will take approximately two years to complete.

Tierra, acting on behalf of Occidental, is also performing and funding a separate RI/FS to characterize sediment contamination and evaluate remedial alternatives in Newark Bay and portions of the Hackensack River, the Arthur Kill, and the Kill van Kull pursuant to a 2004 administrative order on consent with EPA (the 2004 AOC). The EPA has issued General Notice Letters to a series of additional parties concerning the contamination of Newark Bay and the work being performed by Tierra under the 2004 AOC. In addition, in August 2010, Tierra proposed to the other parties that, for the third stage of the RI/FS undertaken in Newark Bay, the costs be allocated on a per capita basis. As of April 12, 2012, the parties had not agreed to Tierra's proposal. However, YPF Holdings lacks sufficient information to determine additional costs, if any, it might have with respect to this matter once the final scope of the phase III is approved, as well as the proposed distribution mentioned above.

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In December 2005, the DEP issued a directive to Tierra, Maxus and Occidental directing said parties to pay the State of New Jersey's costs of developing a Source Control Dredge Plan focused on allegedly dioxin-contaminated sediment in the lower six-mile portion of the Passaic River described above. The development of this Plan was estimated by the DEP to cost approximately U.S.\$2.3 million. The DEP has advised the recipients that they are not required to respond to the directive until otherwise notified.

Passaic River Mile 10.9 Removal Action. In February 2012, the EPA issued to the Cooperation Parties Group (CPG), of which Tierra is a member, a draft Administrative Settlement Agreement and order on Consent (AOC RM 10.9) for Removal Action and Pilot Studies to address high levels of contamination of TCDD dioxin, PCBs, mercury and other contaminants of concern in the vicinity of the Passaic River's mile 10.9, comprised of a sediment formation (mud flat) of approximately 8.9 acres. In connection with this AOC RM 10.9, the EPA is asking the CPG that 16,000-30,000 cubic yards of sediments be removed and that pilot scale studies be conducted to evaluate ex situ decontamination beneficial reuse technologies, innovative capping technologies, and in situ stabilization technologies for consideration and potential selection as components of the remedial action to be evaluated in the 2007 AOC and the FFS and selected in one or more subsequent records of decision. The EPA has requested that a final AOC RM 10.9 be ready for signature by mid to late May 2012. The CPG's technical consultants are negotiating a Scope of Work with the EPA and the CPG internally has retained an allocation consultant to assist in developing a proposed plan for allocation of the cost of the AOC RM 10.9. Tierra currently does not have sufficient information regarding either the Scope of Work or the cost allocation to estimate with any degree of certainty what would be Tierra's financial responsibility under the AOC RM 10.9.

New Jersey litigation with DEP. In December 2005, the DEP and the New Jersey Spill Compensation Fund sued YPF Holdings, Tierra, Maxus and other affiliates, as well as Occidental, alleging that dioxin, DDT and other hazardous substances discharged from Chemicals' former Newark plant and contaminated the lower 17-mile portion of the Passaic River, Newark Bay, other nearby waterways and surrounding areas. The plaintiffs seek damages for the past cost of investigation and cleanup of these waterways, property damage and other economic impacts (such as decreases in tax revenues and value of real estate and increases in public medical costs, etc.), and punitive damages. The defendants have made responsive pleadings and/or filings. In March 2008, the court denied motions to dismiss for failure to state a claim by Occidental Chemical Corporation, and by Tierra and Maxus. DEP filed its Second Amended Complaint in April 2008; YPF's motion to dismiss for lack of personal jurisdiction was denied in September 2008. The decision was affirmed by the Court of Appeals following an appeal by YPF. The court denied the plaintiffs' motion to bar third party practice and allowed defendants to file third-party claims. Third-party claims against approximately 300 companies and governmental entities (including certain municipalities) which could have responsibility in connection with the claim were filed by Tierra and Maxus in February 2009. Anticipating this considerable expansion of the number of parties in the litigation, the court appointed a Special Master to assist the court in the administration of discovery. DEP filed its Third Amended Complaint in August 2010, adding Maxus International Energy Company and YPF International S.A. as additional named defendants. In September 2010, governmental entities of the State of New Jersey and a number of third-party defendants filed motions to dismiss and Maxus and Tierra filed their responses. Except in a few cases, these motions were rejected in January 2011. In October 2010, a number of public third-party defendants filed a motion to sever and stay, which would allow the State of New Jersey to proceed against the direct defendants. However, the judge ruled against this motion in November 2010. Third-party defendants have also brought motions to dismiss, which have been rejected by the Special Master in January 2011. Some of the mentioned third-parties appealed the decision, but the judge denied such appeal in March 2011. In May 2011, the judge issued Case Management Order XVII (CMO XVII), which contains the Trial Plan for the case. This Trial Plan divides the case into two phases. Phase One will determine liability and Phase Two will determine damages. Following the issuance of CMO XVII, the State of New Jersey and Occidental filed motions for partial summary judgment. The State filed two motions: one against Occidental and Maxus on liability under the Spill Act and the other against Tierra on liability under the Spill Act. In addition, Occidental filed a motion for partial summary judgment that Maxus owes a duty of contractual indemnity to Occidental for liabilities under the Spill Act. In July and August 2011, the judge ruled that, although the discharge of hazardous substances by Chemicals has been proved, liability cannot be imposed if the nexus between any discharge and the alleged damage is not established. Additionally, the Court ruled that Tierra has Spill Act liability to the State based merely on its current ownership of the Lister Avenue site; and that Maxus has an obligation under the 1986 Stock Purchase Agreement to indemnify Occidental for any Spill Act liability arising from contaminants discharged on the Lister Avenue site.

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During the fourth quarter of 2011, the parties agreed on a consensus trial plan for Track III under CMO XVII, which narrowed the scope of issues for discovery and trial in May 2012 to factual issues relevant to determining Maxus's alleged direct liability to the State of New Jersey and to issues relating to responsibility for discharges during the era when the Newark plant site was under the ownership of Kolker Chemical Works. The Court accepted six applications for Fast Track Arbitration-discovery proceeded in January 2012, to be followed by depositions and arbitration briefing. In addition, Maxus submitted to the Special Master and the "Additional Dischargers" Committee a plan to sample the area around mile 10.9 of the Passaic River for the HCX chemical marker that Maxus suspects may be associated with dioxin discharged by one or more third-party defendants. The HCX sampling was completed in January 2012 and validated results were received in March.

In February 2012, plaintiffs and Occidental filed motions for partial summary judgment, seeking summary adjudication that Maxus has liability under the Spill Act. In March 2012, Maxus submitted its briefs in opposition and OCC and plaintiffs submitted reply briefs in April. In addition, in May 2012: (i) approximately 60 private-sector parties stipulated to at least one discharge of hazardous substances into the Passaic River or Newark Bay, thereby establishing their liability (but not the quantum of such liability, which will be decided in Track VII); (ii) YPF and Repsol moved to stay the Track IV case for 120 days; however, the Court agreed only to a temporary stay until June 11, 2012, at which time there will be a hearing to decide whether a further stay is warranted.

Finally the Special Master called for and held a settlement conference in November 2011 between the State of New Jersey, on the one hand, and Repsol YPF, YPF and Maxus, on the other hand to discuss the parties' respective positions, but no resolution was reached.

DEP has not placed dollar amounts on all its claims, but it has (a) contended that a U.S.\$50 million cap on damages under one of the New Jersey statutes should not be applicable, (b) alleged that it has incurred approximately U.S.\$118 million in past cleanup and removal costs, and is seeking an additional award of between U.S.\$10 and U.S.\$20 million to fund a study to assess natural resource damages, and (c) notified Maxus and Tierra's legal defense team that DEP is preparing financial models of the cost of other economic impacts. Based on the information available to the Company, including the amount of time remaining before trial, the results of discovery and the judgment of internal and external counsel, the Company is unable to estimate a reasonable loss or range of losses on these outstanding matters.

In June 2007, EPA released a draft Focused Feasibility Study (FFS) that outlines several alternatives for remedial action in the lower eight miles of the Passaic River. These range from no action (which would result in comparatively little cost) to extensive dredging and capping (which according to the draft FFS, EPA estimated could cost from U.S.\$0.9 billion to U.S.\$2.3 billion), and are all described by EPA as involving proven technologies that could be carried out in the near term, without extensive research. Tierra, in conjunction with the other parties working under the 2007 AOC, submitted comments on the draft FFS to EPA, as did a number of other interested parties. EPA has stated that it expects to issue a revised remedy proposal during the second half of 2012. Tierra plans to respond to any further EPA proposal as may be appropriate at that time.

In August 2007, the National Oceanic Atmospheric Administration (NOAA), as one of the Federal Natural Resources Trustees (Trustees), sent a letter to a number of entities that it alleged have liability for natural resource damages, including Tierra and Occidental, requesting that the group enter into an agreement to conduct a cooperative assessment of natural resources damages in the Passaic River and Newark Bay. In January 2008, the NOAA sent a letter to YPF Holdings, CLH Holdings Inc. and other entities. In November 2008, Occidental and Tierra entered into an agreement with the Trustees to fund a portion of the Trustees' past costs and conduct certain assessment activities during 2009. A group of approximately 20 other parties has also entered into a similar agreement with the Trustees. In November 2009, Tierra declined to extend this agreement.

In June 2008, the EPA, Occidental, and Tierra entered into an Administrative Order on Consent (Removal AOC), pursuant to which Tierra (on behalf of Occidental) will undertake the removal of sediment from a portion of the Passaic River in the vicinity of Chemicals' former Newark, New Jersey facility described above. This action will result in the removal of approximately 200,000 cubic yards of sediment, which will be carried out in two phases. The field work on the first phase, which will encompass the removal of 40,000 cubic yards, started in July 2011 and is expected to be completed at the end of 2012. The second phase, which will encompass the removal of approximately 160,000 cubic yards of sediment, will be completed on a different schedule. Pursuant to the Removal AOC, the EPA has required the provision of financial assurance in the amount of U.S.\$80 million for the performance of the removal work. The Removal AOC provides that the initial form of financial assurance is to be provided through a trust fund. As of December 31, 2011, U.S.\$42 million had been contributed to the fund; an additional U.S.\$10 million must be contributed every six months until a total of U.S.\$80 million has been deposited into the fund. The total amount of required financial assurance may be decreased or increased over time if the anticipated cost of completing the removal work contemplated by the AOC changes. Tierra may request modification of the form and timing of financial assurance for the Removal AOC, and during 2010 substituted, with EPA approval, letters of credit to provide financial assurance rather than paying additional funds into the trust. During the fourth quarter of 2011, construction commenced of the facilities required for the agreed works which were completed in the first quarter of 2012. The removal work will remove a number of contaminants, such as dioxin, PCBs, and mercury, which may have come from sources other than or in addition to the former Chemicals plant. YPF Holdings may seek cost recovery from the parties responsible for such contamination; however, at this time it is not possible to make any predictions regarding the likelihood of success or the funds potentially recoverable in a cost-recovery action. The

removal work required pursuant to the Removal AOC will be conducted concurrently with and in addition to the other investigations and remedial actions described above, including those undertaken in connection with the FFS concerning the lower eight miles of the Passaic River,

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the RI/FS addressing the lower 17-mile portion of the Passaic River, and the RI/FS relating to contamination in Newark Bay, portions of the Hackensack River, the Arthur Kill and the Kill van Kull.

As of December 31, 2011, YPF Holdings has accrued approximately Ps.409 million in connection with the foregoing matters related to the Passaic River, the Newark Bay and the surrounding area comprising the estimated costs for studies, estimated costs in connection with the Removal AOC, and certain other matters related to the Passaic River and Newark Bay. However, it is possible that other works, including interim remedial measures, may be ordered. How these matters are resolved, including the development of new information, the imposition of natural resource damages or the selection of remedial actions differing from the scenarios we have proposed could result in Maxus and Tierra incurring material costs in addition to the amount currently accrued.

Hudson and Essex Counties, New Jersey. Until the 1970s, Chemicals operated a chromite ore processing plant at Kearny, New Jersey (the Kearny Plant). DEP has identified over 200 sites in Hudson and Essex Counties alleged to contain chromite ore processing residue either from the Kearny Plant or from plants operated by two other chromium manufacturers. Tierra, Occidental and DEP signed an administrative consent order in April 1990 (ACO) which requires remediation at 40 sites in Hudson and Essex Counties alleged to be impacted by the Kearny Plant operations. Tierra, on behalf of Occidental, is providing financial assurance in the amount of U.S.\$20 million for performance of the work required by the ACO (which is ongoing at all ACO Sites at various stages) and associated with the issues described below.

In May 2005, the DEP took two actions in connection with the chrome sites in Hudson and Essex Counties. First, the DEP issued a directive to Maxus, Occidental and two other chromium manufacturers (the Respondents) directing them to arrange for the cleanup of chromite ore residue at three sites in Jersey City and for the conduct of a study by paying the DEP a total of U.S.\$19.5 million. Second, the DEP filed a lawsuit against Occidental and two other entities in state court in Hudson County seeking, among other things, cleanup of various sites where chromite ore processing residue is allegedly located, recovery of past costs incurred by the state at such sites (including in excess of U.S.\$2.3 million dollars allegedly spent for investigations and studies) and, with respect to certain costs at 18 sites, treble damages. In February 2008, the parties reached an agreement in principle, pursuant to which Tierra agreed to pay, on behalf of Occidental, U.S.\$5 million and agreed to perform remediation works at three sites, with a total cost of approximately U.S.\$2.1 million, subject to the terms of a Consent Judgment between and among DEP, Occidental and two other parties, which was published in the New Jersey register in June 2011 and became final and effective as of September 2011. Pursuant to the Consent Judgment, the U.S.\$5 million dollar payment was made in October 2011 and a master schedule was delivered to DEP in February 2012 for the remediation, during a ten-year period, of the three orphan sites plus the remaining chromite ore sites (approximately 28 sites) under the Kearny ACO. DEP indicated that it could not approve a ten-year term; therefore, in March 2012, Maxus submitted a revised eight-year schedule and is awaiting DEP's comments.

In November 2005, several environmental groups sent a notice of intent to sue the owner of the property adjacent to the former Kearny Plant and five other parties, including Tierra, under the Resource Conservation and Recovery Act. The parties have entered into an agreement that addresses the concerns of the environmental groups and these groups have agreed, at least for now, not to file suit. In March 2008, the DEP approved an Interim Response Action work plan for work to be performed at the Kearny Plant site by Tierra and at the adjacent property by Tierra in conjunction with other parties. Work on the Interim Response Action has begun. In addition, this adjacent property was listed by EPA on the National Priority List in 2007. In July 2010, EPA notified Tierra, along with three other parties, which are considered potentially responsible for this adjacent property and requested to conduct a RIFS for the site. The three parties have agreed to coordinate remedial efforts, forming the Peninsula Restoration Group or PRG. In the fourth quarter of 2011, the PRG reached an agreement in principle with another potentially responsible party (Cooper Industries), whereby Cooper Industries would join the PRG at an allocated share of 16.6%. The PRG is in active negotiations with the EPA for an RI/FS AOC for the Standard Chlorine Chemical Company site.

Pursuant to a request of the DEP, in the second half of 2006, the PRG tested the sediments in a portion of the Hackensack River near the former Kearny Plant. A report of those test results was submitted to the DEP. DEP requested additional sampling, and the PRG submitted to DEP work plans for additional sampling in January 2009. In March 2012, the PRG received a Notice of Deficiency ("NOD") letter from DEP relating to the Hackensack River Study Area ("HRSA") Supplemental Remedial Investigation Work Plan ("SRIWP") that the PRG had submitted to the DEP in January 2009. In the NOD, DEP seeks to expand the scope of work that would be required in the Hackensack River under the SRIWP to add both additional sample locations/core segments and parameters. While the PRG acknowledges that it is required to investigate and prevent chrome releases from certain upland sites into the river, the PRG contends that it has no obligation under the governing ACOs and Consent Judgment to investigate chrome contamination in the river generally. Negotiations between the PRG and the DEP are ongoing.

As of December 31, 2011, YPF Holdings has accrued a total of approximately Ps.43 million in connection with the foregoing chrome-related matters. Soil action levels for chromium in New Jersey have not been finalized, and the DEP continues to review the proposed action levels. The cost of addressing these chrome-related matters could increase significantly depending upon the final soil action levels, the DEP's response to Tierra's studies and reports and other developments.

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Painesville, Ohio. From about 1912 through 1976, Chemicals operated manufacturing facilities in Painesville, Ohio (the Painesville Works Site). The operations there over the years involved several discrete but contiguous plant sites over an area of about 1,300 acres. The investigation and remediation of the Painesville Works Site is governed by agreements and orders in place with the EPA and the Ohio Environmental Protection Agency (OEPA). The primary area of concern historically has been Chemicals' former chromite ore processing plant (the Chrome Plant). The OEPA has approved certain work, including the remediation of 20 specific operable units within the former Painesville Works Site and work associated with development plans (the Remediation Work). The Remediation Work has begun. As each operable unit within the Site receives OEPA approval for projects related to investigation, Remediation Work, or operation and maintenance activities, additional orders and agreements will be implemented, and additional amounts may need to be accrued. YPF Holdings has accrued a total of approximately Ps.58 million as of December 31, 2011 for its estimated share of the cost to perform the remedial investigation and feasibility study, the Remediation Work and other operation and maintenance activities at this site.

Third Party Sites. Pursuant to settlement agreements with the Port of Houston Authority (the Port) and other parties, Tierra and Maxus are participating (on behalf of Occidental) in the remediation of property adjoining Chemicals' former Greens Bayou facility where dichloro-diphenyl-trichloroethane (DDT) and certain other chemicals were manufactured. Additionally, in 2007 the parties entered into a Memorandum of Agreement (MOA) with federal and state natural resources trustees in connection with claims for natural resources damages. In 2008, the Final Damage Assessment and Restoration Plan/Environmental Assessment was approved specifying the restoration projects to be implemented. During the first half of 2011, Tierra negotiated, on behalf of Occidental, a draft Consent Decree with governmental agencies of the United States and Texas addressing natural resource damages at the Greens Bayou Site. This Consent Decree, which is expected to be signed in the second quarter of 2012, will incorporate by reference the Final Damage Assessment and Restoration Plan/Environmental Assessment which specifies the restoration projects to be implemented. Although the primary work was largely finished in 2009, some follow-up activities and operation and maintenance remain pending. As of December 31, 2011, YPF Holdings has accrued approximately Ps.17 million for its estimated share of the remediation and the MOA associated with the Greens Bayou facility. The remediation activities were largely finished in 2009, but some minor closure activities, as well as ongoing operations and maintenance, are still in progress.

In June 2005, the EPA designated Maxus as a potentially responsible party (PRP) at the Milwaukee Solvay Coke & Gas Site in Milwaukee, Wisconsin. The basis for this designation is Maxus' alleged status as the successor to Pickands Mather & Co. and Milwaukee Solvay Coke Co., companies that the EPA has asserted are former owners or operators of such site. In 2006, Maxus and four other PRPs entered into a Joint Participation and Defense Agreement, and in January 2007 those PRPs and EPA entered into an AOC to perform a RI/FS regarding the investigation of upland soil and groundwater, as well as sediment in the Kinnickinnic River. Maxus' exposure at the Site appears tied to the 1966-1973 time period, although there is some dispute about it. The PRP Agreement includes an interim allocation, under which Maxus' share is 50%. Preliminary work in connection with the RI/FS in respect of this site commenced in the second half of 2006. YPF Holdings has accrued approximately Ps.10 million as of December 31, 2011 for its estimated share of the costs of the RI/FS. The main area of concern and focus is the extent of river sediment investigation that will be required. Maxus lacks sufficient information to determine additional exposure or costs, if any, it might have in respect of this site.

Maxus is responsible for certain liabilities attributable to Occidental, as successor to Chemicals, in respect of the Malone Service Company Superfund Site in Galveston County, Texas. This site is a former waste disposal site where Chemicals is alleged to have sent waste products prior to September 1986.

Chemicals has also been designated as a PRP by the EPA under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA) with respect to a number of third-party sites where hazardous substances from Chemicals' plant operations allegedly were disposed or have come to be located. Numerous PRPs have been named at substantially all of these sites. At several of these, Chemicals has no known exposure. At December 31, 2011, YPF Holdings had accrued approximately Ps.1 million in connection with its estimated share of costs related to the Milwaukee Solvay Coke & Gas Site, the Malone Service Company Superfund Site, and the other sites mentioned in this paragraph.

Dallas Litigation. In 2002, Occidental sued Maxus and Tierra in state court in Dallas, Texas seeking a declaration that Maxus and Tierra have the obligation under the agreement pursuant to which Maxus sold Chemicals

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to Occidental to defend and indemnify Occidental from and against certain historical obligations of Chemicals, notwithstanding the fact that said agreement contains a 12-year cut-off for defense and indemnity obligations with respect to most litigation. Tierra was dismissed as a party, and the matter was tried in May 2006. The trial court decided that the 12-year cut-off period did not apply and entered judgment against Maxus. This decision was affirmed by the Court of Appeals in February 2008. Maxus' petition to the Texas Supreme Court for review was denied. This decision will require Maxus to accept responsibility for various matters for which it has refused to indemnify Occidental since 1998, which could result in the incurrence of costs in addition to YPF Holdings' current accrued for this matter. This decision will also require Maxus to reimburse Occidental for past costs. In 2009, Maxus received a statement from Occidental of the costs Occidental believed to be due under the judgment, in the amount of U.S.\$16.7 million. In March 2009, Maxus paid U.S.\$14.9 million in respect of court costs, interests through the end of 2007 and estimates of future costs for which Maxus could become liable under the declaratory judgment. In September 2009, Maxus paid to Occidental U.S.\$1.9 million. As of December 31, 2011, only approximately U.S.\$0.3 million of disputed claims (relating to Occidental's internal costs) remains pending. Maxus has allowances for this claimed amount. A significant category of claims refused by Maxus on the basis of its interpretation of the 12-year clause, were claims relating to Agent Orange. All pending Agent Orange litigation was dismissed in December 2009. Although it is possible that additional claimants may come forward in the future, it is estimated that no significant liability will result from this category of claims.

The remaining claims refused consist primarily of claims of personal injury from exposure to vinyl chloride monomer (VCM), and other chemicals, although they are not expected to result in significant liability. However, the declaratory judgment includes liability for claims arising in the future, if any, which are currently unknown as of the date of this report, and if such claims arise, they could result in additional liability. As of December 31, 2011, YPF Holdings had accrued approximately Ps.1 million in respect of these matters.

Turtle Bayou Litigation. In March 2005, Maxus agreed to defend Occidental, as successor to Chemicals, in respect of an action seeking the contribution of costs for the remediation of the Turtle Bayou waste disposal site in Liberty County, Texas. Judgment was entered in this action, and Maxus filed a motion for reconsideration which was partially successful. The court's decision was appealed by Maxus. In June 2010, the Court of Appeals ruled that the District Court had committed errors in the admission of certain documents and remanded the case to the District Court for further proceedings. A new ruling was issued in January 2011, requiring Maxus to pay, on behalf of Occidental, 15.86% of the costs incurred by one of the plaintiffs. On behalf of Occidental, Maxus filed its appeal in the February 2011, and the Court of Appeals affirmed the District Court's ruling in March 2012. It is expected that Occidental will be ordered to make payment of the judgment in June or July 2012. As of December, 2011, YPF Holdings has accrued approximately Ps.16 million in respect of this matter.

In May 2008, Ruby Mhire and others ("Mhire") brought suit against Maxus and others, alleging that various parties including a predecessor of Maxus had contaminated certain property in Cameron Parish, Louisiana, during oil and gas activities on the property; Maxus' predecessor operated on the property from 1969 to 1989. The Mhire plaintiffs have demanded remediation and other compensation in excess of \$150 million, basing themselves on plaintiffs' expert's study. There will be a court-ordered mediation session in June 2012. Maxus management presently believes that relatively little remediation activity is merited and intends to vigorously defend the case. Maxus has made appropriate responsive pleadings in the matter. The case is currently in the discovery phase and is expected to go to trial in the first quarter of 2013. Based on the information currently available, the Company is unable to estimate a possible loss or range of loss on this matter.

YPF Holdings, including its subsidiaries, is a party to various other lawsuits, the outcomes of which are not expected to have a material adverse affect on the company's financial condition. YPF Holdings has established accrued for legal contingencies and environmental issues in those situations where a loss is probable and can be reasonably estimated.

Dividend Policy

See Item 10. Additional Information Dividends.

[Back to Contents](#)**ITEM 9. The Offer and Listing****Shares and ADSs*****New York Stock Exchange***

The ADSs, each representing one Class D share, are listed on the NYSE under the trading symbol YPF. The ADSs began trading on the NYSE on June 28, 1993, and were issued by The Bank of New York Mellon as depositary (the Depositary).

The following table sets forth, for the five most recent full financial years and for the current financial year, the high and low closing prices in U.S. dollars of our ADSs on the NYSE:

	<u>High</u>	<u>Low</u>
2007	50.10	34.37
2008	49.00	37.75
2009	47.00	16.81
2010	50.60	33.89
2011	54.58	31.25
2012 ⁽¹⁾	41.14	13.11

(1) Through May 10, 2012.

The following table sets forth, for each quarter of the most recent two financial years and for each quarter of the current financial year, the high and low closing prices in U.S. dollars of our ADSs on the NYSE.

	<u>High</u>	<u>Low</u>
2010:		
First Quarter	45.80	40.11
Second Quarter	44.63	33.89
Third Quarter	43.45	37.52
Fourth Quarter	50.60	38.61
2011:		
First Quarter	54.58	41.43
Second Quarter	46.34	40.95
Third Quarter	46.12	34.21
Fourth Quarter	38.49	31.25
2012:		
First Quarter	41.14	26.21
Second Quarter ⁽¹⁾	24.01	13.11

(1) Through May 10, 2012.

The following table sets forth, for each of the most recent six months and for the current month, the high and low closing prices in U.S. dollars of our ADSs on the NYSE.

High	Low
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2011:		
November	36.69	31.25
December	35.46	32.45
2012:		
January	41.14	35.00
February	35.90	26.23
March	29.72	26.21
April	24.01	13.12
May ⁽¹⁾	15.90	14.15

(1) Through May 10, 2012.

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According to data provided by The Bank of New York Mellon, as of April 30, 2012, there were 233,811,262 ADSs outstanding and 78 holders of record of ADSs. Such ADSs represented approximately 59% of the total number of issued and outstanding Class D shares as of such date. Excluding ADSs owned by Repsol YPF and the Petersen Group, outstanding ADSs represented 16% of the total number of outstanding Class D shares as of April 30, 2012. Repsol YPF (including its other subsidiaries) was the holder of 69.9 million of our ADSs at that date, while the Petersen Group collectively held 100,1 million of our ADSs.

Buenos Aires Stock Market

The Buenos Aires Stock Market is the principal Argentine market for trading the ordinary shares.

The Buenos Aires Stock Market (*Mercado de Valores de Buenos Aires*, or *MERVAL*) is the largest stock market in Argentina and is affiliated with the BASE. MERVAL is a corporation consisting of 133 shareholders who are the sole individuals or entities authorized to trade, either as principals or agents, in the securities listed on the BASE. Trading on the BASE is conducted either through the traditional auction system from 11 a.m. to 5 p.m. on trading days, or through the Computer-Assisted Integrated Negotiation System (*Sistema Integrado de Negociación Asistida por Computación*, or *SINAC*). SINAC is a computer trading system that permits trading in both debt and equity securities and is accessed by brokers directly from workstations located in their offices. Currently, all transactions relating to listed negotiable obligations and listed government securities can be effectuated through SINAC. In order to control price volatility, MERVAL imposes a 15-minute suspension on trading when the price of a security registers a variation in price between 10% and 15% and between 15% and 20%. Any additional 5% variation in the price of a security will result in an additional 10-minute successive suspension period.

Investors in the Argentine securities market are mostly individuals and companies. Institutional investors, which are responsible for a growing percentage of trading activity, consist mainly of insurance companies and mutual funds.

Certain information regarding the Argentine stock market is set forth in the table below

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Market capitalization (in billions of pesos) ⁽¹⁾	1,611	1,900	2,185	1,234	1,773
As percent of GDP ⁽¹⁾	86%	132%	191%	119%	218%
Volume (in millions of pesos)	207,805	177,613	133,208	237,790	209,905
Average daily trading volume (in millions of pesos)	848.2	722.0	545.93	962.71	849.82

(1) End-of-period figures for trading on the BASE.
Source: *Instituto Argentino de Mercado de Capitales*.

The following table sets forth, for the five most recent full financial years and for the current financial year, the high and low prices in Argentine pesos of our Class D shares on the Buenos Aires Stock Market:

	<u>High</u>	<u>Low</u>
2007	153.00	110.90
2008	183.00	118.00
2009	162.00	64.00
2010	205.00	137.00
2011	222.60	150.50
2012 ⁽¹⁾	188.50	70.50

(1) Through May 10, 2012.

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The following table sets forth, for each quarter of the most recent two financial years and for each quarter of the current financial year, the high and low prices in Argentine pesos of our Class D shares on the Buenos Aires Stock Market.

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	<u>High</u>	<u>Low</u>
2010:		
First Quarter	170.00	150.00
Second Quarter	172.00	137.00
Third Quarter	167.00	149.70
Fourth Quarter	205.00	152.00
2011:		
First Quarter	222.60	177.00
Second Quarter	202.00	176.50
Third Quarter	195.50	150.50
Fourth Quarter	180.00	150.95
2012:		
First Quarter	188.50	125.00
Second Quarter ⁽¹⁾	125.00	70.50

(1) Through May 10, 2012.

The following table sets forth, for each of the most recent six months and for the current month, the high and low prices in Argentine pesos of our Class D shares on the Buenos Aires Stock Market.

	<u>High</u>	<u>Low</u>
2011:		
November	173.15	150.95
December	167.55	154.00
2012:		
January	188.50	164.00
February	165.30	125.00
March	149.95	129.40
April	125.00	70.50
May ⁽¹⁾	89.50	77.10

(1) Through May 10, 2012.

As of April 30, 2012, there were approximately 11,820 holders of Class D shares in Buenos Aires Stock Market.

Stock Exchange Automated Quotations System International

The ADSs are also quoted on the Stock Exchange Automated Quotations System International.

Argentine Securities Market

The securities market in Argentina is composed of 10 stock exchanges, which are located in the City of Buenos Aires (the BASE), Bahía Blanca, Corrientes, Córdoba, La Plata, La Rioja, Mendoza, Rosario, Santa Fe, and Tucumán. Five of these exchanges (the BASE, Rosario, Córdoba, Mendoza, and Santa Fe) have affiliated stock markets and, accordingly, are authorized to quote publicly offered securities. Securities listed on these exchanges include corporate equity and bonds and government securities.

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The BASE, which began operating in 1854, is the principal and longest-established exchange in Argentina. Bonds listed on the BASE may simultaneously be listed on the Argentine over-the-counter market (*Mercado Abierto Electrónico*, or *MAE*), pursuant to an agreement between BASE and MAE that stipulates that equity securities are to be traded exclusively on the BASE, while debt securities (both public and private) may be traded on both the MAE and the BASE. In addition, through separate agreements with the BASE, all of the securities listed on the BASE may be listed and subsequently traded on the Córdoba, Rosario, Mendoza, La Plata and Santa Fe exchanges, by virtue of which many transactions originating on these exchanges relate to BASE-listed companies and are subsequently settled in Buenos Aires. Although companies may list all of their capital stock on the BASE,

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controlling shareholders in Argentina typically retain the majority of a company's capital stock, resulting in a relatively small percentage of active trading of the companies' stock by the public on the BASE.

Argentina's equity markets have historically been composed of individual investors, though in recent years there has been an increase in the level of investment by banks and insurance companies in these markets; however, Argentine mutual funds (*fondos comunes de inversión*) continue to have very low participation.

Regulation of the Argentine securities market

The Argentine securities market is regulated and overseen by the CNV, pursuant to Law No. 17,811, as amended, which, in addition to having created the CNV, governs the regulation of security exchanges, as well as stockbroker transactions, market operations, the public offering of securities, corporate governance matters relating to public companies and the trading of futures and options. Argentine pension funds and insurance companies are regulated by separate government agencies, whereas financial institutions are regulated primarily by the Central Bank.

In Argentina, debt and equity securities traded on an exchange or the over-the-counter market must, unless otherwise instructed by their shareholders, be deposited with Stock Exchange Incorporated (*Caja de Valores S.A.*), a corporation owned by the BASE, Merval and certain provincial exchanges. Stock Exchange Incorporated is the central securities depository of Argentina and provides central depository facilities, as well as acting as a clearinghouse for securities trading and as a transfer and paying agent for securities transactions. Additionally, it handles the settlement of securities transactions carried out by the BASE and operates SINAC.

Despite a change in the legal framework of Argentine securities trading in the early 1990s, which permitted the issuance and trading of new financial products in the Argentine capital markets, including commercial paper, new types of corporate bonds and futures and options, there is still a relatively low level of regulation of the market for Argentine securities and investors' activities in such markets and enforcement of them has been extremely limited. Because of the limited exposure and regulation in these markets, there may be less publicly available information about Argentine companies than is regularly published by or about companies in the United States and certain other countries. However, the CNV has taken significant steps to strengthen disclosure and regulatory standards for the Argentine securities market, including the issuance of regulations prohibiting insider trading and requiring insiders to report on their ownership of securities, with associated penalties for noncompliance.

In order to improve Argentine securities market regulation, the Argentine government issued Decree No. 677/01 on June 1, 2001 (the Transparency Decree), which provided certain guidelines and provisions relating to capital markets transparency and best practices. The Transparency Decree applies to individuals and entities that participate in the public offering of securities, as well as to stock exchanges. Among its key provisions, the decree broadens the definition of a security, governs the treatment of negotiable securities, obligates publicly listed companies to form audit committees composed of three or more members of the Board of Directors (the majority of whom must be independent under CNV regulations), authorizes market stabilization transactions under certain circumstances, governs insider trading, market manipulation and securities fraud and regulates going-private transactions and acquisitions of voting shares, including controlling stakes in public companies.

Before offering securities to the public in Argentina, an issuer must meet certain requirements established by the CNV with regard to the issuer's assets, operating history and management. Only securities approved for a public offering by the CNV may be listed on a stock exchange. However, CNV approval does not imply any kind of certification as to the quality of the securities or the solvency of the issuer, even though issuers of listed securities are required to file unaudited quarterly financial statements and audited annual financial statements and various other periodic reports with the CNV and the stock exchange on which their securities are listed, as well as to report to the CNV and the relevant stock exchange any event related to the issuer and its shareholders that may affect materially the value of the securities traded.

Money laundering regulations

Recent modifications to Argentine money laundering regulations have resulted in their application to increasing numbers and types of securities transactions.

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Argentine Law No. 25,246 (as amended by Law No. 26,087 and Law 26,119) categorizes money laundering as a crime under the Argentine Criminal Code and created the *Unidad de Información Financiera* (UIF), an agency of the Ministry of Justice and Human Rights of Argentina responsible for investigating questionable transactions. The Argentine Criminal Code defines money laundering as the exchange, transfer, management, sale or any other use of money or other assets obtained through a crime, by a person who did not take part in such crime, with the possible result that such original assets (or new asset resulting from such original asset) have the appearance of having been obtained through legitimate sources, provided that the aggregate value of the assets exceeded Ps.50,000, whether such amount results from one or more connected transactions.

The money laundering legal framework assigns control and information reporting duties to certain private sector entities, including banks, broker-dealers, trading companies and insurance companies, in many cases according to highly general criteria. According to the rules of the Guide to Unusual or Questionable Financial and Foreign Exchange Transactions (*Guía de Transacciones Inusuales o Sospechosas en la Órbita del Sistema Financiero y Cambiario*) approved by Resolution No. 2/2002 of the UIF (as amended), such entities have an obligation to notify the UIF of transactions falling into the following general categories: (a) investments in securities in amounts significantly exceeding the amounts normally invested by a particular investor, taking the business of the investor into account; (b) deposits or back-to-back loans in jurisdictions known as tax havens; (c) requests for asset management services where the origin of funds is not certain, is unclear or does not relate to the business of the investor; (d) unusual transfers of large amounts of securities or interests; (e) unusual and frequent use of special investment accounts; and (f) frequent purchases and sales of securities during the same day for the same amount and volume, when such transactions seem unusual and inadequate considering the business of the investor.

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ITEM 10. Additional Information

Capital Stock

Our capital stock consists of Ps.3,933,127,930, divided into 3,764 Class A shares, 7,624 Class B shares, 40,422 Class C shares and 393,260,983 Class D shares, each fully subscribed and paid, with a par value of ten pesos each and the right to one vote per share. Our total capital stock has not changed since December 31, 2004.

In November 1992, the Privatization Law became effective. Pursuant to the Privatization Law, in July 1993, we completed a worldwide offering of 160 million Class D shares, representing approximately 45% of our outstanding capital stock, which had been owned by the Argentine government. Concurrently with the completion of such offering, the Argentine government transferred approximately 40 million Class B shares to the Argentine provinces, which represented approximately 11% of our outstanding capital stock, and made an offer to holders of pension bonds and certain other claims to exchange such bonds and other claims for approximately 46.1 million Class B shares, representing approximately 13% of our outstanding capital stock. As a result of these transactions, the Argentine government's ownership percentage of our capital stock was reduced from 100% to approximately 30%, including shares that had been set aside to be offered to our employees upon establishment of the terms and conditions by the Argentine government in accordance with Argentine law. The shares set aside to be offered to employees represented 10% of our outstanding capital stock.

In July 1997, the Class C shares set aside for the benefit of our employees in conjunction with the privatization, excluding approximately 1.5 million Class C shares set aside as a reserve against potential claims, were sold through a global public offering, increasing the percentage of our outstanding shares of capital stock held by the public to 75%. Proceeds from the transactions were used to cancel debt related to the employee plan, with the remainder distributed to participants in the plan. Additionally, Resolution 1,023/06 of the Ministry of Economy and Production, dated December 21, 2006, effected the transfer to the employees covered by the employee share ownership plan, or PPP, of 1,117,717 Class C shares, corresponding to the Class C shares set aside as a reserve against potential claims, and reserving 357,987 Class C shares until a decision was reached in a pending lawsuit. Subsequently, with a final decision having been reached in the lawsuit, and consistent with the mechanism of conversion of Class C shares into Class D shares established by Decree 628/1997 and its accompanying rules, as of December 31, 2009, 1,447,983 Class C shares had been converted into Class D shares. In 2010, a former employee of the company who was allegedly excluded from the National Government's YPF PPP, filed a claim against YPF seeking recognition of his status as a shareholder of YPF. In addition, the Federation of Former Employees of YPF joined the proceeding as a supporting third-party claimant, purportedly acting on behalf of other former employees who were also allegedly excluded from the PPP. Pursuant to the plaintiff's request, the federal judge of first instance of Bell Ville, in the province of Cordoba, granted a preliminary injunction (the Preliminary Injunction), ordering that any sale of shares of YPF or any other transaction involving the sale, assignment or transfer of shares of YPF carried out by Repsol YPF or YPF be suspended, unless the plaintiff and other beneficiaries of the PPP, organized under the Federation of Former Employees of YPF, are involved or participate in such transactions. We filed an appeal against such decision, requesting that the Preliminary Injunction be revoked. In addition, we requested the recusal of the federal judge of first instance of Bell Ville and the issuance of a preliminary injunction offsetting the effects of the Preliminary Injunction. On March 1, 2011, we were notified that the intervening judge had allowed our appeal, suspending the effects of the Preliminary Injunction. In addition, a preliminary injunction was granted to explicitly allow the free disposition of our shares, provided that Repsol YPF, directly or indirectly continues to own at least 10% of our shares. On December 5, 2011, the Court of Appeals confirmed this preliminary injunction and modified the Preliminary Injunction of the federal judge of first instance of Bell Ville. Both the federal judge of first instance of Bell Ville, on July 21, 2011, and the Court of Appeals, on December 15, 2011, decided in favor of the jurisdiction the federal court in Buenos Aires to resolve this matter. Under the jurisprudence of the Federal Supreme Court of Argentina (upholding numerous decisions of the relevant Courts of Appeals), YPF should not be held liable for claims of this nature related to the PPP. Through Law No. 25.471, the National Government assumed sole responsibility for any compensation to be received by YPF's former employees who were excluded from the PPP.

Additionally, the Company was notified of the preliminary injunction granted by a First Instance Labor Court in Tierra del Fuego Province, which suspended, until the ongoing nullification request is solved, the exercise of the political and economic rights that correspond to the 45,215,888 ADSs (each representing one ordinary Class D share of YPF) that Repsol YPF sold to certain investors in March 2011. In addition, YPF was ordered to inform about the

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suspension of such rights. As the Company had not been sued in the relevant proceedings, it requested its intervention as a third party. Additionally, YPF challenged the preliminary injunction requesting the suspension of its effects and invoking that the claim is barred by the applicable statute of limitations and submitting a motion to dismiss on the grounds of lack of jurisdiction, failure of the plaintiff to state a claim and *litis pendentia*. Moreover, the Company alleged that it was impossible to comply with the preliminary injunction due to the existence of successive share transfers and the impossibility of identifying present stockholders.

The Class A shares held by the Argentine government became eligible for sale in April 1995 upon the effectiveness of legislation which permitted the Argentine government to sell such shares. In January 1999, Repsol YPF acquired 52,914,700 Class A shares in block (14.99% of our shares) which were converted to Class D shares. Additionally, on April 30, 1999, Repsol YPF announced a tender offer to purchase all outstanding Class A, B, C and D shares at a price of U.S.\$44.78 per share (the Offer). Pursuant to the Offer, in June, 1999, Repsol YPF acquired an additional 82.47% of our outstanding capital stock. On November 4, 1999, Repsol YPF acquired an additional 0.35%. On June 7, 2000, Repsol YPF announced a tender offer to exchange newly issued Repsol YPF's shares for 2.16% of our Class B, C and D shares held by minority shareholders. Pursuant to the tender offer, and after the merger with Astra Compañía Argentina de Petróleo, S.A. (Astra) and Repsol Argentina, S.A., Repsol YPF owned 330,551,981 Class D shares and therefore controlled us through a 99.04% ownership interest until 2008. On February 21, 2008, Petersen Energía purchased 58,603,606 of our ADSs, representing 14.9% of our capital stock, from Repsol YPF for U.S.\$2,235 million. In addition, Repsol YPF granted certain affiliates of Petersen Energía options to purchase up to an additional 10.1% of our outstanding capital stock within four years. On May 20, 2008, PEISA exercised an option to purchase shares representing 0.1% of our capital stock. Additionally, PEISA launched a tender offer to purchase all of the shares of YPF that were not already owned by them at a price of U.S.\$49.45 per share or ADS. Repsol YPF, pursuant to its first option agreement with Petersen Energía, had stated that it would not tender YPF shares to PEISA. A total of 1,816,879 shares (including Class D shares and ADSs), representing approximately 0.462% of our total shares outstanding, were tendered. On May 3, 2011, PEISA exercised an option to acquire from Repsol YPF shares or ADSs representing 10.0% of our capital stock and on May 4, 2011, Repsol YPF acknowledged and accepted such exercise. Following the exercise of this option, the Petersen Group owns shares representing 25.46% of our capital stock.

The Expropriation Law has significantly changed our shareholding structure. The Class D shares expropriated from Repsol YPF or its controlling or controlled entities, which represent 51% of our share capital and have been declared of public interest, will be assigned as follows: 51% to the federal government and 49% to the governments of the provinces that compose the National Organization of Hydrocarbon Producing States. In addition, the Argentine federal government and certain provincial governments already own our Class A and Class B shares. See Item 3. Key Information Risk Factors Risks Relating to Argentina The Argentine federal government has taken control over the Company and will operate it according to domestic energy policies in accordance with the Expropriation Law.

As of the date of this annual report, the transfer of the expropriated shares between National Executive Office and the provinces that compose the National Organization of Hydrocarbon Producing States is still pending. According to Article 8 of the Expropriation Law, the distribution of the shares among the provinces that accept their transfer must be conducted in an equitable manner, considering their respective levels of hydrocarbon production and proved reserves. To ensure compliance with its objectives, the Expropriation Law provides that the National Executive Office, by itself or through an appointed public entity, shall exercise all the political rights associated with the shares subject to expropriation until the transfer of political and economic rights to the provinces that compose the National Organization of Hydrocarbon Producing States is completed. In addition, in accordance with Article 9 of the Expropriation Law, each of the Argentine provinces to which expropriated shares are allocated must enter a shareholder's agreement with the federal government which will provide for the unified exercise of its rights as a shareholder. See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law and Item 7. Major Shareholders and Related Party Transactions.

Memorandum and Articles of Association

YPF's by-laws were approved by National Executive Decree No. 1,106, dated May 31, 1993, and notarized by public deed No. 175, dated June 15, 1993 at the National Notary Public Office, sheet 801 of the National Registry,

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and registered at the Inspection Board of Legal Entities of the Argentine Republic on the same date, June 15, 1993 under number 5,109 of the book of Corporations number 113, volume A.

At a Shareholders Meeting on April 14, 2010, YPF's shareholders approved an amendment to YPF's by-laws. Copies of the by-laws, which have been filed as described in Item 19. Exhibits in this annual report, are also available at the offices of YPF.

For a detailed description of YPF's object and purpose, see Item 4. Information on the Company. YPF's object is set forth in Section 4 of its by-laws.

Pursuant to Argentine Corporations Law No. 19,550 (the Corporations Law), the Board of Directors or the Supervisory Committee shall call either annual general or extraordinary shareholders meetings in the cases provided by law and whenever they consider appropriate. Shareholders representing not less than 5% of YPF's capital stock may also request that a shareholders meeting be called.

A shareholders meeting shall be called at least twenty days prior to the meeting date by notice published in the legal publications journal for a period of five days. The notice shall include the nature, date, time and place of the meeting, the agenda to be discussed and the specific requirements shareholders must meet to attend the meeting.

In order to attend the meeting, shareholders must obtain a deposit certificate from a broker or from the depository trust company. This certificate will allow each shareholder to be registered in the attendance book which closes three business days before the date on which the meeting will be held. YPF will issue to each shareholder a deposit certificate required for admission into the meeting. Shares certified and registered in the attendance book shall not be disposed of before the meeting is held unless the corresponding deposit is cancelled.

Directors, members of the Supervisory Committee and senior managers are both entitled and required to attend all shareholders meetings. These persons may only exercise voting power to the extent they have been previously registered as shareholders, in accordance with the provisions described in the above paragraph. Nevertheless, these persons are not allowed to vote on any proposal regarding to the approval of their management duties or their removal for cause.

Shareholders Meetings

Pursuant to the Argentine Corporations Law, the Board of Directors or the Supervisory Committee shall call either annual ordinary or extraordinary shareholders meetings in the cases provided by law and whenever they consider appropriate. Shareholders representing not less than 5% of our capital stock may also request that a shareholders meeting be called, in which case the meeting must take place within 40 days of such shareholders request. If the Board of Directors or the Supervisory Committee fails to call a meeting following such a request, a meeting may be ordered by the CNV or by the courts.

Shareholders meetings may be ordinary meetings or extraordinary meetings. We are required to convene and hold an ordinary meeting of shareholders within four months of the close of each fiscal year to consider the matters specified in the first two paragraphs of Section 234 of the Argentine Corporations Law, such as the approval of our financial statements, allocation of net income for such fiscal year, approval of the reports of the Board of Directors and the Audit Committee and election, performance and remuneration of directors and members of the Supervisory Committee. In addition, pursuant to the Transparency Decree, at ordinary shareholders meetings, shareholders must consider (i) the disposition of, or creation of any lien over, assets as long as such decision has not been performed in the ordinary course of business and (ii) the execution of administration or management agreements and whether to approve any agreement by virtue of which the assets or services provided to us are paid partial or totally with a percentage of our income, results or earnings, if the payment is material when measured against the volume of the ordinary course of business and our shareholders equity. Other matters which may be considered at an ordinary shareholders meeting convened and held at any time include the responsibility of directors and members of the Supervisory Committee, capital increases and the issuance of certain notes. Extraordinary shareholders meetings may be called at any time to consider matters beyond the authority of an ordinary meeting including, without limitation, the amendment of our by-laws, issuance of debentures, early dissolution, merger, spin-off, reduction of

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capital stock and redemption of shares, transformation from one type of entity to another and limitation or suspension of shareholders preemptive rights.

Notices of meetings

Notice of shareholders meetings must be published for five days in the Official Gazette, in an Argentina newspaper of wide circulation and in the bulletin of the Buenos Aires Stock Exchange, at least 20 but not more than 45 days prior to the date on which the meeting is to be held. Such notice must include information regarding the type of meeting to be held, the date, time and place of such meeting and the agenda. If a quorum is not available at such meeting, a notice for a meeting on second call, which must be held within 30 days of the date on which the first meeting was called, must be published for three days at least eight days before the date of the meeting on second call. The above-described notices of shareholders meetings may be effected simultaneously for the meeting on second call to be held on the same day as the first meeting, only in the case of ordinary meetings. Shareholders meetings may be validly held without notice if all the shares of our outstanding share capital are present and resolutions are adopted by unanimous vote of shares entitled to vote.

Quorum and voting requirements

Except as described below, the quorum for ordinary meetings of shareholders on first call is a majority of the shares entitled to vote, and action may be taken by the affirmative vote of an absolute majority of the shares present that are entitled to vote on such action. If a quorum is not available at the first meeting, a meeting on second call may be held at which action may be taken by the holders of an absolute majority of the shares present, regardless of the number of such shares. The quorum for an extraordinary shareholders meeting on first call is 60% of the shares entitled to vote, and if such quorum is not available, a meeting or second call may be held, at which action may be taken by the holders of an absolute majority of the shares present, regardless of the number of such shares.

Our by-laws establish that in order to approve (i) the transfer of our domicile outside Argentina, (ii) a fundamental change of the corporate purpose set forth in our by-laws, (iii) delisting of our shares in the BASE or NYSE, and (iv) a spin-off by us, when as a result of such spin-off more than 25% of our assets are transferred to the resulting corporations, a majority of the shares representing 75% or more of our voting shares is required, both in first and second call. Our by-laws also establish that in order to approve (i) certain amendments to our by-laws concerning tender offers of shares (as described below), (ii) the granting of certain guarantees in favor of our shareholders, (iii) full stop of refining, commercialization and distribution activities and (iv) rules regarding appointment, election and number of members of our Board of Directors, a majority of the shares representing 66% or more of our voting shares is required, both in first and second call, as is the affirmative vote of the Class A shares, granted in a special meeting of the holders of such shares.

In order to attend the meeting, shareholders must deposit their shares, or a certificate representing book-entry shares issued by a bank, clearing house or depository trust company, with us. This certificate will allow each shareholder to be registered in the attendance book which closes three business days before the date on which the meeting will be held. We will issue to each shareholder a deposit certificate required for admission into the meeting. Shares certified and registered in the attendance book may not be disposed of before the meeting is held unless the corresponding deposit is cancelled.

Under the Argentine Corporations Law, foreign companies that own shares in an Argentine corporation are required to register with the Superintendent of Corporations (*Inspección General de Justicia*, or IGJ) in order to exercise certain shareholder rights, including voting rights. Such registration requires the filing of certain corporate and accounting documents. Accordingly, if a shareholder owns Class D shares directly (rather than in the form of ADSs) and it is a non-Argentine company, and such shareholder fails to register with the IGJ, the ability to exercise its rights as a holder of Class D shares may be limited.

Directors, members of the Supervisory Committee and senior managers are both entitled and required to attend all shareholders meetings. These persons may only exercise voting power to the extent they have been previously registered as shareholders, in accordance with the provisions described in the above paragraph. Nevertheless, these persons are not allowed to vote on any proposal regarding the approval of their management duties or their removal for cause.

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Shareholders who have a conflict of interest with us and who do not abstain from voting may be liable for damages to us, but only if the transaction would not have been approved without such shareholders' votes. Furthermore, shareholders who willfully or negligently vote in favor of a resolution that is subsequently declared void by a court as contrary to the law or our by-laws may be held jointly and severally liable for damages to us or to other third parties, including shareholders.

Directors

Election of Directors

Our business and affairs are managed by the Board of Directors in accordance with our by-laws and the Argentine Corporations Law. Our by-laws provide for a Board of Directors of 11 to 21 members, and up to an equal number of alternates. Alternates are those elected by the shareholders to replace directors who are absent from meetings or who are unable to exercise their duties, when and for whatever period appointed to do so by the Board of Directors. Alternates have the responsibilities, duties and powers of directors only if and to the extent they are called upon to attend board meetings or for such longer period as they may act as replacements.

Directors shall hold office from one to three years, as determined by the shareholders' meetings. Since the shareholders' general ordinary meeting held on April 26, 2011, our Board of Directors is composed of 17 directors and 12 alternates.

In accordance with our by-laws, the Argentine government, sole holder of Class A shares, is entitled to elect one director and one alternate.

Under the Argentine Corporations Law, a majority of our directors must be residents of Argentina. All directors must establish a legal domicile in Argentina for service of notices in connection with their duties.

Our by-laws require the Board of Directors to meet at least once every quarter in person or by video conference, and a majority of directors is required in order to constitute a quorum. If a quorum is not met one hour after the start time set for the meeting, the President or his substitute may invite alternates of the same class as that of the absent directors to join the meeting, or call a meeting for another day. Resolutions must be adopted by a majority of the directors present, and the President or his substitute is entitled to cast the deciding vote in the event of a tie.

Prior to the passage of the Expropriation Law and the related Intervention, the composition of certain of our Board committees, as well as the roles of certain members thereof, were affected by the implementation of the shareholders' agreement between Repsol YPF and Petersen Energía. See Item 7. Major Shareholders and Related Party Transactions Shareholders' Agreement and Item 6. Directors, Senior Management and Employees Management of the Company under the Intervention.

Duties and liabilities of Directors

In accordance with the Argentine Corporations Law, directors have an obligation to perform their duties with loyalty and with the diligence of a prudent business person. Directors are jointly and severally liable to us, our shareholders and to third parties for the improper performance of their duties, for violating the law or our by-laws or regulations, and for any damage caused by fraud, abuse of authority or gross negligence. Specific duties may be assigned to a director by the by-laws, company regulations, or by resolution of the shareholders' meeting. In such cases, a director's liability will be determined by reference to the performance of such duties.

Only shareholders, through a shareholders' meeting may authorize directors to engage in activities in competition with us. Transactions or contracts between directors and us in connection with our activities are permitted to the extent they are performed under fair market conditions. Transactions that do not comply with the Argentine Corporations Law require prior approval of the Board of Directors or the Supervisory Committee. In addition, these transactions must be subsequently approved by the shareholders at a general meeting. If our shareholders do not approve the relevant transaction, the directors and members of the Supervisory Committee who approved such transactions are jointly and severally liable for any damages caused to us.

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Any director whose personal interests are adverse to ours shall notify the Board of Directors and the Supervisory Committee and abstain from voting on such matters. Otherwise, such director may be held liable to us.

A director will not be liable if, notwithstanding his presence at the meeting at which a resolution was adopted or his knowledge of such resolution, a written record exists of his opposition to such resolution and he reports his opposition to the Supervisory Committee before any complaint against him is brought before the Board of Directors, the Supervisory Committee, the shareholders' meeting, the appropriate governmental agency or the courts. Any liability of a director to us terminates upon approval of the director's actions by the shareholders at a general meeting, provided that shareholders representing at least 5% of our capital stock do not object and provided further that such liability does not result from a violation of the law, our by-laws or other regulations.

Foreign Investment Legislation

Under the Argentine Foreign Investment Law, as amended, and its implementing regulations (together, referred to as the Foreign Investment Legislation), the purchase of shares of an Argentine corporation by an individual or legal entity domiciled abroad or by an Argentine company of foreign capital (as defined in the Foreign Investment Legislation) constitutes foreign investment. Currently, foreign investment in industries other than broadcasting is not restricted, and no prior approval is required to make foreign investments. No prior approval is required in order to purchase Class D shares or ADSs or to exercise financial or corporate rights thereunder.

Dividends

Under our by-laws, all Class A, Class B, Class C and Class D shares rank equally with respect to the payment of dividends. All shares outstanding as of a particular record date share equally in the dividend being paid, except that shares issued during the period to which a dividend relates may be entitled only to a partial dividend with respect to such period if the shareholders' meeting that approved the issuance so resolved. No provision of our by-laws or of the Argentine Corporations Law gives rise to future special dividends only to certain shareholders.

The amount and payment of dividends are determined by majority vote of our shareholders voting as a single class, generally, but not necessarily, on the recommendation of the Board of Directors. In addition, under the Argentine Corporations Law, our Board of Directors has the right to declare dividends subject to further approval of shareholders at the next shareholders' meeting.

We have distributed over 85% of our net income attributable to the years 2001 through 2006 in dividends to our shareholders. We have not adopted a formal dividend policy. Any dividend policy adopted will be subject to a number of factors, including our debt service requirements, capital expenditure and investment plans, other cash requirements and such other factors as may be deemed relevant at the time. In the shareholders' agreement entered into by Repsol YPF and Petersen Energía in connection with the Petersen Transaction, they agreed to effect the adoption of a dividend policy under which we would distribute 90% of our net income as dividends, starting with our net income for 2007. See Item 7. Major Shareholders and Related Party Transactions Shareholders' Agreement. However, following repeated public statements by the Argentine government that YPF had paid too much of its earnings in dividends and requesting the Company to withhold dividend payments for 2010 and 2011 and invest the related funds in exploration and production activities in Argentina, in March 2012, our Board of Directors decided not to pay a cash dividend but rather offer a scrip dividend with respect to 2011 and remaining undistributed prior years' earnings. This proposal as well as our accounting documentation corresponding to Fiscal Year N° 35, ended December 31, 2011, are expected to be evaluated by our shareholders. On April 23, 2012 the Intervention of the Company has decided to suspend, until further notice, the call notice of the General Ordinary Shareholders' Meeting to be held on April 25, 2012, in order to guarantee the normality of the meeting and protect the interests of the Company and its shareholders and the transparency in the market. The agenda for that meeting includes the evaluation of our accounting documentation corresponding to Fiscal Year N° 35. We expect that the new members of our Board of Directors to be appointed at the General Ordinary Shareholders' Meeting of June 4, 2012 lift the aforementioned suspension. See Item 3. Key Information Risk Factors Risks Relating to Argentina We may not be able to pay, maintain or increase dividends.

The following table sets forth for the periods and dates indicated, the quarterly dividend payments made by us, expressed in pesos.

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Pesos Per Share/ADS

Year Ended December 31,	1Q	2Q	3Q	4Q	Total
2003		5.00	2.60		7.60
2004		9.00		4.50	13.50
2005		8.00		4.40	12.40
2006		6.00			6.00
2007	6.00				6.00
2008	10.76	6.50		6.35	23.61
2009		6.30		6.15	12.45
2010		5.50		5.80	11.30
2011		7.00		7.15	14.15

Our Board of Directors approved a dividend of Ps.7.00 per share or per ADS, which was paid out of the reserve for future dividends on May 6, 2011, and a dividend of Ps.7.15 per share or per ADS, which was paid out of the reserve for future dividends on November 14, 2011.

On March 21, 2012, the Board of Directors resolved to make the following proposals to YPF's shareholders: (i) to transfer Ps.1,057 million included in the Reserve for future dividends to Unappropriated retained earnings (this amount, together with the earnings of the 2011 fiscal year, total Ps.6,353 million); (ii) to carry out a capital increase of Ps.5,789 million (which represents approximately 91.1% of such total); (iii) to assign Ps.299 million to meet the relevant CNV requirements concerning the distribution of profits in connection with deferred negative earnings; and (iv) to assign Ps.265 million, which represents 5% of the 2011 fiscal year earnings, to partially meet the increase in the legal reserve which will be required when the capital increase referred to above is carried out. These proposals as well as our accounting documentation corresponding to Fiscal Year N° 35, ended December 31, 2011, are expected to be evaluated by our shareholders. On April 23, 2012 the Intervention of the Company has decided to suspend, until further notice, the call notice of the General Ordinary Shareholders Meeting to be held on April 25, 2012, in order to guarantee the normality of the meeting and protect the interests of the Company and its shareholders and the transparency in the market. The agenda for that meeting includes the evaluation of our accounting documentation corresponding to Fiscal Year N° 35. We expect that the new members of our Board of Directors to be appointed at the General Ordinary Shareholders Meeting of June 4, 2012 lift the aforementioned suspension. The effect of the foregoing, if approved by our shareholders, will be to pay our dividends with respect to 2011 and remaining undistributed prior years' earnings in the form of a scrip dividend. See Item 3. Key Information Risk Factors Risks Relating to Argentina We may not be able to pay, maintain or increase dividends.

Amount Available for Distribution

Under Argentine law, dividends may be lawfully paid only out of our retained earnings reflected in the annual audited financial statements prepared in accordance with Argentine GAAP and CNV regulations and approved by a shareholders' meeting. The Board of Directors of a listed Argentine company may declare interim dividends, in which case each member of the Board and of the Supervisory Committee is jointly and severally liable for the repayment of such dividend if retained earnings at the close of the fiscal year in which the interim dividend was paid would not have been sufficient to permit the payment of such dividend.

According to the Argentine Corporations Law and our by-laws, we are required to maintain a legal reserve of 20% of our then-outstanding capital stock. The legal reserve is not available for distribution to shareholders.

Under our by-laws, our net income is applied as follows:

first, an amount equivalent to at least 5% of net income, plus (less) prior year adjustments, is segregated to build the legal reserve until such reserve is equal to 20% of our subscribed capital;

second, an amount is segregated to pay the accrued fees of the members of the Board of Directors and of the Supervisory Committee (see Item 6. Directors, Senior Management and Employees Compensation of Directors and Officers);

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third, an amount is segregated to pay dividends on preferred stock, if any; and

fourth, the remainder of net income may be distributed as dividends to common shareholders or allocated for voluntary or contingent reserves as determined by the shareholders' meeting.

Our Board of Directors submits our financial statements for the preceding fiscal year, together with reports thereon by the Supervisory Committee and the auditors, at the annual ordinary shareholders' meeting for approval. Within four months of the end of each fiscal year, an ordinary shareholders' meeting must be held to approve our yearly financial statements and determine the allocation of our net income for such year.

Under applicable CNV regulations, cash dividends must be paid to shareholders within 30 days of the shareholders' meeting approving such dividends or, in the case in which the shareholders' meeting delegates the authority to distribute dividends to the Board of Directors, within 30 days of the Board of Directors' meeting approving such dividends. In the case of stock dividends, shares are required to be delivered within three months of our receipt of notice of the authorization of the CNV for the public offering of the shares arising from such dividends. In accordance with the Argentine Commercial Code, the statute of limitations to the right of any shareholder to receive dividends declared by the shareholders' meeting is three years from the date on which it has been made available to the shareholder.

Owners of ADSs are entitled to receive any dividends payable with respect to the underlying Class D shares. Cash dividends are paid to the Depositary in pesos, directly or through The Bank of New York S.A., although we may choose to pay cash dividends outside Argentina in a currency other than pesos, including U.S. dollars. The deposit agreement provides that the Depositary shall convert cash dividends received by the Depositary in pesos to dollars, to the extent that, in the judgment of the Depositary, such conversion may be made on a reasonable basis, and, after deduction or upon payment of the fees and expenses of the Depositary, shall make payment to the holders of ADSs in U.S. dollars.

Preemptive and Accretion Rights

Except as described below, in the event of a capital increase, a holder of existing shares of a given class has a preferential right to subscribe a number of shares of the same class sufficient to maintain the holder's existing proportionate holdings of shares of that class. Preemptive rights also apply to issuances of convertible securities, but do not apply upon conversion of such securities. Pursuant to the Argentine Corporations Law, in exceptional cases and on a case-by-case basis when required for our best interest, the shareholders at an extraordinary meeting with a special majority may decide to limit or suspend shareholders' preemptive rights, provided that such limitation or suspension of the shareholders' preemptive rights is included in the agenda of the meeting and the shares to be issued are paid in kind or are issued to cancel preexisting obligations.

Under our by-laws, we may only issue securities convertible into Class D shares, and the issuance of any such convertible securities must be approved by a special meeting of the holders of Class D shares.

Holders of ADSs may be restricted in their ability to exercise preemptive rights if a registration statement under the Securities Act relating thereto has not been filed or is not effective. Preemptive rights are exercisable during the 30 days following the last publication of notice informing shareholders of their right to exercise such preemptive rights in the Official Gazette and in an Argentine newspaper of wide circulation. Pursuant to the Argentine Corporations Law, if authorized by an extraordinary shareholders' meeting, companies authorized to make public offering of their securities, such as us, may shorten the period during which preemptive rights may be exercised from 30 to ten days following the publication of notice of the offering to the shareholders to exercise preemptive rights in the Official Gazette and a newspaper of wide circulation in Argentina. Pursuant to our by-laws, the terms and conditions on which preemptive rights may be exercised with respect to Class C shares may be more favorable than those applicable to Class A, Class B and Class D shares.

Shareholders who have exercised their preemptive rights have the right to exercise accretion rights, in proportion to their respective ownership, with respect to any unpreempted shares, in accordance with the following procedure:

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Any unpreempted Class A shares will be converted into Class D shares and offered to holders of Class D shares that exercised preemptive rights and indicated their intention to exercise additional preemptive rights with respect to any such Class A shares.

Any unpreempted Class B shares will be assigned to those provinces that exercised preemptive rights and indicated their intention to exercise accretion rights with respect to such shares; any excess will be converted into Class D shares and offered to holders of Class D shares that exercised preemptive rights and indicated their intention to exercise accretion rights with respect to any such Class D shares.

Any unpreempted Class C shares will be assigned to any PPP participants who exercised preemptive rights and indicated their intention to exercise accretion rights with respect to such shares; any excess will be converted into Class D shares and offered to holders of Class D shares that exercised preemptive rights and indicated their intention to exercise accretion rights with respect to any such Class C shares.

Any unpreempted rights will be assigned to holders of Class D shares that exercised their preemptive rights and indicated their intention to exercise accretion rights; any remaining Class D shares will be assigned *pro rata* to any holder of shares of another class that indicated his or her intention to exercise accretion rights.

The term for exercise of additional preemptive rights is the same as that fixed for exercising preemptive rights.

Voting of the Underlying Class D Shares

Under the by-laws, each Class A, Class B, Class C and Class D share entitles the holder thereof to one vote at any meeting of the shareholders of YPF, except that a specified number of Directors is elected by majority vote of each class (except as provided below). See [Directors Election of Directors](#) above for information regarding the number of directors that holders of each class of shares are entitled to elect and certain other provisions governing nomination and election of directors. The Depositary has agreed that, as soon as practicable after receipt of a notice of any meeting of shareholders of YPF, it will mail a notice to the holders of ADRs, evidencing ADSs, registered on the books of the Depositary which will contain the following:

a summary in English of the information contained in the notice of such meeting;

a statement that the holders of ADRs at the close of business on a specified record date will be entitled, subject to any applicable provisions of Argentine law, the by-laws of YPF and the Class D shares, to instruct the Depositary to exercise the voting rights, if any, pertaining to the Class D shares evidenced by their respective ADSs; and

a statement as to the manner in which such instructions may be given to the Depositary.

The Depositary shall endeavor, to the extent practicable, to vote or cause to be voted the amount of Class D shares represented by the ADSs in accordance with the written instructions of the holders thereof. The Depositary will vote Class D shares, as to which no instructions are received, in accordance with the recommendations of the Board of Directors of YPF. The Depositary will not vote Class D shares, as to which no instructions have been received, in accordance with the recommendations of the Board of Directors, however, unless YPF has provided to the Depositary an opinion of Argentine counsel stating that the action recommended by the Board of Directors is not illegal under Argentine law or contrary to the by-laws or Board regulations of YPF. In addition, the Depositary will, if requested by the Board of Directors and unless prohibited by any applicable provision of Argentine law, deposit all Class D shares represented by ADSs for purposes of establishing a quorum at meetings of shareholders, whether or not voting instructions with respect to such shares have been received.

Voting

Under our by-laws, each Class A, Class B, Class C and Class D share entitles the holder thereof to one vote at any meeting of our shareholders, except that the Class A shares (i) vote separately with respect to the election of our

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Board of Directors and are entitled to appoint one director and one alternate director and (ii) have certain veto rights, as described below.

Class A Veto Rights

Under the by-laws, so long as any Class A shares remain outstanding, the affirmative vote of such shares is required in order to: (i) decide upon the merger of the company; (ii) approve any acquisition of shares by a third party representing more than 50% of the company's capital; (iii) transfer to third parties all the exploitation rights granted to YPF pursuant to the Hydrocarbons Law, applicable regulations thereunder or the Privatization Law, if such transfer would result in the total suspension of the company's exploration and production activities; (iv) voluntarily dissolve the company and (v) transfer our legal or fiscal domicile outside Argentina. The actions described in clauses (iii) and (iv) above also require prior approval of the Argentine Congress through enactment of a law.

Reporting Requirements

Pursuant to our by-laws, any person who, directly or indirectly, through or together with its affiliates and persons acting in concert with it, acquires Class D shares or securities convertible into Class D shares, so that such person controls more than 3% of the Class D shares, is required to notify us of such acquisition within five days of such acquisition, in addition to complying with any requirements imposed by any other authority in Argentina or elsewhere where our Class D shares are traded. Such notice must include the name or names of the person and persons, if any, acting in concert with it, the date of the acquisition, the number of shares acquired, the price at which the acquisition was made, and a statement as to whether it is the purpose of the person or persons to acquire a greater shareholding in, or control of, us. Each subsequent acquisition by such person or persons requires a similar notice.

Certain Provisions Relating to Acquisitions of Shares

Pursuant to our by-laws:

each acquisition of shares or convertible securities, as a result of which the acquirer, directly or indirectly through or together with its affiliates and persons acting in concert with it (collectively, an Offeror), would own or control shares that, combined with such Offeror's prior holdings, if any, of shares of such class, would represent:

15% or more of the outstanding capital stock, or

20% or more of the outstanding Class D shares; and

each subsequent acquisition by an Offeror (other than subsequent acquisitions by an Offeror owning or controlling more than 50% of our capital prior to such acquisition) (collectively, Control Acquisitions), must be carried out in accordance with the procedure described under Restrictions on Control Acquisitions below.

In addition, any merger, consolidation or other combination with substantially the same effect involving an Offeror that has previously carried out a Control Acquisition, or by any other person or persons, if such transaction would have for such person or persons substantially the same effect as a Control Acquisition (Related Party Share Acquisition), must be carried out in accordance with the provisions described under

Restrictions on Related Party Share Acquisitions. The voting, dividend and other distribution rights of any shares acquired in a Control Acquisition or a Related Party Share Acquisition carried out other than in accordance with such provisions will be suspended, and such shares will not be counted for purposes of determining the existence of a quorum at shareholders' meetings.

The Expropriation Law has not triggered these obligations.

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Restrictions on Control Acquisitions

Prior to consummating any Control Acquisition, an Offeror must obtain the approval of the Class A shares, if any are outstanding, and make a public tender offer for all of our outstanding shares and convertible securities. The Offeror will be required to provide us with notice of, and certain specified information with respect to, any such tender offer at least fifteen business days prior to the commencement of the offer, as well as the terms and conditions of any agreement with any shareholder proposed for the Control Acquisition (a *Prior Agreement*). We will send each shareholder and holder of convertible securities a copy of such notice at the Offeror's expense. The Offeror is also required to publish a notice containing substantially the same information in a newspaper of general circulation in Argentina, New York and each other city in which our securities are traded on an exchange or other securities market, at least once per week, beginning on the date notice is provided to us, until the offer expires.

Our Board of Directors shall call a special meeting of the Class A shares to be held ten business days following the receipt of such notice for the purpose of considering the tender offer. If the special meeting is not held, or if the shareholders do not approve the tender offer at such meeting, neither the tender offer nor the proposed Control Acquisition may be completed.

The tender offer must be carried out in accordance with a procedure specified in our by-laws and in accordance with any additional or stricter requirements of jurisdictions, exchanges or markets in which the offer is made or in which our securities are traded. Under the by-laws, the tender offer must provide for the same price for all shares tendered, which price may not be less than the highest of the following (the *Minimum Price*):

- (i) the highest price paid by, or on behalf of, the Offeror for Class D shares or convertible securities during the two years prior to the notice provided to us, subject to certain antidilution adjustments with respect to Class D shares;
- (ii) the highest closing price for the Class D shares on the BASE during the thirty-day period immediately preceding the notice provided to us, subject to certain antidilution adjustments;
- (iii) the price resulting from clause (ii) above multiplied by a fraction, the numerator of which shall be the highest price paid by or on behalf of the Offeror for Class D shares during the two years immediately preceding the date of the notice provided to us and the denominator of which shall be the closing price for the Class D shares on the BASE on the date immediately preceding the first day in such two-year period on which the Offeror acquired any interest in or right to any Class D shares, in each case subject to certain antidilution adjustments; and
- (iv) the net earnings per Class D share during the four most recent full fiscal quarters immediately preceding the date of the notice provided to us, multiplied by the higher of (A) the price/earnings ratio during such period for Class D shares (if any) and (B) the highest price/earnings ratio for us in the two-year period immediately preceding the date of the notice provided to us, in each case determined in accordance with standard practices in the financial community.

Any such offer must remain open for a minimum of 20 days and a maximum of 30 days following the provision of notice to the shareholders or publication of the offer, plus an additional period of a minimum of five days and a maximum of ten days required by CNV regulations, and shareholders must have the right to withdraw tendered shares at any time up until the close of the offer. Following the close of such tender offer, the Offeror will be obligated to acquire all tendered shares or convertible securities, unless the number of shares tendered is less than the minimum, if any, upon which such tender offer was conditioned, in which case the Offeror may withdraw the tender offer. Following the close of the tender offer, the Offeror may consummate any *Prior Agreement* within thirty days following the close of the tender offer; provided, however, that if such tender offer was conditioned on the acquisition of a minimum number of shares, the *Prior Agreement* may be consummated only if such minimum was reached. If no *Prior Agreement* existed, the Offeror may acquire the number of shares indicated in the notice provided to us on the terms indicated in such notice, to the extent such number of shares were not acquired in the tender offer, provided that any condition relating to a minimum number of shares tendered has been met.

The Expropriation Law has not triggered these obligations.

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Restrictions on Related Party Share Acquisitions

The price per share to be received by each shareholder in any Related Party Share Acquisition must be the same as, and must not be less, than the highest of the following:

- (i) the highest price paid by or on behalf of the party seeking to carry out the Related Party Share Acquisition (an Interested Shareholder) for (A) shares of the class to be transferred in the Related Party Share Acquisition (the Class) within the two-year period immediately preceding the first public announcement of the Related Party Share Acquisition or (B) shares of the Class acquired in any Control Acquisition, in each case as adjusted for any stock split, reverse stock split, stock dividend or other reclassification affecting the Class;
- (ii) the highest closing sale price of shares of the Class on the BASE during the thirty days immediately preceding the announcement of the Related Party Share Acquisition or the date of any Control Acquisition by the Interested Shareholder, adjusted as described above;
- (iii) the price resulting from clause (ii) multiplied by a fraction, the numerator of which shall be the highest price paid by or on behalf of the Interested Shareholder for any share of the Class during the two years immediately preceding the announcement of the Related Party Transaction and the denominator of which shall be the closing sale price for shares of the Class on the date immediately preceding the first day in the two-year period referred to above on which the Interested Shareholder acquired any interest or right in shares of the Class, in each case as adjusted as described above; and
- (iv) the net earnings per share of the shares of the Class during the four most recent full fiscal quarters preceding the announcement of the Related Party Transaction multiplied by the higher of the (A) the price/earnings ratio during such period for the shares of the Class and (B) the highest price/earnings ratio for us in the two-year period preceding the announcement of the Related Party Transaction, in each case determined in accordance with standard practices in the financial community.

In addition, any transaction that would result in the acquisition by any Offeror of ownership or control of more than 50% of our capital stock, or that constitutes a merger or consolidation of us, must be approved in advance by the Class A shares while any such shares remain outstanding.

Material Contracts

None.

Exchange Controls

See Item 3. Key Information-Exchange Controls for information on the monetary and currency exchange control restrictions in effect in Argentina.

Taxation

Argentine Tax Considerations

The following discussion is a summary of the material Argentine tax considerations relating to the purchase, ownership and disposition of our Class D shares or ADSs.

Dividends tax

Dividends paid on our Class D shares or ADSs, whether in cash, property or other equity securities, are not subject to income tax withholding, except for dividends paid in excess of our taxable accumulated income for the previous fiscal period, which are subject to withholding at a rate of 35% in respect of such excess. This is a final tax, and it is not applicable if dividends are paid in shares (*acciones liberadas*) rather than in cash.

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Capital gains tax

Capital gains recognized by non-resident individuals or entities from the sale, exchange or other disposition of our Class D shares or ADSs are not subject to Argentine income tax.

Personal assets tax

Individuals and foreign entities, as well as their undistributed estates, regardless of whether they are domiciled or located in Argentina or abroad, are subject to personal assets tax of 0.5% of the value of any shares or ADSs issued by Argentine entities, held at December 31 of each year. The tax is levied on the Argentine issuers of such shares or ADSs, such as the Company, which must pay this tax in substitution of the relevant shareholders, and is based on the equity value (*valor patrimonial proporcional*), or the book value of the shares derived from the latest financial statements at December 31 of each year. Pursuant to the Personal Assets Tax Law, we are entitled and expect to seek reimbursement of such paid tax from the applicable shareholders, including by foreclosing on the shares, or by withholding dividends.

Tax on debits and credits in bank accounts

Tax on debits and credits in bank accounts is levied, with certain exceptions, for debits and credits on checking accounts maintained at financial institutions located in Argentina and other transactions that are used as a substitute for the use of checking accounts. The general tax rate is 0.6% for each debit and credit, although in certain cases a decreased rate may apply. The account holder may use up to 34% of the tax paid in respect of credits as a credit against other federal taxes.

Value added tax

The sale, exchange or other disposition of our Class D shares or ADSs and the distribution of dividends are exempt from the value added tax.

Transfer taxes

The sale, exchange or other disposition of our Class D shares or ADSs is not subject to transfer taxes.

Stamp taxes

Stamp taxes may apply in certain Argentine provinces if transfer of our Class D shares or ADSs is performed or executed in such jurisdictions by means of written agreements. Transfer of our Class D shares or ADSs is exempt from stamp tax in the City of Buenos Aires.

Estate and gift tax

The Province of Buenos Aires has imposed a tax on the reception of assets through inheritance or gift, effective January 1, 2011. The tax rates vary from 4% to 21.95%, depending on the value of the transferred assets and the relationship between the transferor and the transferee. The transfer of Class D shares or ADSs among residents of the Province of Buenos Aires shall be subject to this tax if other applicable conditions are met.

Other taxes

Subject to the discussion above regarding estate and gift taxes in the Province of Buenos Aires, there are no Argentine inheritance or succession taxes applicable to the ownership, transfer or disposition of our Class D shares or ADSs. In addition, neither the minimum presumed income tax nor any local gross turnover tax is applicable to the ownership, transfer or disposition of our Class D shares or ADSs.

In the case of litigation regarding the Class D shares or ADSs before a court of the City of Buenos Aires, a 3% court fee would be charged, calculated on the basis of the claim.

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Tax treaties

Argentina has tax treaties for the avoidance of double taxation currently in force with Australia, Austria, Belgium, Bolivia, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Russia, Spain, Sweden, Switzerland and the United Kingdom. There is currently no tax treaty or convention in effect between Argentina and the United States. It is not clear when, if ever, a treaty will be ratified or entered into effect. As a result, the Argentine tax consequences described in this section will apply, without modification, to a holder of our Class D shares or ADSs that is a U.S. resident. Foreign shareholders located in certain jurisdictions with a tax treaty in force with Argentina may be (i) exempted from the payment of the personal assets tax and (ii) entitled to apply for reduced withholding tax rates on payments to be made by Argentine parties.

United States Federal Income Tax Considerations

The following are the material U.S. federal income tax consequences of owning and disposing of our Class D shares or ADSs. This discussion does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person's decision to hold such securities.

This discussion applies only if you are a U.S. Holder (as defined below) and you hold our Class D shares or ADSs as capital assets for U.S. federal income tax purposes, and it does not describe all of the tax consequences that may be relevant to holders subject to special rules, such as:

certain financial institutions;

insurance companies;

dealers and traders in securities or foreign currencies, who use a mark-to-market method of tax accounting;

persons holding Class D shares or ADSs as part of a hedge, straddle, wash sale, conversion transaction, integrated transaction or similar transaction or persons entering into a constructive sale with respect to the Class D shares or ADSs;

persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;

entities classified as partnerships for U.S. federal income tax purposes;

persons liable for the alternative minimum tax;

persons who acquired our Class D shares or ADSs pursuant to the exercise of an employee stock option or otherwise as compensation;

persons holding Class D shares or ADSs in connection with a trade or business conducted outside of the United States;

tax-exempt entities, including individual retirement accounts or Roth IRAs; or

persons holding Class D shares or ADSs that own or are deemed to own ten percent or more of our voting stock.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds Class D shares or ADSs, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partnerships holding Class D shares or ADSs and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of holding and disposing of the Class D shares or ADSs.

This discussion is based on the Internal Revenue Code of 1986, as amended (the Code), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date hereof. These laws are subject to change, possibly on a retroactive basis. It is also based in part on representations by the

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Depository and assumes that each obligation under the deposit agreement and any related agreement will be performed in accordance with its terms.

You are a U.S. Holder if you are a beneficial owner of Class D shares or ADSs and are, for U.S. federal income tax purposes:

a citizen or individual resident of the United States;

a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or

an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

In general, if you own ADSs, you will be treated as the owner of the underlying shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if you exchange ADSs for the underlying shares represented by those ADSs.

The U.S. Treasury has expressed concerns that parties to whom American depositary shares are released before the underlying shares are delivered to the depository, or intermediaries in the chain of ownership between U.S. Holders and the issuer of the shares underlying the American depositary shares, may be taking actions that are inconsistent with the claiming of foreign tax credits by U.S. holders of American depositary shares. Such actions would also be inconsistent with the claiming of the reduced rate of tax, described below, applicable to dividends received by certain non-corporate holders. Accordingly, the analysis of the creditability of Argentine taxes, and the availability of the reduced tax rate for dividends received by certain non-corporate holders, each described below, could be affected by actions taken by such parties or intermediaries.

Please consult your own tax adviser concerning the U.S. federal, state, local and foreign tax consequences of owning and disposing of Class D shares or ADSs in your particular circumstances.

This discussion assumes that YPF is not, and will not become, a passive foreign investment company, as described below.

Taxation of distributions

Distributions paid on Class D shares or ADSs, other than certain *pro rata* distributions of ordinary shares, will be treated as dividends to the extent paid out of current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because we do not maintain calculations of earnings and profits under U.S. federal income tax principles, it is expected that distributions will generally be reported to U.S. Holders as dividends. Subject to applicable limitations (including a minimum holding period requirement) and the discussion above regarding concerns expressed by the U.S. Treasury, certain dividends paid by qualified foreign corporations to certain non-corporate U.S. Holders in taxable years beginning before January 1, 2013 are taxable at a maximum rate of 15%. A foreign corporation is treated as a qualified foreign corporation with respect to dividends paid on stock that is readily tradable on an established securities market in the United States, such as the NYSE, where our ADSs are listed. You should consult your own tax adviser to determine whether the favorable rate may apply to dividends you receive in respect of our Class D shares or ADSs and whether you are subject to any special rules that limit your ability to be taxed at this favorable rate. The amount of a dividend will include any amounts withheld by us in respect of Argentine income taxes. The dividends will be treated as foreign-source dividend income and will not be eligible for the dividends-received deduction generally allowed to U.S. corporations under the Code.

Any dividends paid in Argentine pesos will be included in your income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the date of your, or in the case of ADSs, the Depository's, receipt of the dividend, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, you generally would not recognize foreign currency gain or loss in respect of the dividend income. You may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt. Foreign currency gain or loss that you recognize will generally be treated as U.S.-source ordinary income.

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Subject to applicable limitations (including a minimum holding period requirement) that may vary depending upon your circumstances and, in the case of ADSs, subject to the discussion above regarding concerns expressed by the U.S. Treasury, Argentine income taxes, if any, withheld from dividends on Class D shares or ADSs will be creditable against your U.S. federal income tax liability. Amounts paid on account of the Argentine personal assets tax will not be eligible for credit against your U.S. federal income tax liability. You should consult your tax adviser to determine the tax consequences applicable to you as a result of the payment of the Argentine personal assets tax or the withholding of the amount of such tax from distributions, including whether such amounts are includible in income or are deductible for U.S. federal income tax purposes. The rules governing the foreign tax credit are complex. You are urged to consult your tax adviser regarding the availability of the foreign tax credit under your particular circumstances.

Sale or other disposition of Class D shares or ADSs

For U.S. federal income tax purposes, gain or loss you realize on the sale or other disposition of Class D shares or ADSs will be capital gain or loss and will be long-term capital gain or loss if you held the Class D shares or ADSs for more than one year. The amount of your gain or loss will be equal to the difference between the amount realized on the disposition and your tax basis in the relevant Class D shares or ADSs, each as determined in U.S. dollars. Such gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

Passive foreign investment company rules

YPF believes that it was not a passive foreign investment company (PFIC) for U.S. federal income tax purposes for the taxable year of 2011 and does not expect to be a PFIC in the foreseeable future. However, since PFIC status depends upon the composition of a company's income and assets and the market value of its assets (including, among other things, less than 25 percent owned equity investments) from time to time, there can be no assurance that YPF will not be considered a PFIC for any taxable year. If YPF were treated as a PFIC for any taxable year during which you held a Class D share or ADS, certain adverse consequences could apply to you.

If YPF were treated as a PFIC for any taxable year during which you held a Class D share or ADS, any gain you recognized on a sale or other disposition of the Class D share or ADS would be allocated ratably over your holding period for the Class D share or ADS. The amounts allocated to the taxable year of the disposition and to any year before YPF became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, and an interest charge would be imposed on the resulting tax liability. Further, the portion of any distribution in respect of Class D shares or ADSs that is in excess of 125% of the average of the annual distributions that you received on Class D shares or ADSs during the preceding three years or your holding period, whichever is shorter, would be subject to taxation in the same manner as gains. Certain elections might be available that would result in alternative treatments (such as mark-to-market treatment). U.S. Holders should consult their tax advisers to determine whether any of these elections would be available and, if so, what the consequences of the alternative treatments would be in their particular circumstances.

In addition, if YPF were to be treated as a PFIC in a taxable year in which it paid a dividend or the prior taxable year, the 15% dividend rate discussed above with respect to dividends paid to certain non-corporate holders would not apply.

If we were a PFIC for any taxable year during which a U.S. Holder held Class D shares or ADSs, such U.S. Holder may be required to file a report containing such information as the U.S. Treasury may require.

Information reporting and backup withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting and may be subject to backup withholding unless (i) you are an exempt recipient or (ii) in the case of backup withholding, you provide a correct taxpayer identification number and certify that you are not subject to backup withholding.

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The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Certain U.S. Holders who are individuals may be required to report information relating to their ownership of securities of a non-U.S. person, subject to certain exceptions (including an exception for stock held in certain accounts maintained by a U.S. financial institution, such as our ADSs). U.S. Holders are urged to consult their tax advisers regarding the effect, if any, of these rules on their ownership and disposition of Class D shares or ADSs.

Available Information

YPF is subject to the information requirements of the U.S. Securities Exchange Act (the Exchange Act), except that as a foreign issuer, YPF is not subject to the proxy rules or the short-swing profit disclosure rules of the Exchange Act. In accordance with these statutory requirements, YPF files or furnishes reports and other information with the SEC. Reports and other information filed or furnished by YPF with the SEC may be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N. E., Washington, D.C. 20549. Copies of such material may be obtained by mail from the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the Public Reference Section by calling the SEC at +1-800-732-0330. The SEC maintains a World Wide Web site on the Internet at <http://www.sec.gov> that contains reports and information statements and other information regarding us. Such reports and other information may also be inspected at the offices of the New York Stock Exchange, 11 Wall Street, New York, New York 10005, on which YPF s American Depositary Shares are listed.

[Back to Contents](#)**ITEM 11. Quantitative and Qualitative Disclosures about Market Risk**

The following quantitative and qualitative information is provided about financial instruments to which we are a party as of December 31, 2011, and from which we may incur future gains or losses from changes in market, interest rates, foreign exchange rates or commodity prices. We do not enter into derivative or other financial instruments for trading purposes.

This discussion contains forward-looking statements that are subject to risks and uncertainties. Actual results could vary materially as a result of a number of factors including those set forth in Item 3. Key Information-Risk Factors.

Foreign currency exposure

We generally follow a policy of not hedging our debt obligations in U.S. dollars. In addition, our costs and receipts denominated in currencies other than the Argentine peso, including the U.S. dollar, often do not match. As a result, we are currently exposed to risks associated with changes in foreign currency exchange rates. See Item 3. Key Information-Risk Factors-Risks Relating to Argentina-We may be exposed to fluctuations in foreign exchange rates.

The table below provides information about our assets and liabilities denominated in currencies other than pesos (principally U.S. dollars) that may be sensitive to changes in foreign exchange rates, as of December 31, 2011.

	Expected Maturity Date				Total
	Less than 1 year	1-3 years	3-5 years	More than 5 years and undetermined	
(in millions of U.S. dollars)					
Assets	983	85		3	1,071
Accounts payable	1,467	217	124	516	2,324
Debt	1,391	675	263	147	2,475
Other Liabilities	74	6	6	369 ⁽¹⁾	455

(1) Includes U.S.\$346 million corresponding to accruals for contingencies with undetermined maturity.

Interest rate exposure

The objective of our financing strategy is to satisfy capital requirements while minimizing our exposure to interest rate fluctuations. To realize such objective, we have borrowed under fixed rate debt instruments, based on the availability of capital and prevailing market conditions. We generally follow a policy of not hedging our interest rate exposure.

The table below provides information about our assets and liabilities as of December 31, 2011 that may be sensitive to changes in interest rates.

	Expected Maturity Date						Total	Fair Value
	Less than 1 year	1 2 years	2 3 years	3 4 years	4 5 years	More than 5 years		
(in millions of pesos)								
Assets								
<i>Fixed rate</i>								
Other Receivables	20	246					266	263
Interest rate	0.50%	0.50-4.82%						

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<i>Variable rate</i>								
Other Receivables	21	21	21	21	21	15	120	120
Interest rate	CER ⁽¹⁾ +8%	CER ⁽¹⁾ +8%	CER ⁽¹⁾ +8%	CER ⁽¹⁾ +8%	CER ⁽¹⁾ +8%	CER ⁽¹⁾ +8%		

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Expected Maturity Date

Less than 1 year	1 2 years	2 3 years	3 4 years	4 5 years	More than 5 years	Total	Fair Value
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(in millions of pesos)

Liabilities

Fixed rate

YPF's Negotiable

Obligations		300				376	676	784
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Interest rate	4%	10%						
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Related Parties