

YPF SOCIEDAD ANONIMA
Form 20-F
April 26, 2013
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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, 2012

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)

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Macacha Güemes 515

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(Address of principal executive offices)

Gabriel E. Leiva

Director of Administration

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(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 Class D Shares	New York Stock Exchange 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 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, 2012 was:

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

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

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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 companies or, if the context requires, its predecessor companies. YPF Sociedad Anónima refers to YPF Sociedad Anónima only. 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, 2012 and 2011, YPF's audited consolidated statements of income for the years ended December 31, 2012 and 2011, YPF's audited consolidated statements of cash flows for the years ended December 31, 2012 and 2011, YPF's audited consolidated statements of changes in shareholders' equity for the years ended December 31, 2012 and 2011, 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 joint operations whose results were consolidated using the proportional integration method, a *pro rata* amount of the assets, liabilities and results of operations for such joint operations at the date or for the periods indicated.

For information regarding consolidation, see Notes 1.a and 1.c.5 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

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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 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

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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, 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 hydrocarbons, 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 reporting purposes. It is also referred to as standard conditions. For YPF these conditions are 14.7 psi for pressure and 60 degrees Fahrenheit for temperature. All volume units expressed in this report are at surface conditions.

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Abbreviations:

bbl	Barrels.
bcf	Billion cubic feet.
bcm	Billion cubic meters.
boe	Barrels of oil equivalent.
boe/d	Barrels of oil equivalent per day.
cm	Cubic meters.
GWh	Gigawatt hours.
HP	Horsepower.
km	Kilometers.
km2	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.
mmboe	Million barrels of oil equivalent.
mmboe/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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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 the information under Item 5. Operating and Financial Review and Prospects included elsewhere in this annual report.

Our Audited Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These Consolidated Financial Statements are YPF 's first annual financial statements that are fully compliant with IFRS. IFRS 1 First-time Adoption of International Reporting Standards has been applied in preparing these financial statements.

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 Argentine National Securities Commission (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. 26,831. Compliance with such rules is mandatory for YPF for the fiscal year which began on January 1, 2012, with transition date of January 1, 2011. Disclosures concerning the transition from generally accepted accounting principles in Argentina (Argentine GAAP) to IFRS are provided in Note 1 to our Audited Consolidated Financial Statements.

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, 2012 have been translated into U.S. dollars at the exchange rate quoted by the Argentine Central Bank (*Banco Central de la República Argentina* or Central Bank) on December 31, 2012 of Ps.4.92 to U.S.\$1.00, unless otherwise specified. The exchange rate quoted by the Central Bank on April 24, 2013 was Ps.5.17 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, S.A. (Repsol YPF) and its controlled or controlling entities. The shares subject to expropriation, 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 will control the Company 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.

The financial data contained in this annual report as of December 31, 2012 and 2011 and for the years then ended has been derived from our Audited Consolidated Financial Statements, which were approved by our Board of Directors on March 11, 2013.

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	As of and for the year ended December 31,		
	2012	2012	2011
	(in millions of		
	U.S.\$, except for		
	per		
	share		
	and		
	per	(in millions of pesos, except	
	ADS	for per share and per ADS data)	
	data)		
Consolidated Statement of Comprehensive Income Data⁽¹⁾:			
Revenues ⁽²⁾	13,653	67,174	56,211
Gross profit	3,436	16,907	15,068
Administrative expenses	(454)	(2,232)	(1,822)
Selling expenses	(1,151)	(5,662)	(5,438)
Exploration expenses	(118)	(582)	(574)
Other income/(expense), net	(107)	(528)	(46)
Operating income	1,606	7,903	7,188
Income/(Loss) on long-term investments	23	114	685
Interest expense	(316)	(1,557)	(1,045)
Other financial income/(expense), net	428	2,105	758
Income from sale of long-term investments			
Reversal/(impairment) of other current assets			
Income before income tax	1,741	8,565	7,586
Income tax	(553)	(2,720)	(2,495)
Deferred tax	(395)	(1,943)	(646)
Net income	793	3,902	4,445
Total other Comprehensive income	862	4,241	1,852
Total Comprehensive income	1,665	8,143	6,297
Earnings per share and per ADS ⁽⁴⁾	2.02	9.92	11.30
Dividends per share and per ADS ⁽⁴⁾ (in pesos)	n.a.	0.77	14.15
Dividends per share and per ADS ⁽⁴⁾⁽⁵⁾ (in U.S. dollars)	n.a.	0.16	3.39
Consolidated Balance Sheet Data⁽¹⁾:			
Cash	965	4,747	1,112
Working capital ⁽³⁾	(525)	(2,582)	(7,750)
Total assets	16,250	79,949	60,990
Total debt ⁽⁶⁾	3,746	17,104	12,198
Shareholders' equity ⁽⁷⁾	6,354	31,260	23,420
Other Consolidated Financial Data:			
Fixed assets depreciation	1,683	8,281	6,499
Cash used in fixed asset acquisitions	3,334	16,403	12,156

- (1) The consolidated financial statements reflect the effect of the application of the functional and reporting currency. See Note 1.c.1) to the Audited Consolidated Financial Statements.
- (2) Revenues are net to us after payment of a fuel transfer tax and turnover tax. Customs duties on hydrocarbon exports are disclosed in Taxes, charges and contributions, as indicated in Note 2.k) to the Audited Consolidated Financial Statements. Royalties with respect to our production are accounted for as a cost of production and are not deducted in determining net sales. See Note 1.c.16) to the Audited Consolidated Financial Statements.
- (3) Working Capital corresponds to Total Current Assets less Total Current Liabilities as of December 31, 2012 and December 31, 2011 according to the Audited Consolidated Financial Statements.
- (4) Information has been calculated based on outstanding share capital 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.
- (5) Amounts expressed in U.S. dollars are based on the exchange rate as of the date of payment.
- (6)

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Total debt includes long-term debt of Ps. 12,100 million as of December 31, 2012 and Ps. 4,435 million as of December 31, 2011, and short-term debt of Ps.5,004 million as of December 31, 2012 and Ps. 7,763 million as of December 31, 2011, respectively. See Financial Risk Management Liquidity Risk in Note 1.e) to the Audited Consolidated Financial Statements.

- (7) Our subscribed capital as of December 31, 2012 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

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Argentine Congress enacted the Public Emergency and Foreign Exchange System Reform Law (Law No. 25,561, or the Public Emergency 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 National Executive Office 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.

	<i>Low</i>	<i>High</i>	<i>Average</i>	<i>Period End</i>
	<i>(pesos per U.S. dollar)</i>			
Year ended December 31,				
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
2012	4.30	4.92	4.58 ⁽¹⁾	4.92
Month				
October 2012	4.70	4.77	4.73	4.77
November 2012	4.77	4.84	4.80	4.84
December 2012	4.84	4.92	4.88	4.92
January 2013	4.93	4.98	4.95	4.98
February 2013	4.98	5.05	5.01	5.05
March 2013	5.05	5.12	5.09	5.12
April 2013(2)	5.13	5.17	5.15	5.17

Source: Central Bank

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

(2) Through April 24, 2013.

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,

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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.

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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.

Risk Factors

Risk Factors

The risks and uncertainties described below are not the only risks and uncertainties that we face. Additional risks and uncertainties that are unknown to us or that we currently think are immaterial also may impair our business operations or our ability to make payments on the notes and under other existing or future indebtedness.

Risks Relating to Argentina

The Argentine federal government will control the Company according to domestic energy policies in accordance with the Expropriation Law

The Argentine federal government and certain provincial governments control the Company, and consequently, the federal government and the governments of such Argentine provinces are able to determine substantially all matters requiring approval by a majority of our shareholders, including the election of a majority of our directors, and are able to direct our operations. 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. In addition, the inability of Argentina to meet its energy requirements could have a material adverse impact on the Argentine economy and negatively impact our results of operations. We cannot assure you that the decisions taken by our controlling shareholders for the purpose of achieving the targets set forth in the Expropriation Law would not differ from your interests as a shareholder.

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, 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. In 2012, the Argentine economy experienced a slowdown with GDP increasing at a rate of 1.9% on an annualized basis compared to 2011. No assurances can be given that the rate of growth experienced over past years will be achieved in subsequent years or that the economy will not contract. If economic conditions in Argentina were to slow further, or contract, or if the Argentine Government's measures to attract or retain foreign investment and international financing in the future are unsuccessful, such developments could adversely affect Argentina's economic growth and in turn affect our financial condition and results of operations.

Argentine economic results are dependent on a variety of factors, including (but not limited to) the following:

international demand for Argentina's principal exports;

international prices for Argentina's principal commodity exports;

stability and competitiveness of the peso against foreign currencies;

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levels of consumer consumption and foreign and domestic investment and financing; and

the rate of inflation.

In recent years, Argentina has confronted inflationary pressure. According to inflation data published by the National Statistics Institute (*Instituto Nacional de Estadística y Censos*, INDEC), from 2008 to 2012, the Argentine consumer price index (CPI) increased 7.2%, 7.7%, 10.9%, 9.5% and 10.8%, respectively; the wholesale price index increased

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8.8%, 10.3%, 14.5%, 12.7% and 13.1%, respectively. However, certain private sector analysts usually quoted by the government opposition, based on methodologies being questioned by the Argentine Government on the basis of the lack of technical support, believe that actual inflation is significantly higher than that reflected in INDEC reports. Increased rates of inflation in Argentina could increase our cost of operation, and may negatively impact our results of operations and financial condition. There can be no assurance that inflation rates will not be higher in the future.

In addition, Argentina's economy is vulnerable to adverse developments affecting its principal trading partners. A significant decline in the economic growth of any of Argentina's major trading partners, such as Brazil, China or the United States, could have a material adverse impact on Argentina's balance of trade and adversely affect Argentina's economic growth and may consequently adversely affect our financial condition and results of operations. Furthermore, a significant depreciation of the currencies of our trading partners or trade competitors may adversely affect the competitiveness of Argentina and consequently adversely affect Argentina's economic and our financial condition and results of operations.

Furthermore, 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. Certain creditors did not agree to the restructuring. In late October, 2012, the Second United States Circuit Court of Appeals in New York rejected an appeal by Argentina with respect to a claim of holders of debt swaps presented in 2005 and 2010 and in relation to the payment of the debt claimed by them. Subsequently, on November 21, 2012, the United States District Court for the Southern District of New York justice ordered Argentina to make a deposit of U.S. \$ 1,330 million related to the aforementioned payment, which order was appealed by the country. The Second Circuit Court of Appeals New York did grant the request of Argentina and suspended the November 21 order. Recently, Argentina submitted to the Second Circuit Court of Appeals, as per its request, a proposed payment to bondholders that did not enter into swaps timely 2005 and 2010, which proposal has been rejected by the plaintiffs on April 19th, 2013, and is currently being analyzed by the courts. Argentina's past default and its failure to restructure completely its remaining sovereign debt and fully negotiate with the holdout creditors may prevent Argentina from obtaining favorable terms or interest rates when accessing the international capital markets. Litigation initiated by holdout creditors or other parties may result in material judgments against the Argentine government and could result in attachments of or injunctions relating to assets of Argentina, which could have a material adverse effect on the country's economy and also affect our ability to access to international financing.

In addition, the Argentine peso has been subject to significant devaluation in the past and may be subject to significant fluctuations in the future, consequently affecting our financial condition and results of operations (see additionally "We may be exposed to fluctuations in foreign exchange rates").

For additional information related to the evolution of Argentine economy see Item 5 "Operating and Financial Review and Prospects" "Macroeconomic Conditions".

Certain risks are inherent in any investment in a Company operating in an emerging market such as Argentina

Argentina is an emerging market economy, and investing in emerging markets generally carries risks. These risks include political, social and economic instability that may affect Argentina's economic results which can stem from many factors, including the following:

high interest rates;

abrupt changes in currency values;

high levels of inflation;

exchange controls;

wage and price controls;

regulations to import equipment and other necessities relevant for operations;

changes in governmental economic or tax policies; and

political and social tensions.

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Any of these factors, as well as volatility in the capital markets, may adversely affect our financial condition and results of operations or the liquidity, trading markets and value of our securities.

The Argentine economy has been adversely affected by economic developments in other markets

Financial and securities markets in Argentina, and also the Argentine economy, are influenced by economic and market conditions in other markets worldwide. Considering the current international turmoil, Argentina's economy remains vulnerable to external shocks, including those relating to or similar to the global economic crisis that began in 2008 and the recent uncertainties surrounding European sovereign debt. For example, the recent challenges faced by the European Union to stabilize some of its member economies, such as Greece, Ireland, Italy, Portugal and Spain, have had international implications affecting the stability of global financial markets, which has hindered economies worldwide. Many member nations in the European Union are addressing the issues with controversial austerity measures. Should the European Union monetary policy measures be insufficient to restore confidence and stability to the financial markets, any recovery of the global economy, including the U.S. and European Union economies, could be hindered or reversed, which could negatively affect our business. Although economic conditions vary from country to country, investors' perceptions of events occurring in one country may substantially affect capital flows into and investments in securities from issuers in other countries, including Argentina.

Consequently, there can be no assurance that the Argentine financial system and securities markets will not continue to be adversely affected by events in developed countries' economies or events in other emerging markets, which could in turn, adversely affect the Argentine economy and, as a consequence, the Company's results of operations and financial condition.

The implementation of new export duties, other taxes and import regulations 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. In addition, the Resolution No. 1/2013 from the Ministry of Economy, published on January 3, 2013, modified the reference and floor prices. The regime provides that when the WTI international price exceeds the reference price, which is fixed at U.S.\$80/barrel, the producer shall be allowed to collect at U.S.\$70/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 fuel, 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. The imposition of these export taxes has adversely affected our results of operations.

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.

In addition, in 2012, the Argentine government adopted an import procedure pursuant to which local authorities must pre-approve any import of products and services to Argentina as a precondition to allow importers access to the foreign exchange market for the payment of such imported products and services.

We cannot assure you that these taxes and import regulations will not continue or be increased in the future or that other new taxes or import regulations will not be imposed.

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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 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 the past, Argentina imposed exchange controls and transfer restrictions substantially limiting the ability of companies to retain foreign currency or make payments abroad. Beginning in 2011, 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 with the exception of payments related to foreign debt previously liquidated in the domestic market. Since 2011, oil and gas companies (including YPF), among other entities, were required 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 .

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 enactment of the Expropriation Law, have led to considerable volatility in the market price of our shares and ADSs. YPF's share price has declined by more than 60% since January 1, 2012.

We cannot assure that the perception of risk in Argentina and other emerging markets may not have a material adverse effect on our ability to raise capital and on 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. As a result of the foregoing, we cannot assure you that factors previously mentioned may not affect our financial condition and/or results of operations (See Item 4. Information on the Company History and Development of YPF .)

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

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 (See *Limitations on local pricing in Argentina may adversely affect our results of operations* below);

higher taxes on exports of hydrocarbons;

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

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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;

legislation and regulatory initiatives relating to hydraulic fracturing and other drilling activities for non-conventional oil and gas hydrocarbons which could increase our cost of doing business or cause delays and adversely affect our operations;

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, and Risks Relating to Argentina The Argentine federal government will control the Company 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 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.

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, and our ability to increase prices has been limited. 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. The prices that we are able to obtain for our hydrocarbon products affect, among others, the viability of investments in new exploration, development and refining, and as a result the timing and amount of our projected capital expenditures for such purposes. We budget capital expenditures by taking into account, among other things, market prices for our hydrocarbon products. 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. On April 10, 2013, Resolution 35/2013 of the Argentine Secretariat of Domestic Commerce determined a price cap for fuel at all service stations for a period of six months, which shall not exceed the highest outstanding price as of April 9, 2013 in each of the regions identified in the Annex of the Resolution. 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.

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In addition, in July 2012, pursuant to the Expropriation Law, the Argentine government created the Regulation of the Hydrocarbons Sovereignty Regime in the Argentine Republic and established a planning and coordination commission for the sector (the Hydrocarbons Commission). The Hydrocarbons Commission consists of representatives of the federal government, and its objective is to address certain market asymmetries in the oil and gas sector. The goals of the Hydrocarbons Commission are mainly to guarantee adequate investment by oil and gas companies to:

improve the level of oil and gas reserves,

expand oil refining capabilities, and

maintain an adequate supply of fuel at reasonable prices.

For the purpose of granting reasonable commercial prices, the Hydrocarbons Commission will determine the criteria that shall govern the operations in the domestic market. The Hydrocarbons Commission has the power to publish reference prices for oil and gas, which will be adjusted to cover the production costs attributable to the activity and to reach a reasonable margin of profit, monitor oil and gas prices charged by private companies and supervise and ensure investment in the oil sector. Each company within the sector must be registered in the Registro Nacional de Inversiones Hidrocarbúferas (National Hydrocarbons Investments Registry) and must submit an annual investment plan for approval by the Hydrocarbons Commission. Non-compliance with this requirement may result in several sanctions, including termination of the authorization to exploit hydrocarbon reserves and operate within the sector. For more information, please see See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government Market Regulation Regulation of the Hydrocarbons Sovereignty Regime in the Argentine Republic Decree No. 1,277/2012.

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.

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 fuel is duly satisfied. Because domestic diesel fuel production does not currently satisfy Argentine domestic consumption needs, we have been prevented since 2005 from selling diesel fuel 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.

Table of Contents***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 do not match cost increases in accordance with higher and more complex investments, mainly as a result of the development of nonconventional resources, and also with evolution of the economy, our ability to improve our hydrocarbon recovery rates, find new reserves and carry out certain of our other capital expenditure plans are 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

Most of the Company's oil and gas producing fields in Argentina are mature and, as a result, our reserves and production are likely to decline as reserves are depleted. Our production declined by approximately 8.4% in 2011, on a boe basis. During 2012 our production declined by approximately 0.4%, on a boe basis. This overall situation implies certain challenges in order to replace our proved reserves from other categories of hydrocarbons. However, 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 results similar to those achieved by mature fields in other regions of the world (which have achieved substantially higher recovery factors with the application of new technology). Additionally, the Company has been completing the renewal of most of its concessions, allowing us to develop certain strategic projects related to waterflooding, enhanced oil recovery and unconventional resources, which represent an important opportunity not only for the Company but also for Argentina. We expect that unconventional development will require higher investment in future years, principally in connection with the Vaca Muerta formation. These investments are expected to yield substantial economies of scale and to significantly increase recovery rates from this resource play. Other resource plays, unconventional prospects, exist in Argentina and have positioned the country amongst the most attractive in terms of worldwide unconventional resource potential. 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, and are also subject to material risks inherent to the oil and gas industry and may prove unsuccessful. See Our business plan includes future drilling activities for non-conventional oil and gas reserves, such as shale gas extraction, and if we are unable to successfully acquire and use the necessary new technologies and other support as well as obtain financing and venture partners, our business may be adversely affected.

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.

Oil and gas activities are subject to significant economic, environmental 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, as well as natural hazards and other uncertainties, including those relating to the physical characteristics of onshore and

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offshore oil or natural gas fields. Our operations may be curtailed, delayed or cancelled due to bad weather conditions, mechanical difficulties, 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.

Our business plan includes future drilling activities for non-conventional oil and gas reserves, such as shale gas extraction, and if we are unable to successfully acquire and use the necessary new technologies and other support as well as obtain financing and venture partners, our business may be adversely affected

Our ability to execute and carry out our strategic business plan depends upon our ability to obtain financing at a reasonable cost and on reasonable terms. We have identified drilling locations and prospects for future drilling opportunities of unconventional oil and gas reserves, such as the shale oil in the Vaca Muerta formation. These drilling locations and prospects represent a part of our future drilling plans. Our ability to drill and develop these locations depends on a number of factors, including seasonal conditions, regulatory approvals, negotiation of agreements with third parties, commodity prices, costs, access to and availability of equipment, services and personnel and drilling results. In addition, as we have no previous experience in drilling and exploiting unconventional oil and gas reserves, the drilling and exploitation of such unconventional oil and gas reserves depends on our ability to acquire the necessary technology and hire personnel and other support needed for extraction or obtain financing and venture partners to develop such activities. Furthermore, in order to implement our new business plan, including the development of our oil and natural gas exploration activities and the development of refining capacity sufficient to process increasing production volumes, we will need to raise significant amounts of debt capital in the financial and capital markets. We cannot guarantee that we will be able to obtain the necessary financing or obtain financing in the international or local financial markets at reasonable cost and on reasonable terms to implement our new business plan or that we would be able to successfully develop our oil and natural gas reserves. Because of these uncertainties, we cannot give any assurance as to the timing of these activities or that they will ultimately result in the realization of proved reserves or meet our expectations for success, which could adversely affect our production levels, financial condition and results of operations.

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 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

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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 which represent approximately 6% of our proved reserves as of December 31, 2012 occurs in 2017. In addition, our concessions in certain provinces in Argentina have been extended as of the date of this annual report (see Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government-Exploration and Production Extension of Exploitation Concessions in the province of Neuquén , Extension of Exploitation Concessions in the province of Mendoza , Extension of Exploitation Concessions in the province of Santa Cruz and Negotiation of Extension of Concessions in the province of Tierra del Fuego). We cannot provide assurances that concessions will be extended or that additional investment, royalty payment or other requirements will not be imposed on us in order to obtain extensions as of the date of expiration of them. The termination of, or failure to obtain the extension of, a concession or permit, or its revocation, could have a material adverse effect on our business and results of operations.

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. As a result, the conditions under which we are able to access new exploratory or productive areas could be adversely affected. In addition, fewer offerings of exploratory acreages available to be bid upon could affect our future results.

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. In addition, we have certain environmental liabilities related to YPF Holdings, a 100% subsidiary of YPF. See Item 8. Financial Information Legal Proceedings YPF Holdings. 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, including with respect to our planned drilling and exploitation of our unconventional oil and gas reserves. 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.

We face risk relating to certain 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.

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Additionally, following the enactment of the Expropriation Law, the Spanish company Repsol, which had a significant portion of its shares subject to expropriation, commenced legal proceedings against the Argentine government before New York and the International Center for Settlement of Investment Disputes (ICSID) arbitral tribunal. Additionally, Repsol has filed other claims against us in New York and Madrid courts. Repsol has also made public its intention to contest the validity of agreements that we may enter into with third parties related to the exploitation and exploration of unconventional oil reserves in the Vaca Muerta formation. We can give you no assurance that actions taken by Repsol will not disrupt our business efforts, including any exploitation and exploration agreements we may seek to enter into, or that Repsol will not continue to litigate the issues related to the expropriation of its shares.

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

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.

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

On July 17, 2012 our Shareholders' meeting approved a dividend of Ps. 303 million (Ps. 0.77 per share or ADS) which was paid during November 2012. In addition, our Board of Directors in its meeting held on March 11, 2013 approved a proposal to the Shareholders of a Ps. 330 million dividend to be paid during 2013. Such proposal will be considered at our next Shareholders' meeting. Notwithstanding the foregoing, 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.

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, have led to considerable volatility in the market price of our shares and ADSs. YPF's share price has declined by more than 60 % since January 1, 2012. We cannot assure you that concerns about factors that could affect the market price of our ordinary shares as previously mentioned may have a material adverse effect on the trading values of our securities.

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.

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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

The government is empowered, for reasons of public emergency, as defined in Article 1 of the Emergency Law (Law No. 25,561), to establish the system that will determine the exchange rate between the peso and foreign currency and to impose exchange regulations. 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

Repsol owns ADSs representing approximately 11.90% of our capital stock (See Item 7. Major Shareholders and Related Party Transactions). Sales of a substantial number of Class D shares or ADSs by Repsol or any other present or future significant shareholder, could decrease the trading price of our Class D shares and the ADSs.

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.

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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 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.

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 2012, we had consolidated net revenues of Ps.67,174 million (U.S.\$13,653 million) and consolidated net income of Ps.3,902 million (U.S.\$793 million).

Until November 1992, 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.

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Since 1999 and until the passage of the Expropriation Law, 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 (the Petersen Transaction). In addition, Repsol YPF granted certain affiliates of Petersen Energía S.A. (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 shares subject to expropriation, 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 will control the Company 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 Office, which provides for the intervention (the Intervention) of YPF for a period of thirty days (which was then extended up to our Shareholders meeting held on June 4, 2012 at which the composition of our Board of Directors was determined), with the aim of securing the continuity of its business and the preservation of its assets and capital, securing the provision of fuel 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.

The financial data contained in this annual report as of December 31, 2012 and 2011 and for the years then ended has been derived from our Audited Consolidated Financial Statements, which were approved by our Board of Directors on March 11, 2013.

Upstream Operations

As of December 31, 2012, we held interests in more than 90 oil and gas fields in Argentina, accounting for approximately 42% of the country's total production of crude oil, excluding natural gas liquids, and approximately 34% of its total natural gas production, including natural gas liquids, in 2012, according to information provided by the Argentine Secretariat of Energy.

We had proved reserves, as estimated as of December 31, 2012, of approximately 590 mmbbl of oil, including condensates and natural gas liquids, and approximately 2,186 bcf of gas, representing aggregate reserves of approximately 979 mmoeb as of such date.

In 2012, we produced approximately 101 mmbbl of oil (275 mbbbl/d), including condensates and natural gas liquids, and approximately 432 bcf of gas (1,179 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, 2012 consisted of 1,535 YPF-branded service stations, and we estimate we held approximately 33.9% of all gasoline service stations in Argentina.

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We are one of the leading petrochemical producers in Argentina and in the Southern Cone of Latin America, with operations conducted through our Ensenada industrial complex (CIE) and Plaza Huincul site. 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.

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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, 2012.

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 2011 production, according to the 2011 edition of the BP Statistical Review of World Energy, published in June 2012.

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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 fuel. 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 9.0%. During 2012, Argentina's GDP grew at an average annual rate of approximately 1.9%, 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 consumption grew at average annual rate of approximately 5.0% during the period 2003-2011, 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 fuel 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 fuel, and increased imports of gas (including NGL). In 2003, Argentina's net exports of diesel fuel amounted to approximately 1,349 mcm, while in 2012 its net imports of diesel fuel amounted to approximately 1,275 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 fuel 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, from time to time, service stations experience temporary shortages and are required to suspend or curtail diesel fuel sales. On May 3, 2012, the Expropriation Law was passed by Congress. The Expropriation Law 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.

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 (PEISA) 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

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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.

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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 shares subject to expropriation, 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 will control the Company according to domestic energy policies in accordance with the Expropriation Law. As of the date of this annual report, the transfer of the shares subject expropriation between National Executive Office and the provinces that compose the National Organization of Hydrocarbon Producing States was 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 shares subject to expropriation are allocated must enter into 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 Office, which provides for the Intervention of YPF for a period of thirty days (which was then extended to our next Shareholders meeting to be held on June 4, 2012 at which the composition of our Board of Directors was determined), with the aim of securing the continuity of its business and the preservation of its assets and capital, securing the provision of fuel 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 Office, Mr. Miguel Matías Galuccio was appointed General Manager of the Company during the Intervention. At our general shareholders' meeting, on June 4, 2012, our shareholders appointed the new members of our Board of Directors. See Item 6. Directors, Senior Management and Employees Management of the Company.

On August 30, 2012, we approved and announced the Strategic Plan 2013-2017 establishing the basis of our development for the years to come. Such plan intends to reaffirm our commitment to creating a new model of the Company in Argentina which aligns our objectives, seeking profitable and sustainable growth that generates shareholder value, with those of the country, thereby positioning YPF as an industry-leading company aiming at the reversal of the national energy imbalance and the achievement of hydrocarbon self-sufficiency in the long term.

To achieve the goals set forth above, we intend to focus on (i) the development of unconventional resources, which we see as a unique opportunity because a) the expectation related to the existence of large volumes of unconventional resources in Argentina according to estimations of leading reports on global energy resources, b) we currently possess a relevant participation in terms of exploration and exploitation rights on the acreage in which such resources could be located in, and c) we believe we can integrate a portfolio of projects with high production potential; (ii) the re-launch of conventional and unconventional exploration initiatives in existing wells and expansion to new wells, including offshore; (iii) an increase in capital and operating expenditures in mature areas with expected higher return and efficiency potential (through investment in improvements, increased use of new perforation machinery and well intervention); (iv) a return to active production of natural gas to accompany our oil production; and (v) an increase in production of refined products through an enhancement of the refining capacity (including improving and increasing our installed capacity and upgrading and converting our refineries). The previously mentioned initiatives will require organized and planned management of mining, logistic, human and financing resources within the existing regulatory framework, with a long-term perspective.

The investment plan related to our growth will be accompanied by an appropriate financial plan, whereby we intend to reinvest earnings, search for strategic partners and raise debt financing at levels we consider prudent for companies in our industry. Consequently, the financial viability of these investments and hydrocarbon recovery efforts will generally depend, among other factors, on the prevailing economic and regulatory conditions in Argentina, the ability to obtain financing in satisfactory amounts at competitive costs, as well as the market prices of hydrocarbon products.

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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, environmental matters related to YPF Holdings, Inc (YPF Holdings) (see Note 3 to our Audited Consolidated Financial Statements) 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, among others, 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, 2012 and 2011:

	<i>For the Year Ended December 31,</i>	
	2012	2011
	<i>(in millions of pesos)</i>	
Revenues(1)		
Exploration and production(2)		
Revenues	6,134	5,054
Revenue from intersegment sales (3)	27,060	19,996
Total exploration and production	33,194	25,050
Refining and marketing(4)		
Revenues	57,694	47,926
Revenue from intersegment sales	1,910	1,766
Total refining and marketing	59,604	49,692

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Chemical		
Revenues	2,351	1,923
Revenue from intersegment sales	2,328	2,188
Total Chemical	4,679	4,111
Corporate and other		
Revenues	995	1,308
Revenue from intersegment sales	1,243	651
Total Corporate and other	2,238	1,959
Less inter-segment sales and fees	(32,541)	(24,601)
Total revenues	67,174	56,211

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Operating income (Loss)		
Exploration and production	5,943	4,322
Refining and marketing	3,006	4,422
Chemical	913	835
Corporate and other	(2,493)	(1,760)
Consolidation adjustments	534	(631)
Total operating income	7,903	7,188

- (1) Revenues are net to us after payment of a fuel transfer tax and turnover tax. Custom duties on exports are included in Selling expenses. 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 revenues of crude oil to Refining and Marketing are recorded at transfer prices that reflect our estimates of Argentine market prices.
- (4) Includes LPG activities.

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.

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The following table sets forth information with regard to YPF's developed and undeveloped acreage by geographic area as of December 31, 2012:

	As of December 31, 2012			
	Developed ⁽¹⁾		Undeveloped ⁽²⁾	
	Gross ⁽³⁾	Net ⁽⁴⁾	Gross ⁽³⁾	Net ⁽⁴⁾
	<i>(thousands of acres)</i>			
South America	1,596	1,239	54,343	33,008
Argentina	1,596	1,239	45,350	25,596
Rest of South America ⁽⁵⁾			8,993	7,412
North America ⁽⁶⁾	29	4.3	202	123
Total	1,625	1,243.3	54,545	33,131

- (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 Uruguay, Colombia, Paraguay, and Chile. In the case of Paraguay, YPF non-developed surface totaled of 3,825 thousand acres as of December 31, 2012, and is connected to an exploration permit granted to YPF through Resolution 1703 of the Ministry of Public Works and Communications of Paraguay. The permit expired on September 16, 2012 and a request for a 1 year extension was presented before the Ministry of Public Works and Communications. As of the date of this annual report, the extension request is pending. In the case of Uruguay, YPF's undeveloped acreage includes mining areas and a permit for exploratory drilling. This permit corresponds to an area of 2,397 thousand acres and was awarded entirely to YPF in March 2012. Guyana's acreage was returned to the enforcement authority, the well was abandoned for technical reasons and the contract was terminated.
- (6) Relates only to the United States Gulf of Mexico.

As of December 31, 2012, none of our exploratory undeveloped acreage corresponded to exploration permits which will expire in 2013 in accordance with Law 17,319. However, as a result of the expiration in 2013 of the first, second or third exploration terms of certain of our exploration permits, we would 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 2013, we would be required to relinquish approximately 15.2 thousand square kilometers of exploratory undeveloped acreage (approximately 18.5% of our 82.1 thousand square kilometers of net exploratory undeveloped acreage as of December 31, 2012) during 2013. 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.

Argentine properties

Argentina is the second largest gas and fourth largest oil producing nation in Central and South America according to the 2011 edition of the BP Statistical Review of World Energy, published in June 2012. 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 were re-evaluated in the country, in line with the *Plan Exploratorio Argentina* (Argentine Exploratory Plan). The total surface of the continent represents approximately 408 million acres and the total offshore surface includes 194 million acres on the South Atlantic shelf within the 200 meter-deep line. Of the 602 million acres of the sedimentary basins, a significant part still needs to be evaluated through exploratory and study drilling.

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The following table shows our gross and net interests in productive oil and gas wells in Argentina by basin, as of December 31, 2012:

<i>Basin</i>	<i>Wells⁽¹⁾⁽²⁾⁽³⁾</i>			
	<i>Oil</i>		<i>Gas</i>	
	<i>Gross</i>	<i>Net</i>	<i>Gross</i>	<i>Net</i>
<i>Onshore</i>	11,439	9,911	822	532
Neuquina	3,629	3,055	690	469
Golfo San Jorge	6,855	6,109	37	37
Cuyana	797	700		
Noroeste	26	8	50	12
Austral	132	40	45	14
<i>Offshore</i>			18	9
Total	11,439	9,911	840	541

- (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 around 1 net well, as of December 31, 2012).
- (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.

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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, 2012, all of which are mature:

Areas ⁽¹⁾	Interest %	Production 2012		Proved Reserves as of December 31, 2012				Basin / Location
		Oil ⁽²⁾ (mdbl)	Gas (mmcf)	Oil ⁽²⁾ (mdbl)	Gas (mmcf)	BOE (mboe)		
Loma la Lata	100%	14,892	158,934	54,628	863,987	208,500	Neuquina	
Los Perales	100%	5,705	12,813	48,822	68,262	60,979	Golfo San Jorge	
Seco León	100%	3,914	3,347	44,444	18,773	47,788	Golfo San Jorge	
Magallanes	56%	879	12,799	8,346	163,439	37,454	Austral	
San Roque	34%	2,164	34,669	9,538	149,716	36,201	Neuquina	
Chihuido Sierra Negra	100%	5,620	1,528	31,829	8,569	33,355	Neuquina	
Barranca Baya	100%	4,376	982	31,109	5,898	32,159	Golfo San Jorge	
El Portón	100%	2,297	19,304	12,430	96,435	29,605	Neuquina	
Puesto Hernández	79%	2,701		27,608		27,608	Neuquina	
A.Toledo S.Barrosa	100%	1,200	23,289	10,126	89,285	26,028	Neuquina	
Chihuido La Salina	100%	4,158	26,607	15,933	54,687	25,673	Neuquina	
Tierra del Fuego	30%	747	13,572	5,037	106,999	24,093	Austral	
Aguada Pichana	27%	1,640	31,113	5,664	99,737	23,427	Neuquina	
Vizcacheras	100%	3,065	387	21,649	3,105	22,202	Cuyana	
Acambuco	22%	329	14,854	1,591	114,875	22,050	Noroeste	
Lomas del Cuy	100%	2,600	1,158	19,340	8,548	20,863	Golfo San Jorge	
Cerro Fortunoso	100%	1,673		19,512		19,512	Neuquina	
CNQ 7A	50%	4,375		19,230		19,230	Neuquina	
La Ventana Central ⁽³⁾	69,6-60%	1,405	184	18,044	2,544	18,497	Cuyana	
Barrancas	100%	1,821	119	17,334	1,164	17,541	Cuyana	
Desfiladero Bayo	100%	2,471	227	16,029	1,092	16,223	Neuquina	
Manantiales Behr	100%	6,794	4,790	14,362	8,759	15,921	Golfo San Jorge	

(1) Exploitation areas.

(2) Includes Condensate and Natural Gas Liquids

(3) 69.6% for crude oil and 60% for natural gas liquids and natural gas.

Approximately 84% of our proved oil reserves in Argentina are concentrated in the Neuquina (47%) and Golfo San Jorge (37%) basins, and approximately 92% of our proved gas reserves in Argentina are concentrated in the Neuquina (68%), Austral (12%) and Noroeste (11%) basins.

As of December 31, 2012, YPF held 143 exploration permits and production concessions in Argentina. YPF directly operates 101 of them, including 42 exploration permits and 59 production concessions.

Exploration permits. As of December 31, 2012, YPF held 51 exploration permits in Argentina, 47 of which were onshore exploration permits and 4 of which were offshore exploration permits. YPF had 100% ownership of two onshore permits, and its participating interests in the rest varied between 30% 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, 2012, YPF had 92 production concessions in Argentina. YPF had a 100% ownership interest in 53 production concessions, and its participating interests in the remaining 39 production concessions varied between 12.2% and 98%.

Declines in production in recent years have been significantly reduced in 2012 (from a 5.7% decrease in 2010 compared to 2009 and an 8.4% decrease in 2011 compared to 2010 to a 0.4% decrease in 2012 compared to 2011). This was a result of a management focus on avoiding labor disruptions and higher investment activity.

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Joint ventures and contractual arrangements in Argentina.

As of December 31, 2012, we participated in 39 exploration and 29 production joint ventures and contractual arrangements (25 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, 2012, 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 and their conversion in exploitation concessions and exploration permits, respectively.

International properties

United States.

As of December 31, 2012, we had mineral rights in 40 blocks in the United States, comprised of 35 exploratory blocks, with a net surface area of 496.5 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, 2012 were 1.169 mmbbl. Our U.S. subsidiaries' net hydrocarbon production in these properties in the United States for 2012 was 0.652 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 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. 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, 2012, YPF, through YPF Guyana Ltd., a wholly-owned subsidiary of YPF International S.A., no longer has an active participation in exploration activities in that country as its petroleum prospecting license (the Petroleum Prospecting License) expired on November 25, 2012 after the fulfillment of the contractual commitments. Such commitments consisted of the drilling of the Jaguar-1 exploration well to a depth of 15,998 ft. On July 26, 2012 the well was plugged and abandoned due to technical and safety reasons (lack of enough pressure difference margin between pore pressure and fracture gradient). The total well cost was close to U.S.\$ 167 million.

Peru.

After participating in preliminary explorations, we expect blocks 180, 182 and 184 in the Huallaga basin, and block 176 in the Ucayali basin, to be officially allocated by the Peruvian government to the consortium to which YPF belongs. We have a share of 25% in the consortium, along with Repsol (operating with 25% share) and Ecopetrol (50%). During the first two exploration periods (30 months) after the official allocation of these blocks, the next step will be to re-process the existing seismic data and the records of 1,150 km of 2D seismic data.

Colombia.

Blocks COR12, COR14 and COR33 are located in the Cordillera Oriental (Eastern Mountain chain) basin, in which we operate and are authorized by the Colombian National Hydrocarbons Agency (Agencia Nacional de Hidrocarburos, or ANH).

Our share in these blocks ranges from 55% to 60%. The net acreage corresponding to our share in the blocks is 890 km². The exploratory activity to be developed shall be the acquisition of 200 km of 2D seismic data, 50 km² of 3D seismic data, and the drilling of three exploratory wells.

Paraguay.

In September 2011, we were allocated 100% of the Manduvira exploration permit. The area covers a surface of 15,475 km² and is located in the eastern area of Paraguay, within the scope of the Chacoparaná basin. YPF's main goal in this project is to explore non-conventional resources. In September 2012, the 1-year period established by the Manduvira Exploration permit expired. In order to achieve the initiated exploration, a request for a 1-year extension was filed with the Ministry of Public Works and Communications. The extension request is pending.

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During 2012, YPF conducted sedimentology, geochemistry and palynology studies and field visits, apart from desk reviews.

Chile

In 2011, YPF presented a proposal, offered by Empresa Nacional del Petróleo (ENAP), a Chilean state-owned company, to participate in the exploration of the Magallanes basin. YPF was selected to operate in two exploratory blocks: (i) San Sebastián, where YPF (40%) will be the operator, in association with Wintershall (10%) and ENAP (50%); and (ii) Marazzi/Lago Mercedes, where YPF (50%) will also be the operator, in association with ENAP (50%). In January 2013, YPF received confirmation from the Ministry of Energy in Chile of the granting of these areas.

Total commitments with respect to the awarded exploration blocks during the first exploratory period include the acquisition of 672 km² of 3D seismic data and the drilling of 8 exploratory wells. The activities are expected to begin at the end of 2013.

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. The main leads were defined, as well as a 2000 km² area where 3D seismic data will be collected.

Area 4: YPF (40%) in association with Petrobras Uruguay (40%), acting as an operator, and Galp (20%). Exploration is in the first geological and geophysical evaluation stage.

(ii) Onshore:

In March 2012, the Arapey Exploration Permit was entirely awarded to YPF. The block has a surface area of 9,700 km². Our main goal in this project is to explore unconventional resources. During 2012, 1,600 km² of 2D seismic data was re-processed, in addition to field visits and geochemical, biostratigraphy and sedimentology studies. Currently, a seismic interpretation study is being conducted and a gravimetry and magnetometry model is being built.

YPF is currently reviewing its international position to align with its new strategy.

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, 2012, 2011 and 2010 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 considering the underweighted average price of the first-day-of-the-month price for each month within the twelve-month period ended December 31, 2012, 2011 and 2010, respectively, 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 year ended December 31, 2010, in accordance with Law No. 26,217, and until 2016 for the years ended December 31, 2011 and 2012, in accordance with Law No. 26,732). For the years beyond the mentioned periods, the Company considered the unweighted average price of the first-day-of-the-month for each month within the twelve-month period ended December 31, 2012, 2011 and 2010, 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.

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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

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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, 2012, 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, 2012

The following table sets forth our estimated net proved developed and undeveloped reserves of crude oil and natural gas at December 31, 2012.

	Oil ⁽¹⁾ (mmbbl)	Natural Gas (bcf)	Total ⁽²⁾ (mmboe)
Proved Developed Reserves			
Consolidated Entities			
South America			
Argentina	453	1,807	775
North America			
United States	*	3	1
Total Consolidated Entities ⁽⁶⁾	453	1,810	776
Equity-Accounted Entities			
South America			
Argentina	1	36	8
North America			
United States			
Total Equity-Accounted Entities	1	36	8
Total Proved Developed Reserves ⁽⁷⁾	454	1,846	784

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- (6) Includes natural gas liquids of 56, 58 and 60 as of December 31 2012, 2011 and 2010 for Consolidated Entities.
- (7) Includes natural gas liquids of 57, 59 and 61 as of December 31 2012, 2011 and 2010 for Consolidated and Equity-accounted Entities.
- (8) Includes natural gas liquids of 13, 14 and 15 as of December 31 2012, 2011 and 2010 for Consolidated Entities.
- (9) Includes natural gas liquids of 13, 14 and 15 as of December 31 2012, 2011 and 2010 for Consolidated and Equity-accounted Entities.

Changes in our proved undeveloped reserves during 2012

YPF had estimated a volume of net proved undeveloped reserves of 203 mmbob at December 31, 2012, which represented approximately 21% of the 979 mmbob total reported proved reserves as of such date. This compares to estimated net proved undeveloped reserves of 254 mmbob at December 31, 2011 (approximately 25% of the 1,005 mmbob total reported proved reserves as of such date).

The 20% total reduction in net proved undeveloped reserves in 2012 is mainly attributable to:

Successful development activities related to proved undeveloped reserves projects, which allowed a transfer of approximately 43 mmbob to proved developed reserves.

Negotiation of the extension of exploitation concessions in the provinces of Santa Cruz, Salta and Tierra del Fuego (See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government Exploration and Production) that resulted in a 30 mmbob addition of proved undeveloped reserves, mainly from scheduled proved undeveloped projects.

Downward revision of approximately 24 mmbob of non conventional reserves (See Note 14. Supplemental Information on Oil and Gas Producing Activities (Unaudited)-Changes in our estimated proved reserves during 2012 to the Audited Consolidated Financial Statements.)

YPF's total capital expenditure to advance the development of reserves was approximately U.S.\$ 1,738 million during 2012, of which U.S.\$ 391 million was allocated to projects related to proved undeveloped reserves.

As of December 31, 2012 we estimate our proved undeveloped reserves related to gas wells and to primary and secondary oil recovery projects, which account for approximately 81% of our proved undeveloped reserves, will be developed within five years from their initial booking date.

Low pressure gas compression projects in Loma La Lata, which account for the remaining approximately 19% of our proved undeveloped reserves as of December 31, 2012, continue their scheduled development. We estimate that the first stage of these projects will be developed within five years from their initial booking. We estimate that the last compression stage, which accounts for approximately 9% of our proved undeveloped reserves as of December 31, 2012 (representing approximately 2% of our proved reserves as of such date), will be developed within approximately 7 years from its booking date according to expected compression needs based on current (and consequently expected) reservoir behavior.

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

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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.

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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.

To control the quality of reserves booking, a process has been established that is integrated into the internal control system of YPF. This process to manage reserves booking is centrally controlled and has the following components:

- (a) The Reserves Control Direction (RCD) is separate and independent from the Exploration and Production segment. RCD's activity is overseen by YPF's Audit Committee, which is 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 are to ensure that YPF's proved reserves estimates and disclosure are in compliance with the rules of the SEC, the Financial Accounting Standards 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 is 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 is also responsible for providing training to personnel involved in the reserves estimation and reporting process within YPF. The RCD is managed by and staffed with individuals that have 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 includes 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 are registered with or affiliated to the relevant professional bodies in their fields of expertise.
- (b) The Reserves Control Director, head of the RCD, who is responsible for overseeing the preparation of the reserves estimates and reserves audits conducted by third party engineers. The current director has over 16 years of experience in geology and geophysics, reserves estimates, project development, finance and general accounting regulation. Over the past six years, he has been Regional Director responsible for the operation and development of YPF's operated fields at Cuyana and North of Neuquina Basins, in western Argentina. He holds a degree in geology from Universidad Nacional de Tucumán, and postgraduate courses at IAE Universidad Austral. Consistent with our internal control system requirements, the Reserves Control Director's compensation is 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 have arisen.
- (d) The Quality Reserve Coordinator (QRC), who is a professional assigned at each Exploration and Production business unit of YPF to ensure that there are 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 are responsible for reviewing proved reserves estimates. The qualification of each QRC is 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) has 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) has 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 is 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 are met prior to the commitment of capital to projects.
- (f) Our Internal Audit Team, which examines 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 are submitted to a third party reserves audit on a periodic basis. The properties selected for a third party reserves audit in any given year are 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 have to be within 7% or 10 mmbbl 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 is greater than the tolerance, YPF will reestimate its proved reserves to achieve this tolerance level or should disclose the third party figures.

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In 2012, Gaffney, Cline & Associates audited areas operated by YPF in the Neuquina, Golfo San Jorge and Cuyana basins. These audits were performed as of September 30, 2012, with the exception of Loma la Lata Field which was audited as of December 31, 2012. Audited fields as of September 30, 2012 contain in aggregate, according to our estimates, 118.9 mmboe proved reserves (29.6 mmboe of which were proved undeveloped reserves) as of such date, which represented approximately 12.7% of our proved reserves and 14.6% of our proved undeveloped reserves as of September 30, 2012. In addition, Loma la Lata Field which was audited as of December 31, 2012, contains in aggregate, according to our estimates, 208.8 mmboe proved reserves (60.4 mmboe of which were proved undeveloped reserves) as of such date, which represented approximately 21.3% of our proved reserves and 29.7% of our proved undeveloped reserves as of December 31, 2012. 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 annually file by March 31 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 third-party certification or external audit of oil and gas reserves under SEC rules. We last filed such a report for the year ended December 31, 2012. 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.

<i>Oil production⁽¹⁾⁽²⁾</i>	<i>2012</i>	<i>2011</i> <i>(mmbbl/d)</i>	<i>2010</i>
Consolidated Entities			
South America			
Argentina	274	272	291
North America			
United States	1	1	2
Total Consolidated Entities	275	273	293
Equity-Accounted Entities			
South America			
Argentina	1	1	1
Total Equity-Accounted Entities	1	1	1
Total Oil Production⁽³⁾	276	274	294

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<i>Natural gas production⁽²⁾</i>	<i>2012</i>	<i>2011</i> <i>(mmcf/d)</i>	<i>2010</i>
Consolidated Entities			
South America			
Argentina	1,001	1,049	1,170
North America			
United States	2	3	2
Total Consolidated Entities	1,003	1,052	1,172
Equity-Accounted Entities			
South America			
Argentina	26	38	39
Total Equity-Accounted Entities	26	38	39
Total Natural Gas Production⁽⁴⁾⁽⁵⁾	1,029	1,090	1,211
<i>Oil equivalent production⁽²⁾⁽⁶⁾</i>	<i>2012</i>	<i>2011</i> <i>(mboe/d)</i>	<i>2010</i>
Consolidated Entities			
Oil	275	273	293
Natural gas	179	187	209
Equity-Accounted Entities			
Oil	1	*	1
Natural gas	5	7	7
Total Oil Equivalent Production	459	467	510

* Not material (less than 1)

- (1) Includes crude oil, condensate and natural gas liquids.
- (2) Loma La Lata field in Argentina contains over 21% of our total proved reserves expressed on an oil equivalent barrel basis. Oil production in this field was 15, 15 and 16 mbbbl for the years ended December 31, 2012, 2011 and 2010 respectively. Natural gas production as sold basis in the Loma La Lata field was 153, 177 and 194 bcf for the years ended December 31, 2012, 2011 and 2010 respectively.
- (3) Oil production for the years 2012, 2011 and 2010 includes an estimated approximately 13, 12 and 13 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 2012, 2011 and 2010 includes an estimated approximately 48, 48 and 50 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.
- (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.

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.

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The following table sets forth the average production costs and average sales price by geographic area for 2012, and 2011:

<i>Production costs and sales price</i>	<i>Total</i>	<i>Argentina (Ps./boe)</i>	<i>United States</i>
Year ended December 31, 2012			
Lifting costs	66.22	65.89	65.09
Local taxes and similar payments ⁽¹⁾	3.24	3.26	
Transportation and other costs	19.50	19.51	17.54
Average production costs	88.97	88.66	82.63
Average oil sales price	288.71	317.11	466.75
Average natural gas sales price	54.78	60.33	92.12
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
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

- (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.25.10 per boe and Ps.19.50 per boe per boe for the years ended December 31, 2012 and 2011, respectively.

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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.

<i>Wells Drilled in Argentina⁽¹⁾</i>	<i>For the Year Ended December 31,</i>		
	<i>2012</i>	<i>2011</i>	<i>2010</i>
Gross wells drilled⁽¹⁾			
Exploratory			
Productive	33	18	6
Oil	27	17	5
Gas	6	1	1
Dry	5	4	8
Total	38	22	14
Development			
Productive	468	553	709
Oil	455	529	680
Gas	13	24	29
Dry	2	8	8
Total	470	561	717
Net wells drilled⁽²⁾			
Exploratory			
Productive	24	15	6
Oil	21	14	5
Gas	3	1	1
Dry	4	2	6
Total	28	17	12
Development			
Productive	441	494	616
Oil	430	485	601
Gas	11	9	15
Dry	1	8	7
Total	442	502	623

(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 four years, seven of which were productive. In 2012 in the offshore wells, we had done a side-track of a development well not in production for technical reasons and successful workover to a development well.

(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

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Our project portfolio includes 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, natural gas, and the evaluation and development of unconventional resources in the Neuquina basin. The projects selection to be executed and their distribution in time are periodically defined by a portfolio optimization process in accordance with strategic guidelines established by the Company. On May 3, 2012, the Expropriation Law was passed by Congress. The Expropriation Law 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 3. Key Information Risk Factors Risks Relating to Argentina The Argentine federal government will control the Company according to domestic energy policies in accordance with the Expropriation Law and Regulatory Framework and Relationship with the Argentine Government The Expropriation Law.

We are 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 is being placed on surveillance and conformance activities to improve current mature water injection projects. Tertiary recovery is being pursued with polymer and surfactant flooding in mature reservoirs in both the Golfo San Jorge and Neuquén basins.

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Continuous comprehensive technical reviews of our oil and gas fields allows us to identify opportunities to rejuvenate mature fields and optimize new fields developments in Argentine basins in order to achieve similar recovery factors that mature fields in other regions of the world have already reached with the application of new technologies. Nevertheless, the financial viability of these investments and reserve recovery efforts will generally depend on prevailing economic and regulatory conditions in Argentina, as well as the market prices of hydrocarbon products.

During 2012, our main exploratory and development activities in Argentina have had the following principal focuses:

a) Operated areas:

During 2012 our main exploratory activities in Argentina have had the following principal focuses:

Offshore:

Shallow waters. The evaluation of block E2 continues (currently operated by ENAP Sipetrol, with a working interest of 33%, and in which YPF and Energía Argentina S.A. (ENARSA) each also hold a 33% working interest), in search of new exploration opportunities. The Company, along with the partners, is currently conducting the regional studies necessary to support new exploration opportunities. Also, YPF is evaluating the remaining area of the Austral Basin, which is currently unallocated by the Government, in order to prepare for its participation in future bids.

Deep Waters. YPF is currently participating in three blocks:

CAA46. YPF has a working interest of 100% in this block. The potential of the remaining leads is under review.

E-1. YPF holds a 35% working interest in this Colorado basin block (Argentina), where ENARSA holds a 35% interest, Petrobras a 25% interest, and Petrouuguay a 5% interest. Geological and geophysical studies to determine the probable location of the exploratory well have finalized.

E3. YPF holds a 30% working interest in this Colorado basin block. ENARSA holds a 35% interest and Petrobras Argentina holds a 35% interest as well. During 2011, geological and geophysical studies were carried out in order to define where the seismic data needed to be registered. The 2D seismic registration was delayed and is expected to be conducted in 2013.

Onshore:

Unconventional oil and gas:

We continued with the regional Exploration of the Vaca Muerta formation, oriented towards the characterization of productivity along the Shale Oil strip in different areas of the basin. Also, the exploration of the shale gas area began, both for wet gas and dry gas.

(i) Shale oil:

Neuquina Basin.

Regarding exploration in the Shale Oil strip area, positive results were obtained in the previously reported wells: MMo.x-1 (Mata Mora block) and Lam.x-2 (Loma Amarilla), Corr.x-1 (Corralera), *Lindero Atravesado* x-137 and 138 (operated by PAE)., The La Caverna x-2 remained productive in the Quintuco formation. These results, together with the positive result of NG-132 well, confirmed the productivity of the Vaca Muerta play both on its eastern and northern borders, in distant points, as a first regional definition of the play's extension.

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After this first regional definition, the exploration continued along the shale oil strip, in an attempt to define intermediate control points of productivity, all while complying with the contractual commitments of the exploratory JOAs of the 2nd and 3rd rounds in the province of Neuquén. This new campaign implied the drilling of the wells in Bajo del Toro x-3, Aguada SR x-1001 (operated by Total) and Loma Amarilla x-3. All the activity conducted in the Vaca Muerta play up until that moment was located inside the province of Neuquén. Additionally, YPF made the first play discoveries during this first stage in the province of Mendoza, in the Malal del Medio 94 and Fija x-1 wells, in the shale oil strip.

As of March 2013, as a continuation of this exploration stage within the shale oil strip, the La Amarga Chica x-4 and La Caverna x-4 well obtained positive results. The following wells are currently under production test: Meseta Buena Esperanza x-2002 (operated by Apache) and La Caverna e-6. Pampa de Las Yeguas x-1 (operated by Total in Pampa de Las Yeguas II block) is being drilled.

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San Jorge Gulf Basin.

The 3 wells drilled during 2011 and 2012 (ECh.xp-159, LP.xp-2529, LC.xp-818), with D-129 formation as the objective, became productive in the shale oil area, configuring the first exploratory stage in the play. This allowed a visualization of potential resources.

The plan for 2013 is to continue exploring the play, in the northern section of the basin, as well as to initiate exploration of the new Neocomian play in the most western area of the basin.

(ii) Shale gas:

Neuquina Basin.

Within the framework of the exploratory plan for the shale gas area, the El Orejano x-2 well showed great productivity of gas in the central area of the basin. Following this, the Loma del Molle x-1 and Cerro Las Minas x-1 wells were drilled in the northern area of the basin, and Aguada Pichana x-1001 (operated by Total) and Aguada de Castro x-1 (operated by Total) in the central part of the basin. All these activities had positive results.

As of March 2013, the Cerro Arena x-5 well was under completion and Las Tacanas x-1 was in production test. Pampa de las Yeguas I (operated by YPF) was being drilled.

Conventional oil and gas:

(i) Productive basins

Chachahuén Block:

The evaluation of this exploratory block's potential is ongoing. In 2012, 10 wells were drilled, nine with the objective of the Rayoso Formation and the remaining with the objective of the *Miembro Superior* of the Centenario Formation. We had eight oil and one gas with positive result, and one with negative result (Ch SE x-1 well, *Miembro Superior* of the Centenario Formation).

The exploratory campaign conducted has shown the continuity of the Rayoso Formation reservoirs. Based on the obtained results, The Chachahuén Sur Exploration Lot was defined, and presented in 2012 before the authorities of the Province of Mendoza, and is still in the approval process.

Cerro Hamaca Block:

The drilling of the CHNo x-1 well confirmed the continuity of the mineralization of the Rayoso Formation, with a positive result and initial outflow of 120 bbl/d.

Reserves were certified in Cerro Hamaca by external audit. These reserves are related to the continuation of mineralization identified for South Chachahuén structure (eastern sector) in block Chachahuén.

Vizcacheras Block:

After the discovery of the ViO x-2 well, the works continued with the plan of definition, drilling three test wells (ViO e-3, ViO e-4 and ViO e-5 / ViO e-5 st). Two of these resulted positive (e-3 and e-4) with initial outflows of between 75 and 460 bbl/d.

Within the framework of the evaluation plan for the Papagayos Play, the Vi x-1130 was drilled, southwest of the recent discovery, which confirmed the development of the unit but with bad reservoir conditions, making the result negative.

Rio Barrancas Block: The evaluation of potential for the Puesto Chacaico x-1 well finalized, after the termination and testing of the Agio Superior, Troncoso Inferior and La Tosca units, all of them resulting in high saturation of formation water.

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Non-operated Blocks (Pluspetrol/Petroandina): In the Apon Evaluation Lot (formerly called La Banda), the Apon e-1001 well was drilled, with Formación Rayoso as objective, with a negative result. In the CNQ7/A block, the Puesto Pinto Este e-1001 well, with the *Miembro Inferior* of the Centenario Formation as objective, had a positive result, with an initial outflow of about 12 bbl/d.

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

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(ii) Bordering areas:

Los Tordillos Oeste Block: Starting with the analysis of the 3D seismic data obtained over the last quarter of 2010, the location of two exploratory wells was established in the Los Tordillos Oeste block, (located in the province of Mendoza), in association with Sinopec Argentina (formerly Occidental Exploration and Production Inc.), each one with a 50% share. During the month of September, 2011, the environmental studies were presented for both projects. The Enforcement Authority established October 24, 2012 as the date for the Public Hearing in the town of La Paz, (province of Mendoza). After attending this hearing, YPF awaits the environmental resolution that will authorize the drilling of both wells.

CGSJV/A and Gan Gan blocks. In association with Wintershall, who holds a 25% share, YPF operates the CGSJV/A and Gan Gan blocks, located in the Cañadón Asfalto formation (province of Chubut). Regarding the CGSJV/A block, the commitment for the second period was achieved, re-processing all the existing 2D seismic information. During the last quarter of 2011, and with the purpose of studying the Cañadón Asfalto formation, the Las Coloradas es-1 well was drilled inside the Gan Gan block. However, no crude oil was identified in the drilling conducted in the Cañadón Asfalto formation, for which the well was abandoned. This result allows an evaluation of all the southern sector of the block.

Bolsón del Oeste block: Over the last quarter of 2011, inside the Bolsón del Oeste block (province of La Rioja), entirely operated by YPF, 310 km of 2D seismic data was collected with the purpose of further exploring the sub-soil. Based on the information, and together with geological surveying campaigns on surface, magnetotelluric logs and surface geochemistry, the coordinates were located for the Guandacol es-1 well, which started to be drilled on December 2012. With a depth of 3,700 meters, it intends to study the sediment column from the Tertiary and Paleozoic ages, which would be the landfill for the northern sector of the Bolsón del Bermejo.

In the Bolsón del Oeste block, the second exploratory period expired on November 14, 2012. A request was presented before the provincial authorities to extend the permit for six months in order to finalize and evaluate the drilling of the Guandacol es-1 well (commitment of the second period). The information provided by the study of the well will decide whether or not to proceed to the third exploratory period.

Plan Exploratorio Argentina (Argentina Exploratory Plan)

The main goal of the Argentina Exploratory Plan was to have a regional overview of all the exploratory opportunities available in the territories of the twelve participating provinces. On August 23, 2012, the president of YPF presented the promised technical report before the authorities of the provinces of Entre Ríos, Formosa, Chaco, Córdoba, San Juan, Buenos Aires, Santa Cruz, Santa Fe, La Rioja, Tucumán, Salta and Misiones. In most of them there were areas with remaining exploratory potential, for which there are ongoing negotiations with each one of the provinces in order to gain access to these opportunities.

During 2012 our main development activities in Argentina have had the following principal focuses:

Neuquén Río Negro

During 2012, integrated development of Aguada Toledo-Sierra Barrosa was enhanced by drilling 25 new wells, workovers in existing wells, conversions to injector wells and revamping of facilities to increase levels of water injection, doubling oil production in the area.

Additionally, in the same block, tight gas development, that had been initiated in the last quarter of 2011 has continued during 2012 in partnership with Potasio Río Colorado S.A. (PRC , a company owned by Vale S.A.) In order to comply with the contract signed with PRC, 7 successful wells were finished (Area 5). During 2013, YPF plans to make new wells at its sole risk. In 2014 PRC must communicate if they will continue with the observed investments or not.

Also, in order to expand opportunities for development of Lajas formation (tight gas), during December 2012 the delineation of other areas of the block Loma La Lata Sierra Barrosa began.

During 2012, within the plan of maximizing oil and gas production, the implementation of various development projects and delineation in mature fields were performed. On this path we began drilling and delineation projects in the oldest deposits of the basin, Octogono (oil) and Puesto Cortadera (gas) achieving their revitalization. On the other hand, we started projects in gas delineation within the Aguada Toledo and Sierra Barrosa areas, as implemented in El Cerdón and El Triangulo.

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In the Loma La Lata area we continued during 2012 with the operation of the largest gas field owned by YPF, advancing in the adequacy of facilities in low pressure and implementation of wellhead compression. Within the multi-year development in fill project, the drilling and commissioning of a horizontal well production was carried out. At the end of 2012 the execution of formation Lotena's development project began, performing a repair and will continue with the drilling program during 2013.

Finally, as a milestone in unconventional gas development, work began in order to connect the EOR.x-2 well, which will produce gas from the new block El Orejano in the Neuquina basin.

During 2012, YPF continued with the Centenario area delineation, in Volcan Auca Mahuida field, located in the Neuquén province. Three new wells were completed during 2012, VAM.a-47, VAM-52 and VAM-57, with oil production rates that exceeded the average of 25 bpd/well of the country. By 2013, the drilling of six new wells and repair of six existing wells is planned. This is a protected natural area, with a strict permanent monitoring of the oil operation.

The optimization of existing projects is a business target. The increase in the number of active rigs (drilling, workover, and pulling) and the improvement of facilities are being made in Chihuido de la Sierra Negra, Señal Picada and El Medanito.

During 2012 activities related to EOR (Enhanced Oil Recovery) projects continued in Chihuido de la Sierra Negra. Testing was made by Texas University and an in-house 3D numeric model was developed. A well chemical trace test (SWCTT) is scheduled to be performed during 2013.

The actual recovery factor in Chihuido de la Sierra Negra is approximately 35%. This field has had water injection since 1993.

Mendoza Norte:

In Vizcachera field, the drilling project in the Pinch Out of Papagallos formation continued with 15 development and advanced wells, extending activity both west of the main field as in overlain Barrancas formation. Meanwhile, in Barrancas field, seven wells were drilled and six were repaired targeting the Barrancas CRI formation. In addition 8 workovers were made in Estructura Cruz de Piedra field with objective in Potrerillos formation. In La Ventana field the physical activity was focused on the repairing and reactivation of existing wells.

In Llacanelo field, located in Malargüe Norte, the update of static and dynamic models continued during 2012 with new information obtained from delineation activity, and cold production tests were carried out by drilling two new wells with focus in the two main reservoirs (Mbo. Green and Olive). Meanwhile, in the Loma de la Mina field, three new wells were drilled, one of them investigating a new block to the West. Furthermore, in the Malargüe Sur asset five new wells were drilled on the western flank, with focus in Cerro Fortunoso reservoir, and two new wells in Valle del Rio Grande with the objective in Vaca Muerta formation in the field of Malal del Medio.

Mendoza Sur:

In Desfiladero Bayo field, 7 infill new wells were drilled, in order to continue with the field's adequacy to injectivity level required by the field development planification.

Finally, in El Portón field 3 new wells were drilled for the reservoir area Chihuido de la Salina Sur during 2012. Additionally, workover activities were made adding 2 repairs in Filo Morado field.

Chubut

The Manantiales Behr integral projects involves El Alba, La Carolina, Grimbeek and Sur Manantiales projects, with 890 oil wells and 6 dry gas wells in activity. During 2012, 98 wells were drilled, distributed in 4 projects. Accompanying the development of these assets, an important investment was made in commissioning and expanding the plant Myburg V, with the aim to enhance oil recovery. Within the reservoir area, the project that has the greatest potential for primary development is La Carolina. Regarding improved recovery activity, the polymers injection pilot project named Grimbeek II is currently in the filling stage of water injection, prior to the start of polymer injection. The future development of the area is strongly related to the use of enhanced oil recovery methods.

Santa Cruz

During 2012 in Santa Cruz 19 integral development projects across four development areas were implemented (Las Heras, El Guadal, Los Perales and Cañadon Seco), comprising a total portfolio of 58 projects. The principal integral projects include Cañadón Escondida, Cerro

Grande, Maurek, Seco León y Los Perales, where 140 wells have

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been drilled in connection with these projects, which, including associated facilities. The main objective of these integral projects is the comprehensive development of such areas through the construction of new wells, implementation of new enhanced oil recovery projects and the provision of development support through the appropriate surface facilities. During 2013 the company will continue with these projects and will increase its secondary recovery projects portfolio.

In November 2012, YPF entered into a agreement with the province of Santa Cruz, which was ratified by a provincial law, to extend for an additional 25-year term the exploitation concession terms of the following : Cerro Piedra-Cerro Guadal Norte, Cañadón de la Escondida-Las Heras, Cañadón León-Meseta Espinosa, Los Monos, Pico Truncado-El Cordón, Los Perales-Las Mesetas, El Guadal-Lomas del Cuy, Cañadón Vasco, Cañadón Yatel, Magallanes (portion located in Santa Cruz) and Barranca Yankowsky, which were originally set to expire in 2017. See

Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government Extension of Exploitation Concessions in the province of Santa Cruz.

b) Non operated areas:

In October 2012, YPF entered into a agreement with the province of Salta, which was ratified by Resolution No.35/12 in October 2012 and Decree No. 3694/12 in December 2012, to extend for a additional 10-year term the original exploitation concession terms of the following areas: Sierras de Aguarañie, Campo Durán-Madrejones, La Bolsa and Río Pescado, which were originally set to expire in 2017. The agreement was signed between YPF, Tecpetrol S.A., Petrobras Argentina S.A., Compañía General de Combustibles S.A. and Ledesma S.A.A.I. and the Province of Salta. See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government Extension of Exploitation Concessions in the province of Salta

In block CNQ 7A, operated by Petro Andina Resources Argentina SA (in which we have a 50% working interest), development of the Jagüel Casa de Piedra, Cerro Huanul Sur and el Corcobo Norte fields has continued during 2012, drilling 40 wells (producers and injectors). A polymer injection pilot project was completed by February 2013. The exploration well PPE.e-1001 (Puesto Pinto Este) was drilled to target the Centenario formation, and had a positive result with an initial outflow of about 12 bbl/d.

In blocks Aguada Pichana (in which we have 27.27% working interest) and San Roque (in which we have 37.11% working interest), both operated by Total Austral SA, 4 conventional gas wells (LC-24, 26, 28, LCarO.x-1) were completed and improvements in production facilities were added, all of them related to conventional gas development and production. As of the date of this annual report wells LC-24, 26, 28 are all in production, and well LCarO.x-1 is inactive.

Regarding shale exploration, two wells were drilled: SR.xp-1001 and SR.xp-1010 As of the date of this annual report, the SR.xp-1010 well is complete, and the SR.xp-1001 and AP.xp-1001 are in production.

In January 2012 Magallanes area, operated by Enap Sipetrol, was fully incorporated into production after finalizing all tasks related to the burning in AM-2 platform. In November 2012 the concession was extended with the province of Santa Cruz.

In addition, the Company has negotiated with the Executive office of the province of Tierra del Fuego the terms in order to extend their concessions in such province. As of the date of issuance of this annual report, the Negotiation Commission from Tierra del Fuego province is analyzing the negotiated conditions. The final agreement will be subsequently submitted to the final approval of the provincial Executive office and the consideration from the Legislature from Tierra del Fuego province.

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, 2012.

Number of wells in the process of being drilled

As of December 31, 2012

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	<i>Gross</i>	<i>Net</i>
Argentina	69	67.5
Rest of South America		
North America	0	0
Total	69	67.5

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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, 2012, we were not contractually committed to deliver any barrel of crude oil in the future.

As of December 31, 2012, we were contractually committed to deliver 33,160 mmcm (or 1,171 bcf) of natural gas in the future, without considering export interruptible supply contracts, of which approximately 17,164, mmcm (or 606 bcf) will have to be delivered in the period from 2013 through 2015. According to our estimates as of December 31, 2012, 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.212 million, Ps.88 million and Ps.411 million have been recorded in 2012, 2011 and 2010, 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.

As a consequence of such agreement, YPF has not entered into any contractual commitment to supply natural gas to distribution companies. 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, 2012, 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 sale 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-accrued, remote contingencies Arbitration with AES Uruguaiiana 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 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. After the takeover of the Company by the new shareholders in accordance with the Expropriation Law, on August 30, 2012, we approved and announced the Strategic Plan 2013-2017 establishing the basis of our development for the years to come. Such plan intends to reaffirm our commitment to creating a new model for the Company in Argentina which aligns our objectives, seeking profitable and sustainable growth that generates shareholder value, with those of the country, thereby positioning YPF as an industry-leading company aiming at the reversal of the national energy imbalance and the achievement of hydrocarbon self-sufficiency in the long term.

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To achieve the goals set forth above, we intend to focus on (i) the development of unconventional resources, which we see as a unique opportunity because a) the expectation related to the existence of large volumes of unconventional resources in Argentina according to estimations of leading reports on global energy resources, b) we currently possess a relevant participation in terms of exploration and exploitation rights on the acreage in which such resources could be located in, and c) we believe we can integrate a portfolio of projects with high production potential; (ii) the re-launch of conventional and unconventional exploration initiatives in existing wells and expansion to new wells, including offshore; (iii) an increase in capital and operating expenditures in mature areas with expected higher return and efficiency potential (through investment in improvements, increased use of new perforation machinery and well intervention); (iv) a return to active production of natural gas to accompany our oil production; and (v) an increase in production of refined products through an enhancement of the refining capacity (including improving and increasing our installed capacity and upgrading and converting our refineries). The previously mentioned initiatives will require organized and planned management of mining, logistic, human and financing resources within the existing regulatory framework, with a long-term perspective.

The investment plan related to our growth will be accompanied by an appropriate financial plan, whereby we intend to reinvest earnings, search for strategic partners and acquire debt financing at levels we consider prudent for companies in our industry. Consequently, the financial viability of these investments and hydrocarbon recovery efforts will generally depend, among other factors, on the prevailing economic and regulatory conditions in Argentina, the ability to obtain financing in satisfactory amounts at competitive costs, as well as the market prices of hydrocarbon products.

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 were committed to supply a daily quantity of 125 mmcf/d (or 4 mmcm/d) to the Methanex plant in Cabo Negro, Punta Arenas, in Chile (under three agreements which expire between 2017 and 2025). Pursuant to instructions from the Argentine government, deliveries were interrupted from 2007. In connection with these contracts, the Company has renegotiated them and has agreed to make investments, and export gas to temporarily import certain final products, subject to approval by the relevant government authorities, which have been recently obtained. As of the date of this annual report, the Company is fulfilling the agreed commitments mentioned above. To the extent that the Company does not comply with such agreements, we could be subject to significant claims, subject to the defenses that the Company might have.

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 (or 10 mmcf/d) (designed capacity with compression plants)), including:

a 15-year contract (signed in 1998) to provide 63 mmcf/d (or 1.78 mmcm/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 or 0.3 mmcm/d); and

a 15-year contract (signed in 2003) to supply 35 mmcf/d (or 1 mmcm/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 (or 2.63 mmcm/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 or 9 mmcm/d) connecting Loma La Lata (Neuquén, Argentina) with Chile.

Finally, 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 (or 8.5 mmcm/d) each) connecting Salta, Argentina, to Northern Chile (Región II). The contracts with Edelnor and Electroandina have been modified, becoming interruptible supply contracts.

With respect to Brazil, we entered into a 20-year supply contract in 2000 to provide 99 mmcf/d (or 2.8 mmcm/d) of natural gas to the thermal power plant of AES Uruguiana Empreendimentos S.A. (AESU) through a pipeline linking Aldea Brasileira, Argentina, to Uruguiana, Brazil

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(with a capacity of 560 mmcf/d or 15.8 mmcm/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 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 Uruguiana Empreendimentos S.A. (AESU), Companhia de Gás do Estado do Río Grande do Sul (Sulgás) and Transportadora de Gas del Mercosur S.A. (TGM).

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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
2010	6,120.4	3,842.2	62.8%
2011	6,120.4	2,785.3	45.5%
2012	6,137.2	2,728.4	44.5%

- (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 1,690 bcf (or 47.8 bcm) in 2012. We estimate that the number of users connected to distribution systems throughout Argentina amounted to approximately 7,987 million as of October 31, 2012. The domestic natural gas market has grown significantly over recent years, driven by the forces of economic growth and relatively low domestic prices prevailing in Argentina. We believe that the natural gas market will continue to grow at similar rates.

In 2012, we sold approximately 43% of our natural gas to local residential distribution companies, approximately 8% to Compressed Natural Gas end users (CNaturalGas), approximately 41% to industrial users (including Mega and Profertil) and power plants, less than 1% in exports to foreign markets (Chile) and 7% was consumed in YPF downstream operations. Sales are affected by increased consumption by residential consumers during winter months (June-August). During 2012, approximately 75% of our natural gas sales were produced in the Neuquina basin. In 2012, our domestic natural gas sales volumes were only 1% higher than those in 2011, See Item 5. Operating and Financial Review and Prospects Factors Affecting Our Operations Mature and green oil and gas assets.

The Argentine government has taken a number of steps aimed at satisfying domestic natural gas demand, including pricing and export regulations and higher export taxes and domestic market injection requirements. These regulations were applied to all Argentine producers, affecting natural gas production and exports from every producing basin. See Delivery commitments Natural gas supply contracts . Argentine 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.

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 expiration date. 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.

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Most of our proved natural gas reserves in Argentina are situated in the Neuquina basin (approximately 68% as of December 31, 2012), 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 (or 88.28 mmcf/d) of natural gas obtained by ENARSA from the Republic of Bolivia through initially May 1, 2011 and then extended through January 1, 2014.

During 2012, quantity and price conditions were renegotiated with ENARSA. According to the new conditions, which are set to expire in January 1st, 2014, ENARSA undertook to sell us a minimum amount of 1.5 mmcm/d (or 52.97 mmcf/d) of natural gas during the winter of 2011, 2012 and 2013 and 1.0 mmcm/d (or 35.31 mmcf/d) of natural gas during the summer of 2011, 2012 and 2013, at two different fixed prices based on the customers to which YPF subsequently sells the natural gas bought under the agreement. The price of natural gas for the year 2013 has been renegotiated with similar criteria. The 2010 contract and its renegotiations also establish an additional quantity of up to 5.5 mmcm/d (or 194.23 mmcf/d).

YPF provides regasification services to ENARSA since May 2008. In 2008, YPF executed a Charter Party Agreement and a Regasification Services Agreement with Exceleerate Energy to provide and operate a 138,000 cm (or 487,343 cf) 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 (or 441.43 mmcf/d). This agreement expired on October 30, 2011. Pursuant to ENARSA's request, YPF executed a new Charter Party Agreement with Exceleerate Energy, which will expire on October 31, 2015. This will allow YPF to provide and operate a 151,000 cm (or 533,252 cf) regasification vessel moored at the Bahía Blanca Port facilities with the capacity to supply up to 17 mmcm/d (or 600 mmcf/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 7.83 bcm (or 276.5 bcf), 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 2012, natural gas injected into the network amounted to approximately 2.35bcm (or 82.9 bcf).

During 2012, 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 (LNG Escobar), which is located in the km 74.5 of the Paraná River. The LNG Escobar terminal was constructed in nine months and began operations as scheduled. The LNG Escobar terminal has a Floating, storage and regasification unit permanently moored at the new port facilities, for which UTE Escobar has executed agreements with Exceleerate Energy to provide and operate a 151,000 cm (or 533,252 cf) regasification vessel moored at the LNG Escobar terminal with the capacity to supply up to 17 mmcm/d (or 600 mmcf/d) of natural gas. Since beginning its operations the total volume injected into the network by this vessel was 3.79 bcm (or 133.84 bcf). In 2012 natural gas injected into the network amounted to approximately 2.20 bcm (or 77.69 bcf).

Natural gas transportation and storage capacity

Natural gas is delivered by us through our own gathering systems to the five trunk lines operated by Transportadora de Gas del Norte S.A and Transportadora de Gas del Sur S.A. 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.

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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 (or 176.5 mmcf/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 PBBPolisur S.A. (PBB), owned by Dow Chemical Company, and is also exported by tanker to Petrobras facilities in Brazil.

Pursuant to Decree No. 2067/08 and 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 has a significant impact on the operations of Mega and has been challenged by the company. On August 14, 2012, the Argentine Judicial Court issued a first instance ruling in favor of Mega, declaring the unconstitutionality of Decree No. 2067/08 and ENARGAS resolutions No. 1982/11 and 1991/11. Such ruling was appealed by both the ENARGAS and the Ministry of Planning and is currently subject to the Federal Administrative Court of Appeals' decision. 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.

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In 2012 Central Dock Sud generated 4,041 GWh and Pluspetrol Energy generated 4,706 GWh. The total energy collectively generated by both power plants was 8,747 GWh (7.5% lower than in 2012), which represented 7.0% of Argentina's electricity generation in 2012. In the case of Central Dock Sud the generation was lower than the previous period due to a programmed major maintenance that takes place every three years, depending on the hours of operation. For this reason the plant was partially out of operation between April and June 2012. Investments in Central Dock Sud during 2012 amounted to Ps. 83.7 million.

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).

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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 Capital Federal and southern Buenos Aires and one of the main distributors in Argentina. During 2012, Metrogas distributed approximately 20.5 mmcm (or 723.9 mmcf) of natural gas per day to 2.3 million customers in comparison with approximately 20.6 mmcm (or 727.5 mmcf) of natural gas per day distributed to 2.2 million customers in 2011. On November 2012, we exercised our right under the first refusal clause included in the GASA s shareholders agreement to buy the remaining shares of GASA (54.67%), with the objective to obtain control of Metrogas and consequently make a more efficient company. As a result of this operation and subject to the approval of the corresponding monitoring organisms and payment of the balance, YPF Inversora Energética will own 100% of the share capital and votes of GASA, which controls 70% of Metrogas share capital and votes.

GASA s debt issues. On May 11, 2009, GASA was notified of a bankruptcy petition brought by an alleged GASA creditor, 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 court declared all the credits verified except 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 ended on August 16, 2012.

On August 6, 2012, GASA filed with the court an amended debt restructuring proposal. The final proposal includes a debt haircut of 61.4% of the credit claims admitted by the court and the issuance of new debt securities, with a maturity date of December 31, 2015 with an option to extend it one year to December 31, 2016 in case all accrued interest is paid on December 31, 2015, and an interest rate of 8.875%.

On August 22, 2012, the intervening court ratified the GASA reorganization agreement and declared concluded the process under which the company negotiated and proposed a debt restructuring agreement which was approved by the creditors and finally ratified by the court. The court protection proceedings will be finalized once that the court issues a final declaration confirming that the terms of the agreement had been fulfilled.

In the debt restructuring proposal GASA delivered new notes in exchange of their outstanding claims. The proposal, consisted of the issuance of 2 new classes of notes: a Class A for the equivalent of 38,6% of previous notes and a Class B, contingent notes, equivalent to 61.4% of previous notes. The new Class B Notes will become due and payable only if New Class A Notes are accelerated as a result of the occurrence of an event of default on or before December 2015. If a default event does not occur prior to December 2015, the New Class B Notes will be automatically cancelled.

Metrogas debt issues. Given the adverse conditions Metrogas is currently undergoing, derived among other factors from the lack of the increase in the distribution tariff, the company decided to file a voluntary reorganization petition (*concurso preventivo*) in June 2010. On the same date, Metrogas was notified of the Resolution No. I-1260 dictated by ENARGAS, which provided for the judicial intervention of the company for a 120-day term. The resolution bases the intervention decision on the filing of a voluntary reorganization petition by Metrogas, and states that the intervention shall control administration and disposition of Metrogas activities which may in any manner affect its normal 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 s 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.

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On July 2011, Metrogas filed with the court a debt restructuring proposal, which was subsequently amended. The final 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%. In June 2012, a noteholders meeting was held within the framework of the Article 45 bis of the Bankruptcy Law, where the company's proposal was unanimously approved. On July 13, 2012, Metrogas informed to the Judge that, given the consents obtained under the reorganization agreement proposal, it considers that Metrogas had obtained the legal majorities established in the Article 45 of the Bankruptcy Law, and therefore, requested that, the judge declared the existence of the reorganization agreement, in conformity with Article 49 from the mentioned law.

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On September 6, 2012, the intervening court ratified the Metrogas's reorganization agreement. It also stipulated the creation of the final creditors committee, which will act as controlling agent of the compliance with the reorganization agreement under the terms of articles 59 and 260 of the Bankruptcy Law.

In the debt restructuring proposal Metrogas delivered new notes in exchange of their outstanding claims. The proposal, consisted of the issuance of 2 new classes of notes: a Class A for the equivalent of 53,2% of previous notes and a Class B, contingent notes, equivalent to 46.8% of previous notes. The new Class B Notes will become due and payable only if New Class A Notes are accelerated as a result of the occurrence of an event of default on or before June 2014. If a default event does not occur prior to June 2014, the new Class B Notes will be automatically cancelled.

Metrogas's tariff issues: In January 2002, pursuant to the Public Emergency Law, the tariffs that Metrogas charges to his customers were converted from their original dollar values to pesos at a rate of Ps. 1.00 to U.S.\$ 1.00. Thus the company's tariffs were frozen since indexation of any kind is not permitted under the Public Emergency Law.

The Public Emergency Law also provides that the Argentine Government should renegotiate public utility services agreements affected by the pesification. In February 2002, the Government issued Executive Order No. 293, which entrusted the Ministry of Economy with the renegotiation of public utility licenses and created a Committee for the Renegotiation of Contracts for Public Works and Services (CRC).

On July 3, 2003, by means of Executive Order No. 311/03, the Unit for the Renegotiation and Analysis of Utility Contracts (UNIREN) was created, aiming at giving advice during the renegotiation process of public works and services contracts and developing a regulatory framework common to all public services. The UNIREN continues the renegotiation process developed by the previous CRC.

The Emergency Law, which was originally schedule to be terminated in December 2003, was consecutively extended up to December 31, 2013. As a consequence, the renegotiation terms for licenses and concessions of utility services were also extended.

Metrogas and the UNIREN signed a temporary agreement in September 2008. In November 2012 the ENARGAS published the resolution No. 2,407/12 that authorizes Metrogas, following the terms of the temporary agreement previously mentioned, to apply a fixed amount in each customer's bill, differentiating by type of customer according to the terms of the resolution and following the application of the methodology to be determined by the regulating agency. The resolution also states that the revenue charged by the company is to be deposited in a trust, and the funds collected are to be used for infrastructure investments, connection works, repowering, expansion and technology upgrades of the gas distribution system as well as any other cost associated with supply of gas distribution to customers. Metrogas needs to submit for approval of the execution committee (a regulatory committee created by Resolusion 2407/12), a consolidation and expansion investment plan that expresses both physically and financially the details of such plan, which is to be aligned with the goals set in the trust's contract between Metrogas and Nación Fideicomisos S.A. (NAFISA). As of the date of this annual report, Metrogas's plan was approved by the execution committee.

As of both December 31, 2012 and December 31, 2011, YPF had an allowance for the total value of its investment in GASA.

Refining and Marketing

During 2012, 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 fuel, jet fuel, kerosene, heavy fuel oil and other crude oil products, such as motor oils, industrial lubricants, LPG and asphalts.

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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.

Our three wholly-owned refineries have an aggregate refining capacity of approximately 319,500 boe/d. The refineries are strategically located along our crude oil pipeline and product pipeline distribution systems. In 2012, our crude oil production, substantially all of which was destined to our refineries, represented approximately 82% of the total crude oil processed by our refineries. Through our stake in Refinor, we also own a 50% interest in a 26,100 boe/d 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, 2012, 2011 and 2010:

	<i>For the Year Ended December 31,</i>		
	<i>2012</i>	<i>2011</i>	<i>2010</i>
	<i>(mmboe)</i>		
Throughput crude	105.4	103.8	108.7
Throughput Feedstock	3.0	3.1	3.8
Throughput crude/Feedstock ⁽¹⁾	108.4	107	112.4
<i>Production</i>			
Diesel fuel	41.5	43.5	44.1
Motor Gasoline	23.1	22.7	22
Petrochemical naphtha	6.9	8.1	9.8
Jet fuel	6.6	6.4	6.9
	<i>For the Year Ended December 31,</i>		
	<i>2012</i>	<i>2011</i>	<i>2010</i>
	<i>(thousands of tons)</i>		
Base oils	1.3	1.2	1.3
Fuel oil	1,295	991	1,440
Coke	916	897	906
LPG	589	620	586
Asphalt	195	195	205

In 2012 the crude oil processed in our refineries increased, raising the capacity utilization from 89% in 2011 to 90.2% in 2012. This increase was mainly due to the improvements in processes that resulted in an increase in the yields of naphtha and distillates; however production of diesel fuel decreased as a consequence of lower demand. The increase in the production of fuel oil is explained by the processing of heavier crudes in our refineries by a higher demand at electric power plants. A higher utilization of conversion units resulted in a higher volume of coke production during 2012 compared to 2011. Notwithstanding the foregoing, lower market availability of Medanito crude oil and certain union conflicts in third parties logistics facilities each negatively affected the utilization of the La Plata refinery

The La Plata refinery is the largest refinery in Argentina, with a nominal capacity of 189,000 bbl/d. 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, two diesel fuel hydrofinishing units, 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 2012, the refinery processed approximately 165 mbbbl/d. The capacity utilization rate at the La Plata refinery for 2012 was 87.5%. As mentioned above, capacity utilization was affected by lack of Medanito oil. In 2011, the refinery processed

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approximately 161 mbb/d. The capacity utilization rate at the La Plata refinery for 2011 was 85%. The crude oil processed at the La Plata refinery comes mainly from our own production in the Neuquina and Golfo San Jorge basins corresponding to 80.4% of the total crude oil processed. 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.

On April 2, 2013 our facilities in the La Plata refinery were hit by a severe and unprecedented storm, which caused a fire and consequently affected the Coke A and Topping C units in the refinery. These incidents temporarily affected the crude processing capacity of the refinery, which had to be stopped entirely. Seven days after the event, the processing capacity was restored to about 100 mbb/d through the commissioning of two distillation units (Topping IV and Topping D). As of the date of this annual report, technical evaluations are being carried out with the objective to determine both the date of commissioning of Topping C (the Company is using its best efforts to its implementation

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within 60 days from the date of the incident) as well as the reduced operational capacity as Coke A will not be recovered. The residual book value is not material. Our preliminary estimate is that processing capacity will be approximately 150 mbb/d with Coke A not in operation. However, a new Coke A facility is already under construction and is expected to be commissioned by 2015, as explained below. We expect that to compensate for the missing production, we will need to import material additional volumes of fuels to continue to satisfy domestic demand. We may not be able to recover the total cost related to such imports. As of the date of this annual report, the Company is in the process of assessing the detailed financial and operating impacts of the incident and, consequently, the analysis of any actions needed to adapt our business strategy. In addition we are in the process of gathering the necessary information to give effect to the existing insurance coverage.

In June 2012, we started up a new Gasoil Hydrotreater Unit (HTG B) and in November 2012 we finished a revamp of the former Gasoil Hydrotreater Unit (HTG A), 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 sulphur of 500 parts per million.

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 construction of the coke drums, fractionation columns and furnace have been finished, and the compressor, feed pumps and most important equipments have been bought. The construction of new railways and a dome to store coke have been finished by the end of 2012. Start up is expected by 2015.

The Luján de Cuyo refinery has a nominal capacity of 105,500 boe/d, 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 2012, the refinery processed approximately 99,4 mbb/d. During 2012, the capacity utilization rate was 3,5% lower than in 2011 (mainly as a result of the maintenance overhaul performed at one of our distillation units, Topping III), reaching a rate of 94.2%. During 2011, the refinery processed approximately 103 mbb/d. 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 83,5% of the crude oil processed at the Luján de Cuyo refinery in 2012 (and 89,7% of the crude oil processed in this refinery in 2011) 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 order to comply with government regulations on sulfur specifications for fuels, 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 both projects will begin during the first half of 2013.

The Plaza Huincul refinery, located near the town of Plaza Huincul in the province of Neuquén, has an installed capacity of 25,000 boe/d. During 2012, the refinery processed approximately 23.5 mbb/d. In this period, the capacity utilization rate was 10,5% higher than in 2011, reaching a rate of 94,1%. This increase was mainly due to the maintenance overhaul performed at the distillation unit in September 2011. During 2011, the refinery processed approximately 20.9 mbb/d. In this period, the capacity utilization rate was 83.6%. 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 2012, 18,5% of the refinery's crude supplies were purchased from third parties, while in 2011, such purchases reached 21.7% 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. The refineries maintain their systems under continuous revision by authorized organizations.

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.

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

<i>From</i>	<i>To</i>	<i>YPF Interest</i>	<i>Length (km)</i>	<i>Daily Capacity (boe/d)</i>
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
Brandsen	Campana	30%	168	120,700
Puesto Hernández/ P. Huincul/Allen	Puerto Rosales	37%	888 ⁽¹⁾	232,000
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 book value of the assets related to this pipeline was 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 Axion Energy Argentina S.R.L. (Axion, previously ESSO, a former subsidiary of ExxonMobil which was recently acquired by Bridas Corporation) 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 17 plants for the storage and distribution of refined products and seven LPG plants with an approximate aggregate capacity of 1,620,000 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 53 airplane refueling facilities (40 of them are wholly-owned) with a capacity of 25,500 cm, and we also own 28 trucks, 123 manual fuel dispensers and 17 automatic fuel 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 2012 under ISO 9001:2008 and ISO 14001:2004. In 2010, logistics activities were also certified under OHSAS 18001 (security performance).

Trading division

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

This Division's export sales are made principally to Brazil and the rest of South America. Sales to international customers for the years 2012 and 2011 totaled Ps. 3,297 million and Ps. 3,333 million, respectively, 45% and 54% of which, respectively, represented sales of refined products and 55% and 46% and the balance represented sales of marine fuels. On a volume basis, in 2012 and 2011 sales to international customers consisted of 3.3 mmbbl and 4.4 mmbbl of refined products, respectively, and 3.94 mmbbl and 3.68 mmbbl of marine fuels, respectively. Domestic

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sales of crude oil totaled Ps. 561 million and Ps.524 million or 1.7 mmbbl and 2.1 mmbbl in 2012 and 2011, respectively. Domestic sales of marine fuels totaled Ps. 1,080 million and Ps. 755 million or 1.3 mmbbl and 1.8 mmbbl in 2012 and 2011, respectively. In addition, imports of high and low sulfur diesel fuel have decreased, totaling 5.7 mmbbl in 2012.

Marketing division

Our Marketing 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, including transport. During 2012, 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 61.3% as of December 31, 2012 (compared with 63.7% in 2011). Our sales volume was 1,119 mcm in 2012 (1.3% higher than in 2011).

With respect to diesel fuel, according to our own estimates, as of December 2012 our market share was 57.9% (59.2% in 2011), with an increase in our share of low sulphur content products. Along with D-Euro (10 ppm), whose sales volume was 706 mcm in 2012, it was released the product D-500 (500 ppm) which reached a volume of 968 mcm, both fuels representing 22.3% of the total diesel fuel sales of the division. 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, adequately supplying the market and minimizing the imports of D-Euro.

With respect to lubricants, we market our products through the three segments of the domestic market: retail, agriculture and industry. Our three manufacturing plants located in the CIE 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).

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.

With regard to the international market, in addition to the sale of lubricants in Brazil which began at the end of 2010, during 2012 we increased the commercialization in Chile of lubricants and aviation fuels, reaching a volume of 10.6 mcm (+17.3% vs 2011) and 143.6 mcm (+26.2% vs 2011) respectively. Moreover, we currently market lubricants through exclusive distributors in four other countries outside Argentina (Uruguay, Paraguay, Bolivia and Ecuador).

Retail

As of December 31, 2012, the Retail Division's sales network in Argentina included 1,535 retail service stations (compared to 1,557 at December 31, 2011), of which 97 are directly owned by us, and the remaining 1,438 are affiliated service stations. Operadora de Estaciones de Servicio S.A. (OPESSA), our wholly-owned subsidiary, operates actively 176 of our retail service stations, 88 of which are directly owned by us, 26 of which are leased to ACA (Automóvil Club Argentino), and 62 of which are leased to independent owners.

With the aim of unifying and strengthening the network's brand image based on the concepts of modernity and rationality, in 2012, our brand image improvement strategy included enhancements in 40 service stations. According to our latest internal estimates, as of December 31, 2012, we were the main retailer in Argentina, with 33.9% of the country's gasoline service stations, followed by Shell, Axion, Petrobras and Oil with shares of 14.7%, 10.6%, 6.7% and 6.1%, respectively. During 2012, our market share in diesel fuel and gasoline, marketed in all segments, decreased slightly from 57.6% as of December 31, 2011 to 56.5% as of December 31, 2012, 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 with online performance data for each active station and connects most of our network of service stations. As of December 31, 2012, 1,289 stations were linked to the Red XXI network system.

Our convenience stores, Full YPF and Full Express YPF, included 376 and 68 point of sales as of December 31, 2012, respectively. Also, fuel sales are complemented by a modern oil change service, provide by our YPF Boxes, with 253 points of sales. Additionally, we have a marketing loyalty program called Serviclub with more than 500.000 card members.

In order to maintain unified standards, in 2012 a YPF service station operation manual was developed to be implemented all over the network starting in July 2013.

Agriculture

Through the Agriculture Division we sell fertilizers, diesel fuel, lubricants, agrochemicals, and ensiling bags (silobolsa), among other products, directly or through a network of 118 wholesaler bases (9 owned by YPF), offering a comprehensive portfolio to the agriculture producer and delivering products to the consumption site. We accept as

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payment different types of grains, especially soybean, some of which are processed by third party companies to obtain meal and oil that we then sell mainly to the external market. During 2012, with the activity affected by serious drought during summer and abundant rains in the last quarter, we received approximately 865,000 tons of grains (oilseed and cereal), primarily soy, and expect that payment in kind will increase in coming years. In addition, part of the oil resulting from the processing of soybean is used for the production of FAME, a product which is used by us for the production of commercial grade diesel fuel, according to local regulations.

Industry

Our Industry Division supplies the entire domestic industry and transportation of passengers and cargo (ground and air), a broad portfolio of product and services tailor-made according to the needs of our customers. This portfolio includes products such as fuel (diesel fuel, gasoline, fuel oil, Jet A-1), lubricants, coal, asphalts, paraffins and derivatives (sulfur, CO₂, decanted oil, aromatic extract) and services such as YPF Road Card (fleet management service for the transportation sector), Expert Service (certified quality and quantity of bulk lubricants), Service & Quality (technical pre and post sales services, training and quality product control) and Supply solution at customer facilities (plant operation services and associated logistics).

Our vision as a strategic partner to the industry is to integrate its value chain by promoting energy solutions. In line with this, we have begun to develop a commercial network to meet the needs of road freight transport, energy and lubricants supply contracts to Mining companies, and energy supply projects in industrial clusters.

High quality performance in delivering services to industries through this distribution network was also reached as a result of the implementation of the Management Model developed for Agriculture and Industry, as previously mentioned.

Lubricants and Specialties

During 2012, our lubricants sales increased by approximately 1.7% compared to 2011. Sales to domestic markets increased by 0.2%, while sales to export markets increased by 6.8% from 35.3 mcm as of December 31, 2011 to 37.7 mcm as of 2012. On the contrary, asphalts and paraffins decreased by 6.4% and 7.7% respectively, compared to 2011.

We export to two main groups. First, to affiliates (Brazil and Chile), where sales volume decreased by 3% compared to the previous year in Brazil, and increased by 15% in Chile. On the other hand, we export to our own distributor network located in Bolivia, Uruguay, Paraguay and Ecuador, in which sales volume increased by 14% compared to 2011.

Our lubricants and specialties unit has 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, 2012 was approximately 41.9%, compared to 39.7% as of December 31, 2011, 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 respectively was positive in 2012 compared with the previous year, having experienced an increase in volumes sold of 4.6% (with 40.8 mcm in 2012 compared to 39.02 mcm in 2011).

During 2012, we have extended the Elaion brand to the products of the Motorcycle and Boating segment. The Moto Elaion line started to be commercialized across the entire distributors network (specialized and lubricants distributors), and had its launch event in December 2012 in conjunction with the Rally Moto Elaion YPF racing team which participated in the Dakar 2013 competition.

Lubricants and Specialties Division has certified management systems since 1995. Currently holds the following certifications ISO 9001:2008, ISO 14001:2004, OSHAS 18001:2007 ISO/TS 16949-Third edition.

LPG

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 2012 reaching approximately 566 mtn (compared with 637 mtn in 2011), of which approximately 472 mtn (476 mtn in 2011) were sold in the domestic market. Our principal clients in the domestic market are companies that sell

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LPG in bottled or in bulk packing to end-consumers and the networks that distribute LPG to households in some regions. Additionally, exports in 2012 reached approximately 94 mtn (161 mtn in 2011), 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.1,015 million and Ps.1,222 million in 2012 and 2011, respectively.

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The LPG division obtains LPG from natural gas processing plants and from our refineries and petrochemical plant. We produced 494 mtn of LPG in 2012 (not including LPG destined for petrochemical usage). We also purchased LPG from third parties as detailed in the following table:

	<i>Purchase (tons) 2012</i>
LPG from Natural Gas Processing Plants:⁽¹⁾	
General Cerri	21,925
El Portón	103,095
San Sebastián	17,032
Total Upstream	142,052
LPG from Refineries and Petrochemical Plants:	
La Plata Refinery	207,208
Luján de Cuyo Refinery	113,248
Ensenada industrial complex	31,326
Total Refineries & Petrochemical Plants⁽²⁾	351,782
LPG purchased from joint ventures:⁽³⁾	62,450
LPG purchased from unrelated parties	17,484
Total	573,768

(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.

(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, which produced 313 mtn of LPG in 2012.

Chemicals

Petrochemicals are produced at our petrochemical complexes in Ensenada and Plaza Huinul. Additionally, we also own a 50% interest in Profertil a company that has a petrochemical complex in Bahía Blanca as mentioned below.

Our petrochemical production operations in the CIE 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:

	<i>Capacity (tons per year)</i>
Ensenada industrial complex:	
Aromatics	
BTX (Benzene, Toluene, Mixed Xylenes)	244,000
Paraxylene	38,000

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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

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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.

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

In 2012 and 2011, 80.8% and 87.9%, respectively, of our petrochemicals sales (including propylene) were made in the domestic market. Petrochemical exports are destined to Mercosur countries, the rest of Latin America, Europe and the United States. The increase in exports in 2012 was due to products sold in Brazil.

We also participate in the fertilizer business directly and through Profertil, our 50%-owned subsidiary. Profertil is a joint venture with Agrium (a worldwide leader in fertilizers), that started operations in 2001. Profertil has a production facility in Bahía Blanca which produces 1.1 million tons of urea and 750 thousands tons of ammonia per year. In addition, Profertil commercializes other nutrients and special blends prepared for land to optimize their performance.

Our CIE was certified under ISO 9001 in 1996 and recertified in June 2010 (version 2008). The CIE 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 CIE 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 the CIE 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 2012 (version 2008). The Methanol plant was also certified under ISO 14001 in July 1998 with the Plaza Huincul Refinery, and last recertified in August 2012 (version 2004), and it was also certified under OHSAS 18001 in December 2008, and last recertified in August 2012 (version 2007).

During 2010, we have initiated the construction of a new continuous catalytic reforming unit (CCR) in the CIE. Total investment is estimated to be U.S.\$453.1 million. Start up is expected by the second quarter of 2013. 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.

Seasonality

For a description of the seasonality of our business, see Item 5. Operating and Financial Review and Prospects Factors Affecting Our Operations Seasonality .

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 2012, 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.\$2.4 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 2012 budget for such cooperation arrangements reached approximately U.S.\$5 million, U.S.\$1 million more than in 2011. Six important research and development projects are being partially subsidized by Fontar (a technology funding organization of the Argentine Government). Five of them started in previous years and one of them was approved in 2012.

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, the natural gas value chain, oil refining and oil derivatives and petrochemicals, the future diversification of energy uses, biofuels production and electricity generation.

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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. Our most important challenges that required the development and application of very specific technologies include the optimization and reuse of water, and the exploration and exploitation of unconventional resources.

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.

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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 are also working on 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 2012 R&D projects portfolio included 73 projects, 54 of which were under execution and 19 of which were in technical-economic feasibility evaluation phase as of December 31, 2012.

Recently YPF has created YPF Technology S.A. (YPF which will hold a 51% interest and CONICET, a state-owned research and development organization will hold a 49% interest). The Board of Directors of YPF Technology will consist of 3 directors appointed by YPF and 2 directors appointed by CONICET; additionally, the Chairman and the General Manager of YPF Technology will be appointed by YPF. All lines of research and development carried out in YPF-Technology will be in line with the needs of YPF.

For operation of YPF Technology, 5 hectares on the farm belonging to the University of La Plata were acquired, and a 10,000 m² building is planned for construction, with an estimated investment of U.S. \$. 15 million. Completion of the work is estimated in March 2015.

We expect that about 250 professionals will work in the new building, and its main objective is to acquire knowledge, to work in research and development about unconventional fields and secondary and tertiary oil recovery from mature fields. Additionally, development of alternative energies such as marine energy, geothermal, wind, solar, etc, will be part of its objectives. All of these activities will be supported by a staff of over 6,000 researchers and doctors from different areas of science, available to the CONICET through agreements with different universities and institutes of research and development.

Competition

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. See [Regulatory Framework and Relationship with the Argentine Government Overview](#) and [Regulatory Framework and Relationship with the Argentine Government Law No. 26,197](#). However, given the passage of the Expropriation Law. See [Regulatory Framework and Relationship with the Argentine Government The Expropriation Law](#) and the extensions of concessions in Santa Cruz Province, which constitutes a leading case of creating new, more beneficial conditions, for the exploration and production of hydrocarbons. We expect to establish more collaborative relationships with the provinces, especially with those whose representatives have positions in our Board of Directors as a result of their intended participation in the ownership of the Company, as provided for in the Expropriation Law. In our Refining and Marketing and Chemicals businesses, we face competition from several major international oil companies, such as Axion (previously 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. On April 10, 2013, Resolution 35/2013 of the Argentine Secretariat of Domestic Commerce determined a price cap for fuel at all service stations for period of six months, which shall not exceed the highest outstanding price as of April 9, 2013 in each of the regions identified in the Annex of the Resolution. 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 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.

Table of Contents**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.

We continued making investments in order to comply with new Argentine fuel specifications, 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 and 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. In La Plata Refinery, we began commissioning the diesel fuel desulphuration plant (HTGB) in July 2012. In Luján de Cuyo refinery the implementation of the HDS III (diesel desulphuration) and HTN II (gasoline desulphuration) is planned during 2013. We have adopted construction strategies oriented to meet the deadlines. 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 fuel, 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 fuel 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 and environmental specifications, has involved investments of approximately U.S.\$285 million in 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 the CCR which will involve an investment of approximately U.S.\$453 million. The main equipment has been purchased and part of the plant has already been constructed (96.2%). Start up is expected in the second quarter of 2013. The plant will use the latest worldwide technology 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.

We also commenced construction of a new Coker Unit at La Plata refinery which will involve an investment of approximately U.S.\$790 million, replacing the one that was recently severely damaged in the incident that occurred on April 2, 2013. The new unit design is expected to optimize energy efficiency and minimize particulate matter emissions. We expect that this project will be completed by 2015.

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.

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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.

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In 1991, we entered into an agreement 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.

With respect to climate change, YPF has:

committed to 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;

obtained in December 2010 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; and on September 13, 2012 the CDM Process Management Unit of UN, confirmed that verification was successfully completed with 88.131 certificates.

secured 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 was registered with the United Nations in December 2011. During 2012 the project was in normal operation reducing CO₂e emissions.

undertaken and verify third-party CO₂ emission inventories for refining and chemical operations in accordance with the ISO 14064 standard. The inventory at CIE has been verified since 2008. In February 2012, the verification process inventory of greenhouse gases in La Plata and Luján de Cuyo refineries was completed. An inventory check ending in May 2013 is planned;

Our estimated capital expenditures 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. 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 the operations in the United States of YPF Holdings, a 100% subsidiary of YPF. See Regulatory Framework and Relationship with the Argentine Government U.S. Environmental Regulations.

In 1995 YPF acquired Maxus Energy Corporation (Maxus), a U.S. corporation headquartered in Dallas, Texas. In connection with the sale of Diamond Shamrock Chemicals Company (Chemicals) to a subsidiary of Occidental Petroleum Corporation (Occidental) in 1986, 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

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provided written notice prior to September 4, 1996, irrespective of when Chemicals incurs and gives notice of such costs.

Tierra Solutions Inc. (Tierra), a subsidiary of YPF Holdings, 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.

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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.

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

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.

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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 company 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, 2012, approximately 99.9% of our proved reserves were located in Argentina. We also own property mainly in the United States. See Exploration and Production Principal properties.

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, 2012, 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 service 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 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 a deductible of U.S.\$2 million, in each and every loss. 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.

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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.

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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 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 Maxus U.S. Exploration Company (a YPF Holdings subsidiary), 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.\$38.7 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

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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%).

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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 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 enacted 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 National Executive Office 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, 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 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

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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 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;

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- (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;
- (g) Protect the interests of consumers with respect to the price, quality and availability of hydrocarbon derivatives; and
- (h) Export hydrocarbons produced in excess of local demand, 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.

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, the Ministry of Federal Planning, , the Ministry of Labor, and the Ministry of Industry, through their respective representatives; and (b) the provinces of Argentina and the City of Buenos Aires, through the representatives that each may appoint. According to Article 5 of the Expropriation Law, the responsibilities of the Federal Council of Hydrocarbons will be the following: (a) promote the coordinated action of the

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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 shares subject to expropriation, 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 shares subject to expropriation between National Executive Office and the provinces that compose the National Organization of Hydrocarbon Producing States was 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 shares subject to expropriation are allocated must enter into 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 shares subject to expropriation is prohibited without the permission of the National Congress by a vote of two-thirds of its members.

According with article 9 of the Expropriation Law, the appointment of YPF S.A. Directors corresponding to the expropriated shares shall be completed proportionately considering the holdings of the National 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.

Legal nature of the Company

YPF will continue to operate as a publicly traded corporation 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, YPF will resort to internal and external sources of funding, 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 Office provided for the temporary intervention of YPF for a period of thirty days which was extended by Decree 732/12 until our shareholders' meeting held on June 4, 2012, with the aim of securing the continuity of its business and the preservation of its assets and capital, securing the provision of fuel 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 had been temporarily granted to Julio M. De Vido (the Intervenor). On May 7, 2012, through Decree No. 676/2012 of the National Executive Office, Mr. Miguel Matías Galuccio was appointed General Manager

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of the Company during the Intervention. At our general shareholders meeting held on June 4, 2012, our shareholders appointed the new members of our Board of Directors. See Item 6. Directors, Senior Management and Employees Management of the Company.

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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.

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.

Decree No. 1277/2012

Decree No. 1277/12 derogated main provisions about free availability of hydrocarbons which were specifically contained in section 5 subsection d) and section 13, 14 and 15 of Decree No. 1055/89, sections 1, 6 and 9 from Decree No. 1212/89 and sections 3 and 5 from Decree No. 1589/89. Decree No. 1277/12 enacted the Hydrocarbons Sovereignty Regime Rules, regulating Law No. 26,741.

This regulation creates a commission, the Commission for Planning and Strategic Coordination of the National Plan of Hydrocarbons Investments (the Commission) which consists of representatives of Secretariat of Economic Policy and Development Planning, Secretariat of Energy and Argentine Secretariat of Domestic Commerce. This Commission is entrusted with annually making the National Plan for Hydrocarbons Investments. According to section 6 of Annex I, the aforementioned plan will take into consideration a complete and integral evaluation of the hydrocarbons sector of Argentina and will establish the criteria and the desirable goals on matter of investments in exploration, exploitation, refining, transport and commercialization of hydrocarbons.

Decree No. 1277/12 requires every company that performs activities of exploration, exploitation, refining, transport and commercialization of hydrocarbons to supply the Commission with all technical information required. The Commission is also responsible for a National Hydrocarbons Investments Registry for all companies performing the activities of exploration, exploitation, refining, transport and commercialization. All these companies will also need to file an annual plan of investments before the Commission.

With respect to the refining industry, Decree No. 1277/12 gives the Commission the power to regulate the minimum utilization rates for primary or secondary refining. It also has the ability to enact measures of promotion and coordination, aimed to guarantee the development of the local processing capacity according with the goals established by the National Plan of Hydrocarbons Investments.

With respect to commercialization, the Commission is entitled to publish reference prices of every component of the costs and sales prices of hydrocarbons and fuels, which should enable the recovery of production costs plus a reasonable profit margin. The Commission also has to

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periodically audit the reasonability of the informed costs and the respective sales prices, being entitled to adopt necessary measures to prevent or correct distortive practices that might affect the interests of consumers.

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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 to National Executive Office the authority to enact all necessary regulations in order to overcome the economic crisis which Argentina was then facing. The situation of emergency declared by Law No.25,561 has been extended until December 31, 2013 by Law No.26,729. The National Executive Office is authorized to execute the powers delegated by Law No.25,561 until such date.

After the enactment of the Public Emergency Law, several other laws and regulations have been enacted. The following are to overcome the economic crisis, including (1) the conversion into pesos of deposit, obligations and tariffs of public services, among others, (2) the imposition of customs duties on the export of hydrocarbons with instructions to the National Executive Office to set the applicable rate thereof. The application of these duties and the instruction to the National Executive Office 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 National Executive Office 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 National Executive Office 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 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. 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.

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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.

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 , Extension of Exploitation Concessions in the province of Mendoza and Extension of Exploitation Concessions in the province of Santa Cruz 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 natural gas volumes commercialized. Notwithstanding the foregoing, in the extension corresponding to our concessions in Santa Cruz, we agreed to a 10% royalty (instead of 12%) for non conventional hydrocarbons. 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.

As a result of Resolution 394/07 of the Ministry of Economy, among other things, 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. In January 2013, the Ministry of Economy issued Resolution 1/13, modifying exhibit I of Resolution 394/07 of the Ministry of Economy, thus setting a new reference price for crude oil (U.S.\$70 per barrel) and certain products.

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;

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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.

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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.

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.

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 expires 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 an 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 agreement between YPF and the province of Mendoza provides, *inter alia*, the following:

Concessions involved: El Portón, Barrancas, Cerro Fortunoso, El Manzano, La Brea, Llancanelo, Llancanelo 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, were 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 U.S.\$135 million, on the date specified in the agreement; (ii) to pay the province of Mendoza an Extraordinary Production Royalty of 3% of

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

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Extension of Exploitation Concessions in the province of Santa Cruz

In November 2012, YPF entered into an agreement with the province of Santa Cruz to extend the term of the exploitation concessions identified below, which was ratified by a provincial law published on November 2012.

The agreement between YPF and the province of Santa Cruz provides, *inter alia*, the following:

Concessions involved: Cerro Piedra-Cerro Guadal Norte; Cañadón de la Escondida-Las Heras; Cañadón León-Meseta Espinosa; Los Monos; Pico Truncado-El Cordón; Los Perales-Las Mesetas; El Guadal-Lomas del Cuy; Cañadón Vasco; Cañadón Yatel, Magallanes (portion located in Santa Cruz) and Barranca Yankowsky;

Exploitation concession terms, which were originally set to expire in 2017, are extended for a 25-year term; and

YPF has undertaken:

- (i) to make initial payments to the province of Santa Cruz in an aggregate amount of approximately of U.S.\$ 200 million, on the date specified in the agreement;
- (ii) to pay the province of Santa Cruz a Production Royalty of 12% plus an additional of 3% on the production of conventional hydrocarbons, and 10% on the production of unconventional hydrocarbons;
- (iii) to carry out exploration activities in the remaining exploration areas and make certain investments and expenditures on the exploitation concessions, as stipulated in the agreement;
- (iv) to contribute with infrastructure investments within the province of Santa Cruz in an amount equivalent to 20% of the initial payment, and;
- (v) to contribute to an Institutional Strengthening Fund and to carry out a program for technical formation (YPF y los Trabajadores) and a program for development of contractors (Sustenta) within the province of Santa Cruz.

Negotiation of Extension of Concessions in the province of Tierra del Fuego

The Company has negotiated with the Executive office of the province of Tierra del Fuego the terms in order to extend their concessions in such province. As of the date of issuance of this annual report, the Negotiation Commission from Tierra del Fuego province its analyzing the negotiated conditions. The final agreement will be subsequently submitted to the final approval of the provincial executive office and the consideration from the Legislature from Tierra del Fuego province.

Extension of Exploitation Concessions in the province of Salta

In October 2012, YPF entered into a agreement with the province of Salta to extend the original term of the exploitation concessions identified below, subject to the approval of the National Executive Office by decree in a sixty-day term.

The agreement was approved by Resolution No. 35/12 of Salta s Secretariat of Energy on October 26, 2012 and Decree 3694/12 on December 6, 2012. The agreement was signed between YPF, Tecpetrol S.A., Petrobras Argentina S.A., Compañía General de Combustibles S.A. and Ledesma S.A.A.I. and the Province of Salta, and provides the following:

Concessions involved: exploitation concession on the following areas: Sierras de Aguaragüe, Campo Durán-Madrejones, La Bolsa and Río Pescado.

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Exploitation concession terms, are extended for a 10-year term from the beginning of expiration of the original 25 year term, thus ending the extension on November 14, 2027.

Commitments: (i) to conduct in Aguaragüe, on the dates indicated in the agreement and during the first two years, the following investments: a minimum amount in development plans, involving the drilling of development wells (at least 3) and expansion of production facilities and treatment of hydrocarbons of U.S.\$ 36 million, (ii) to recognize for the province a special, extraordinary contribution equal to 25% of the amount corresponding to royalties of 12% referred to in art. 59 and 62 of Law 17,319, (iii) to recognize for the province an additional payment, when conditions of extraordinary income are verified in the marketing of oil crude production and natural gas from concessions, when prices exceed U.S.\$ 90/bbl in the case of crude oil and the equivalent of 70% of import prices in the case of natural gas, (iv) to pay the province, in aggregate, a one-time amount of U.S.\$ 5 million as an extension bonus, (v) to make investments for a minimum amount of U.S.\$ 30 million, in aggregate, in additional exploration work to be implemented in the concessions, subject to certain conditions and (vi) to invest U.S.\$ 1 million, in aggregate, in the implementation of social infrastructure projects in the province.

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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).

Additionally, 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

The gas transmission system is currently divided into two systems principally on a geographical basis (the northern and the southern trunk pipeline systems), designed to give both systems access to gas sources and to the main centers of demand in and around Buenos Aires. These systems are operated by two transportation companies. In addition, the distribution system is divided into nine regional distribution companies, including two distribution companies serving the greater Buenos Aires area.

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 administration and domestic supply priorities.

Transportation of Liquid Hydrocarbons

The Hydrocarbons Law permits the National Executive Office 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 National Executive Office. 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.

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 (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

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Estado are subject to a different regime as described above.

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 National Executive Office 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.

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Refining

Crude oil refining activities conducted by oil producers or others are subject to 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 Ministry of Economy. 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 had 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 were that the Refining Plus program had been created in a context where domestic prices were lower than prevailing prices and that the objectives sought by the program had already been achieved. On March 16, 2012, YPF challenged this temporary suspension.

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 sell such production in the domestic or export markets, in each case subject to the conditions described below.

The Hydrocarbons Law authorizes the National Executive Office to regulate the Argentine oil and gas markets and prohibits the export of crude oil during any period in which the National Executive Office finds domestic production to be insufficient to satisfy domestic demand. If the National Executive Office restricts the export of crude oil and petroleum products or the sale 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 required the National Executive Office 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 394/07) have modified the aforementioned price mechanism, resulting, in certain cases, in prices to producers that are below the levels described above.

In addition, on May 3, 2012, the Expropriation Law 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 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. Furthermore, Decree No. 1277/12 derogated main provisions about free availability of hydrocarbons which were specifically contained in section 5 subsection d) and section 13, 14 and 15 of Decree No. 1055/89, sections 1, 6 and 9 from Decree No. 1212/89 and sections 3 and 5 from Decree No. 1589/89. Decree No. 1277/12 enacted the Hydrocarbons Sovereignty Regime Rules, regulating Law No. 26,741. This regulation creates the Commission, which among other matters is entitled to publish reference prices of every component of the costs and sales prices of hydrocarbons and fuels, which should permit covering up production costs and obtaining a reasonable profit margin. See The Expropriation Law and Decree No. 1277/2012.

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

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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 Ministry of Economy. In February 2012, YPF was notified by the Argentine Secretariat of Energy that the benefits granted under the Petroleum Plus program had 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 were that the Petroleum Plus program had been created in a context where domestic prices were lower than prevailing prices and that the objectives sought by the program had already been achieved. On March 16, 2012, YPF challenged this temporary 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.2.50 per liter.

In March 2009, Executive Decree No. 1390/09 empowered the Chief of Staff 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, or with cash. As of the date of this annual report, execution of the annual agreements for the fiscal years 2010 and 2011 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. Additionally, as of the date of this annual report, agreements for the fiscal years 2012 and 2013 have been executed.

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 Argentine Secretariat 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 fuel to public bus transportation companies at a price no higher than the retail price charged by its nearest service station, while maintaining both historic volumes and delivery conditions; and (ii) created a price monitoring scheme for 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, and Axion (previously Esso) were ordered to supply jet fuel for domestic and international air transport at a price, net of taxes, not to exceed by 2.7% 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 above mentioned resolution benefits companies that operate in the field of commercial passenger and/or cargo aviation which are registered under the Argentine National Aircraft Registry. According to a later clarification from the Argentine Secretariat 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 suggested the implementation of a price surveillance system by the CNDC. YPF appealed the Resolution and on May 15, 2012 it was notified that the Federal Civil and Commercial Court of Appeals accepted YPF's presentation and suspended the effectivity of Resolution No. 17/2012 until the final judgement regarding its legality. On August 31, 2012 YPF was notified of the decision of such Court of Appeals who declared the Resolution to be null, on the basis of lack of authority of the Argentine Secretariat of Domestic Commerce. This decision was appealed by the Secretariat and a final judgment is pending.

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; Resolution S.E. No. 1,834/05 compels service stations and/or

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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. 1679/04 reinstated 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 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 Direction 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 rolled back to those prices prevailing on July 31, 2010. This Resolution has been successfully challenged by another company and a preliminary injunction was granted suspending the effectiveness of such Resolution. This Resolution was later on repealed 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 rolled back to those prices prevailing 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 repealed Resolution No. 13/11, alleging that market conditions had changed since its issuance.

In addition, on May 3, 2012, the Expropriation Law was enacted by the Argentine Congress and, on May 7, 2012 it was published in the Official Gazette of the Republic of Argentina. The Expropriation Law 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. Furthermore, Decree No. 1277/12 derogated main provisions about free availability of hydrocarbons which were specifically contained in section 5 subsection d) and section 13, 14 and 15 of Decree No. 1055/89, sections 1, 6 and 9 from Decree No. 1212/89 and sections 3 and 5 from Decree No. 1589/89. Decree No. 1277/12 enacted the Hydrocarbons Sovereignty Regime Rules, regulating Law No. 26,741. This regulation creates the Commission, which among other matters is entitled to publish reference prices of every component of the costs and sales prices of hydrocarbons and fuels, which should permit covering up production costs and obtaining a reasonable profit margin. See The Expropriation Law and Decree No. 1277/12.

On April 10, 2013, Resolution 35/2013 of the Argentine Secretariat of Domestic Commerce, determined a price cap for fuel at all service stations for period of six months, which shall not exceed the highest outstanding price as of April 9, 2013 in each of the regions identified of the Annex of the Resolution.

Natural gas

In January 2004, Executive Decree No. 180/04 (i) created the Electronic Gas Market (MEG) for the trade of daily spot sales of gas and a secondary market of transportation and distribution services and (ii) established information obligations 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

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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.

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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 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 (not described in Resolution No. 599/07). We executed the Agreement 2007-2011 taking into account that producers that did not enter into the Agreement 2007-2011 would be required to satisfy domestic demand before those who entered into the agreement 2007-2011. Producers are authorized to withdraw from the Agreement 2007-2011 and will be treated as any producer that has not entered into the Agreement 2007-2011. On January 5, 2012, the Official Gazette published Resolution S.E. No. 172, which temporarily extends the assignation rules and other 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.

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 administration 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 discoveries, new fields and tight gas, among other factors. The natural gas produced under the Gas Plus program is not subject to the Agreement 2007-2011 and 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.

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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 has the lowest tariffs; 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 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.

On April 19, 2012, YPF signed the 2012 extension of the Complementary Agreement. On December 21, 2012 YPF signed the 2013 extension of the Complementary Agreement.

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 November 5, 2012 the Official Gazette published Law No. 26,784 which approves the National Administration Budget for 2013. Article 54 of the Law established that the tariff charges and the fiduciary fund established by Executive Decree No. 2067/08 and all its supplementary acts shall be ruled by Law No. 26,095.

On July 17, 2009, the Ministry of Federal Planning 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 follows 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.

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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.

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.

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On August 27, 2012 the Official Gazette published Resolution SE No. 1445/2012 of the Secretariat of Energy, according to considerations set by Decree No. 1,277/2012, which modified gas prices at the wellhead for compressed natural gas (CNG) which represents an increase of approximately 369% of the prices realized by the Company for such segment product.

On December 2012, YPF and other gas producing companies of Argentina agreed with the Commission to establish an incentive scheme for the additional injection (all gas injected by the companies above certain threshold) of natural gas. On February 14, 2013 Resolution 1/2013 of the Commission was published in the Official Gazette. This Resolution formally creates the Natural Gas Additional Injection Stimulus Program. Under this regulation, gas producing companies are invited to file with the Commission before June 30th, 2013 projects to increase natural gas injection, in order to receive an increased price of 7.5 U.S.\$ /MBTU for all additional natural gas injected. These projects shall comply with minimum requirements established in Resolution 1/2013, and will be subject to consideration approval by the Commission, including a maximum term of five (5) years, renewable at the request of the beneficiary, upon decision of the Commission. If the beneficiary company in a given month does not reach the committed production increase it will have to make up for such volumes not produced.

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

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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.

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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 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.

On February 14, 2013 Resolution 1/2013 of the Commission was published in the Official Gazette. This Resolution formally created the Natural Gas Additional Injection Stimulus Program . Under this regulation, gas producing companies are invited to file with the Commission before June 30th, 2013 projects to increase natural gas injection , in order to receive an increased price of 7.5 U.S.\$ /MBTU for all additional natural gas injected. These projects shall comply with minimum requirements established in Resolution 1/2013, and will be subject to consideration approval by the Commission, including a maximum term of five (5) years, renewable at the request of the beneficiary, upon decision of the Commission. If the beneficiary company in a given month does not reach the committed production increase it will have to make up for such volumes not produced.

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

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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 ratified 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. On December 21, 2012 YPF signed the 2013 extension of the Complementary Agreement.

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.

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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 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;

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.

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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 National Executive Office 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 increased export duties on crude oil to 25%. These export tax rates were increased again in 2004, when the Ministry of Economy 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, an export duty on natural gas and natural gas liquids was established at a rate of 20%. The export duty on natural gas was increased again in July 2006, when the Ministry of Economy 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 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 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, 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. By Resolution No. 1/2013 of the Ministry of Economy and Public Finances, Resolution No. 394/07 was amended, increasing cutoff values from 42 U.S.\$/barrel to U.S.\$70/barrel, and reference price from U.S.\$60.9 to U.S.\$80 for crude oil. This means that when the international price of crude oil is over U.S.\$80/barrel, the local producer shall be allowed to collect at U.S.\$70/barrel, with the remainder being withheld by the Argentine government

Resolution No. 127/08 of the Ministry of Economy 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/cm for propane, U.S.\$393/cm for butane and U.S.\$363/cm 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/cm for propane, U.S.\$271/cm for butane and U.S.\$250/cm 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.

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.

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In July 2002, Argentina's Attorney General issued an opinion 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, reestablished 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.

Other recent regulations

By Resolution 130/2013 of the Ministry of Economy published on April 19, 2013 in the Official Gazette, the Argentine Oil Fund was created. This fund will manage resources for an amount of U.S. \$ 2,000,000,000, to provide loans or capital contributions or acquire financial instruments for the implementation of projects of exploration, exploitation, processing and marketing of hydrocarbons in relation to oil and gas companies in which the National Government has interest or exercise of economic and political rights.

ITEM 4A. Unresolved Staff Comments.

YPF does not have any unresolved Staff comments.

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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 2012, we had consolidated net sales of Ps.67,174 million (U.S.\$13,653 million) and consolidated net income of Ps.3,902 million (U.S.\$793 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 on May 3, 2012, 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 shares subject to expropriation, 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 shares subject to expropriation between National Executive Office and the provinces that compose the National Organization of Hydrocarbon Producing States was 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 will control the Company 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.

The Expropriation Law states that YPF shall continue as a publicly traded corporation and the management of the shares subject to expropriation shall be carried out according to the following principles: (i) strategic contribution of the Company to the aims established in the Expropriation Law; (ii) the management of the Company in accordance with the best industry and corporate governance practices, preserving the interests of the Company's shareholders and creating value for them; and (iii) the professional management of the Company.

The financial data contained in this annual report as of December 31, 2012 and 2011 and for the years then ended has been derived from our Audited Consolidated Financial Statements, which were approved by our Board of Directors on March 11, 2013.

Upstream Operations

As of December 31, 2012, we held interests in more than 90 oil and gas fields in Argentina, accounting for approximately 42% of the country's total production of crude oil, excluding natural gas liquids, and approximately 34% of its total natural gas production, including natural gas liquids, in 2012, according to information provided by the Argentine Secretariat of Energy.

We had proved reserves, as estimated as of December 31, 2012, of approximately 590 mmbbl of oil, including condensates and natural gas liquids, and approximately 2,186 bcf of gas, representing aggregate reserves of approximately 979 mmboe as of such date.

In 2012, we produced approximately 101 mmbbl of oil (275 mbb/d), including condensates and natural gas liquids, and approximately 432 bcf of gas (1,179 mmcf/d).

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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, 2012 consisted of 1,535 YPF-branded service stations, and we estimate we held approximately 33.9% 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 CIE and Plaza Huincul site. 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

Our Audited Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These Consolidated Financial Statements are YPF's first annual financial statements that are fully compliant with IFRS. IFRS 1 First-time Adoption of International Reporting Standards has been applied in preparing these financial statements.

We fully consolidate the results of subsidiaries in which we have a sufficient number of voting shares to control corporate decisions and. Interest in joint operations and other agreements which give the Company a percentage contractually established over the rights of the assets and obligations that emerge from the contract (joint operations), have been consolidated line by line on the basis of the mentioned participation over the assets, liabilities, income and expenses related to each contract.

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 which began on January 1, 2012, with transition date of January 1, 2011. Disclosures concerning the transition from Argentine GAAP to IFRS are provided in Note 1 to our Audited Consolidated Financial Statements.

The financial data contained in this annual report as of December 31, 2012 and 2011 and for the years then ended has been derived from our Audited Consolidated Financial Statements, which were approved by our Board of Directors on March 11, 2013.

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, environmental matters related to YPF Holdings (see Note 3 to our Audited Consolidated Financial Statements) and construction activities.

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

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	<i>For the Year Ended December 31,</i>	
	<i>2012</i>	<i>2011</i>
	<i>(in millions of pesos)</i>	
Revenues	67,174	56,211
Cost of sales	(50,267)	(41,143)
Gross profit	16,907	15,068
Administrative expenses	(2,232)	(1,822)
Selling expenses	(5,662)	(5,438)
Exploration expenses	(582)	(574)
(Expense)/Other income, net	(528)	(46)
Operating income	7,903	7,188
Income (Loss) on long-term investments	114	685
Financial/(loss) income, net	548	(287)
Net income before income tax	8,565	7,586
Income tax	(2,720)	(2,495)
Deferred tax	(1,943)	(646)
Net income	3,902	4,445
Total other comprehensive income	4,241	1,852
Total comprehensive income	8,143	6,297

Factors Affecting Our Operations

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

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

regulation on domestic pricing;

export administration by Government and domestic supply requirements;

international prices of crude oil and oil products;

our capital expenditures and financial availability for the Company;

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;

the revocation of our concessions in case of noncompliance with certain provisions as set by laws and agreements with provinces in Argentina;

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

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

interest rates.

Our business is inherently volatile due to the influence of exogenous factors such as internal demand, market prices, financial availability for our business plan and the corresponding cost, and government regulations. Consequently, 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 additionally Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law.

Our operating income in 2012 increased by approximately 9.9% compared to 2011. This increase was attributable to, among other things, the adjustment of diesel fuel and gasoline domestic prices and the increase in volumes sold of gasoline and fuel oil. In addition, our operating income in 2011 had been adversely affected by the temporary suspension of the Petroleum Plus program, whose effects extend, retroactively, to benefits accrued and not

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yet redeemed by YPF at the time of such suspension, which amounted to Ps.431 million. The aforementioned effects were partially offset by an increase in depreciation of fixed assets, increased prices of crude oil purchased to third parties, increased royalties (driven mainly by the higher prices of crude oil at the wellhead), higher costs of sales and general 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 price changes in Argentina.

On April 2, 2013 our facilities in the La Plata refinery were hit by a severe and unprecedented storm, which caused a fire and consequently affected the Coke A and Topping C units in the refinery. These incidents temporarily affected the crude processing capacity of the refinery, which had to be stopped entirely. Seven days after the event, the processing capacity was restored to about 100 mbbbl/d through the commissioning of two distillation units (Topping IV and Topping D). As of the date of this annual report, technical evaluations are being carried out with the objective to determine both the date of commissioning of Topping C (the Company is using its best efforts to its implementation within 60 days from the date of the incident) as well as the reduced operational capacity as Coke A will not be recovered. The residual book value is not material. Our preliminary estimate is that processing capacity will be approximately 150 mbbbl/d with Coke A not in operation. However, a new Coke A facility is already under construction and is expected to be commissioned by 2015, as explained below. We expect that to compensate for the missing production, we will need to import material additional volumes of fuels to continue to satisfy domestic demand. We may not be able to recover the total cost related to such imports. As of the date of this annual report, the Company is in the process of assessing the detailed financial and operating impacts of the incident and, consequently, the analysis of any actions needed to adapt our business strategy. In addition we are in the process of gathering the necessary information to give effect to the existing insurance coverage(See Item 4. Information on the Company-Insurance-Argentine Operations).

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.

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. The Argentine economy is expected to grow by 1.9% in 2012 according to preliminary data.

During 2012, 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. The distinctive feature observed during the last phase of the global crisis is the slowdown in growth in emerging countries. This behavior reflects both external and internal factors. Among the first is the reduction in trading volumes due to lower demand in advanced countries. Meanwhile, domestic demand in emerging nations, such as China and Brazil, was affected, among others factors, by the impact of contractionary policies adopted to negate the perceived potential overheating of their economies. According to the IMF's estimates, in 2012, global economic growth reached 3.2%, 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 3.5% in 2013. During 2013, negotiations concerning the fiscal accounts in the United States could determine the trajectory of the world economy.

The price of crude oil oscillated during 2012. Despite the fact that the global economic outlook in the first quarter 2012 forecasted an increasing price trend, supply problems in eastern Africa and the North Sea and geopolitical problems, especially in the main producing countries, all of which resulted in a 14.17% increase in the price of Brent crude oil to U.S. \$123.41 per barrel at the end of the first quarter (compared to U.S.\$ 108.09 at the end of 2011). Notwithstanding the foregoing, the potential effects of the economic crisis related to the world's major economies had

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an impact in economic activity, therefore affecting the price of oil, which fell to nearly U.S.\$ 95 per barrel at the end of the second quarter of 2012. After the aforementioned decrease during the second half of 2012, the Brent Index price rose again, due to rising tensions between western countries and Iran over its nuclear program, reaching U.S.\$110.8 at the end of 2012.

In Argentina, domestic fuel prices have increased over the past five years, but have not kept pace with either increases or decreases in international market prices for petroleum products due to the characteristics, 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. Certain creditors did not agree to the restructuring. In late October, 2012, the Second United States Circuit Court of Appeals in New York rejected an appeal by Argentina with respect to a claim of holders of debt swaps presented in 2005 and 2010 and in relation to the payment of the debt claimed by them. Subsequently, on November 21, 2012, the United States District Court for the Southern District of New York justice ordered Argentina to make a deposit of U.S. \$ 1,330 million related to the aforementioned payment, which order was appealed by the country. The Second Circuit Court of Appeals New York did grant the request of Argentina and suspended the November 21 order. Recently, Argentina submitted to the Second Circuit Court of Appeals, as per its request, a proposed payment to bondholders that did not enter into swaps timely 2005 and 2010, which proposal has been rejected by the plaintiffs on April 19th, 2013, and is currently being analyzed by the courts. (see additionally Item 3. Key Information Risk Factors Risks Relating to Argentina.) Currently, Standard & Poor's (S&P) credit rating for Argentina's sovereign debt is B- (unsolicited rating), with a negative outlook since October 2012, while Moody's, which rates Argentina's sovereign debt at B3, has maintained its credit watch of Argentina as negative since October 2012.

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. In addition, according to the Central Bank, national tax revenues continued to grow during 2012. This increase was driven by taxes linked to local economic activity and employment. In 2013, 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 2013.

The annual wholesale price index, according to the INDEC, increased by 8.8% in 2008, 10.0% in 2009, 14.6% in 2010, 12.7% in 2011 and, based on preliminary data, 13.1% in 2012.

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. In 2012, according to preliminary estimates by the INDEC (National Institute of Statistics and Census), the trade balance reached a surplus of U.S.\$12.7 billion, representing an increase of 27% over the prior year. Total exports amounted to U.S. \$ 81.2 billion, compared to U.S.\$68.5 billion dollars spent on imports. These figures represented a slight decline in exports and a decrease of 7% for imports compared to 2011. According to the INDEC, 6.9% of the active population was unemployed in the third quarter of 2012, 0.2 percentage points higher than the 6.7% rate in the fourth quarter of 2011.

The exchange rate of the Argentine peso against the U.S. dollar as of December 31, 2012 was Ps.4.92/U.S.\$1.00, reflecting peso depreciation of approximately 14.4% compared to December 31, 2011. As of December 31, 2012, balance of Argentine Central Bank reserves amounted to approximately U.S.\$ 43 billion.

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. 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, in the recent years,

Argentina has increased its natural gas and refined products imports.

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

	Year Ended December 31,	
	2012	2011
Crude Oil in Argentina		
Production (mmbbl)	197.3	208.9
Exports (mmbbl)	21.8	21.7
Imports (mmbbl)		
Diesel fuel in Argentina		
Sales (mcm) ⁽¹⁾	14,076.4	14,680.2
Production (mmbbl)	11,978.2	12,091.5
Exports (mcm)		
Imports (mcm)	1,348.7	1,994.8
Gasoline in Argentina		
Sales (mcm) ⁽¹⁾	7,846.3	7,320.2
Production (mmbbl)	7,301.1	6,853.6
Exports (mcm)		1.3
Imports (mcm)	53.0	143.0

(1) Includes domestic market sales.

Sources: Argentine Secretariat of Energy.

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 do not keep pace with those prevailing in international markets and that have usually been lower than prevailing international market prices; (ii) export and import regulations; (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 and export administration 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 a number of policies and measures to limit increases in hydrocarbon prices which could affect directly final consumers. Notwithstanding the foregoing, and for certain products, the Government has implemented from time to time certain price and investment incentives which allowed companies to receive increased prices mainly in connection with investments and certain sales (See *Gas programs* and *Refining Plus and Petroleum Plus programs*). As a result, fluctuations in Argentina's domestic hydrocarbon prices have not matched 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 partially restricting the export of certain hydrocarbon products. These regulations have impacted our export sales as described in Declining export volumes.

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Export duties. Since the economic crisis in 2002, the Argentine government has imposed export taxes on certain hydrocarbon products. These taxes have substantially increased over time 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 fuel in order to satisfy domestic demand, which has increased our operating costs, as described in [Cost of sales](#).

Gas programs. a) 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

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is not 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; b) On February 14, 2013 Resolution 1/2013 of the Commission was published in the Official Gazette. This Resolution formally creates the Natural Gas Additional Injection Stimulus Program. Under this regulation, gas producing companies are invited to file with the Commission before June 30th, 2013 projects to increase natural gas injection, in order to receive an increased price of 7.5 U.S.\$ /MBTU for all additional natural gas injected. These projects shall comply with minimum requirements established in Resolution 1/2013, and will be subject to consideration approval by the Commission, including a maximum term of five (5) years, renewable at the request of the beneficiary, upon decision of the Commission. If the beneficiary company in a given month does not reach the committed production increase it will have to make up for such volumes not produced.

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 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 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.

Sworn declaration regarding imports. On January 5, 2012, the Federal Administration of Public Revenue (AFIP) issued Resolution No. 3252, which requires importers to submit a sworn declaration 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 may have access to this declaration and can raise objections. 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 and 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 in respect of such services, with effect from April 1, 2012. During 2012, the Expropriation Law 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. On July 25, 2012, the executive decree of Law No. 26,741, Decree No. 1,277/2012, was published, creating the Regulation of the Hydrocarbons Sovereignty Regime in the Argentine Republic. Among other matters, the mentioned decree establishes: the creation of the National Plan of Investment in Hydrocarbons; the creation of the Commission, which will elaborate on an annual basis, within the framework of the National Hydrocarbon Policy, the National Plan of Investment in Hydrocarbons; the National Registry of Investments in Hydrocarbons in which the companies undertaking activities of exploration, exploitation, refining, transport and commercialization of hydrocarbons and fuels will have to register; and the obligation for the registered companies to provide their Plan of Investments every year before September 30, including a detail of quantitative information in relation to the activities of exploration, exploitation, refining, transport and commercialization of hydrocarbons and fuels according to each company. Additionally, the mentioned companies have to provide their plans in relation to the maintenance and increase of hydrocarbons reserves, including: a) an investment in exploration plan; b) an investment plan in primary hydrocarbons reserves recovery techniques; and c) an investment plan in secondary hydrocarbons reserves recovery techniques, which will be analyzed by the Commission; the Commission will adopt the promotion and coordination measures that it may consider necessary for the development of new refineries in the National Territory, that may allow the growth in the local processing capacity in accordance with the aims and requirements of the National Plan of Investment in Hydrocarbons; in relation to prices, and according to the Decree, for the purpose of granting reasonable commercial prices, the Commission will determine the criteria that shall govern the operations in the domestic market. In addition, the Commission will publish reference prices of each of the components of the costs and the reference prices for the sale of hydrocarbons and fuels, which will allow to cover the production costs attributable to the activity and to reach a reasonable margin of profit. Not complying with the dispositions included in the Decree and supplementary rules may result in the following penalties: fine, admonition, suspension or deregistration from the registry included in section 50 of Law No. 17.319, the nullity or expiration of the concessions or permits.

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Moreover, the mentioned Decree abrogates the dispositions of the Decrees No. 1,055/89, 1,012/89 and 1,589/89 (the Deregulation Decrees) which set, among other matters, the right to the free disposition of hydrocarbon production. 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 will control the Company 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. Notwithstanding the foregoing, and as a result of export taxes affecting hydrocarbon products (Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government Exploration and Production.), net sale prices in the export market do not materially differ from those prevailing in the domestic market.

The table below presents, for the periods indicated, the exported volumes of certain of our principal hydrocarbon products.

Product	Year Ended December 31,	
	2012	2011
	(units sold)	
Natural gas (mmcm)	45	91
Gasoline (mcm)	184	290
Fuel oil (mtn) ⁽¹⁾	544	490
Petrochemicals (mtn)	335	334

(1) Includes bunker oil sales of 544 and 490 mtn for the years 2012 and 2011, respectively.

Due to the decreased export product volumes indicated above, the portion of our net sales accounted for by exports decreased steadily in recent years. Exports accounted for 11.5% and 14.2%, of our consolidated net sales in 2012 and 2011, respectively. Export duties are accounted as tax expenses in our Audited Consolidated Financial Statements.

The Argentine government currently requires companies intending to export crude oil, diesel fuel 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 fuel production has generally not been sufficient to satisfy Argentine consumption needs, exports of diesel fuel have been substantially restricted.

International oil and gas prices and Argentine export taxes

Since the economic crisis in 2002, the Argentine government has imposed export taxes on certain hydrocarbon products. These taxes have substantially increased over time 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.

Mature and green oil and gas assets

Most of the Company's oil and gas producing fields in Argentina are mature and, as a result, our reserves and production are likely to decline as reserves are depleted. This overall situation implies some challenges in order to replace our proved reserves from other categories of reserves. However, 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 technology applications. Additionally, the Company has been

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completing the renewal of most of its concessions, and most recently with relatively more favorable terms and conditions, allowing us to develop certain strategic projects related to waterflooding, enhanced oil recovery and unconventional resources, which represent an important opportunity not only for the Company but also for Argentina.

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During 2012, the Company continued delineating the potential of its main unconventional play, the Vaca Muerta formation in the Neuquina Basin. The Company has signed certain memorandums of understanding with potential partners aimed at developing the assets with a factory drilling approach to be implemented in the next few years. These memorandums of understandings are subject to certain conditions precedent and are not in force as of the date of this filing.

We expect that unconventional developments will require higher investment in future years, principally in connection with the Vaca Muerta formation. These investments are expected to yield substantial economies of scale and to significantly increase recovery rates from this resource play. Other unconventional resource plays, exist in Argentina, which have positioned the country amongst the most attractive worldwide in terms of unconventional resource potential. 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.

In addition to producing our own fields we purchase crude oil and natural gas from third parties in an effort to maintain high utilization rates in our refineries. We are confident that YPF's market leadership offers a unique opportunity to increase and upgrade refining capacity necessary to accommodate increasing crude oil production while substituting energy imports offers a similarly unique opportunity to market increasing natural gas production.

Cost of sales

Our cost of sales accounted for 74.8% and 73.2% of our consolidated revenues in 2012 and 2011, respectively. Our cost of sales increased between 2011 and 2012, mainly as a result of: increased purchases of crude oil from third parties, driven mainly by the increased oil price in the domestic market mainly during 2012; increased royalties, driven mainly by higher crude oil prices at the wellhead as a result of the foregoing; higher labor costs; higher costs related to the renegotiation of certain service contracts; and increased depreciation of fixed assets as a result of the higher investment in fixed assets and asset remeasurement in pesos, as a result of the functional currency of the Company.

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. Notwithstanding the foregoing, on February 14, 2013 Resolution 1/2013 of the Commission was published in the Official Gazette. This Resolution formally creates the Natural Gas Additional Injection Stimulus Program. Under this regulation, gas producing companies are invited to file with the Commission before June 30th, 2013 projects to increase natural gas injection, in order to receive an increased price of 7.5 U.S.\$ /MBTU for all additional natural gas injected. These projects shall comply with minimum requirements established in Resolution 1/2013, and will be subject to consideration approval by the Commission, including a maximum term of five (5) years, renewable at the request of the beneficiary, upon decision of the Commission. If the beneficiary company in a given month does not reach the committed production increase it will have to make up for such volumes not produced.

Critical Accounting Policies

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 which began on January 1, 2012. Disclosures concerning the transition from Argentine GAAP to IFRS are provided in Note 16 1.b to our Audited Consolidated Financial Statements.

Our accounting policies are described in Note 1 to the Audited Consolidated Financial Statements. IFRS 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 or matters to be most critical in understanding the judgments that are involved in preparing our Audited Consolidated Financial Statements and the uncertainties that could impact our results of operations, financial condition and cash flows:

Functional and reporting currency. See Note 1.c.1) to the Audited Consolidated Financial Statements.

Impairment of long-lived assets. See Note 1.c.8) to the Audited Consolidated Financial Statements.

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Depreciation of oil and gas producing properties. See Note 1.c.6) to the Audited Consolidated Financial Statements.

Asset retirement obligations. See Note 1.c.6) to the Audited Consolidated Financial Statements.

Environmental liabilities, litigation and other contingencies. See Note 3 and 11 to the Audited Consolidated Financial Statements.

Income tax and deferred tax. See Note 10 to the Audited Consolidated Financial Statements.

In addition, for information regarding to our estimation of oil and gas reserves, see Item 4 Exploration and Production Oil and Gas reserves.

Principal Income Statement Line Items

The following is a brief description of the principal line items of our income statement.

Net revenues

Revenues include primarily our consolidated sales of crude oil and natural gas and refined and chemical products net of the payment of applicable fuel transfer taxes and turnover taxes. Custom duties on exports are accounted as selling expenses in our consolidated results of operations. 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 from net sales. See Item 4. Information on the Company Exploration and Production Oil and gas production, production prices and production costs and Note 1.c.16= 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,	
	2012	2011
	(in millions of pesos)	
Inventories at beginning of year	6,006	3,748
Purchases for the year	17,974	17,679
Production costs(1)	32,374	25,354
Translation effect	835	368
Inventories at end of year	(6,922)	(6,006)
Cost of sales	50,267	41,143

(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,	
	2012	2011
	(in millions of pesos)	
Salaries and social security costs	3,229	2,430
Fees and compensation for services	251	247
Other personnel expenses	782	684
Taxes, charges and contributions	590	426

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Royalties and easements	4,444	3,518
Insurance	208	160
Rental of real estate and equipment	1,315	943
Depreciation of fixed assets	7,832	6,141
Amortization of intangible assets	90	61
Industrial inputs, consumable material and supplies	1,447	989
Operation services and other service contracts	2,555	3,006
Preservation, repair and maintenance	5,690	3,988
Contractual commitments	212	88
Transportation, products and charges	2,002	1,211
Fuel, gas, energy and miscellaneous	1,727	1,462
Total	32,374	25,354

Table of 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

Finance income/(expense), net consist of the net of gains and losses on interest paid and interest earned and currency exchange differences.

Taxes

The effective income tax rates for the periods discussed in this annual report differ from the statutory tax rate (35%) mainly because of the registration of the deferred income tax as a result of the effect of applying the current tax rate (35%) on the difference generated between the tax basis of fixed and intangible assets (for which any reamasure from the original value in pesos is not acceptable under income tax law) and their book value under IFRS, measured in its functional currency and converted into pesos as described in Note 1.c1) to our Audited Consolidated Financial Statements. See Note 10 to the Audited Consolidated Financial Statements.

Results of Operations***Consolidated results of operations for the years ended December 31, 2012 and 2011***

The following table sets forth certain financial information as a percentage of net sales for the years indicated.

	<i>Year Ended December 31,</i>	
	2012	2011
	<i>(percentage of net revenues)</i>	
Revenues	100.0	100.0
Cost of sales	(74.8)	(73.2)
Gross Profit	25.2	26.8
Administrative expenses	(3.3)	(3.2)
Selling expenses	(8.4)	(9.7)
(Expense)/ Other income, net	(0.8)	(0.1)
Exploration expenses	(0.9)	(1.0)
Operating Income	11.8	12.8

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.

Domestic Market

Product	Year Ended December 31,			
	2012			2011
	Units sold	Average price per unit ⁽¹⁾	Units sold	Average price per unit ⁽¹⁾
		<i>(in pesos)</i>		<i>(in pesos)</i>
Natural gas	12,176 mmcm	375/mcm	12,170 mmcm	341/mcm
Diesel fuel	8,029 mcm	3,409/cm	8,546 mcm	2,613/ cm
Gasoline	4,128 mcm	3,000/ cm	3,884 mcm	2,400/ cm

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Fuel oil	736 mtn	2,467/ton	353 mtn	1,997/ton
Petrochemicals	609 mtn	3,210/ton	665 mtn	2,669/ton

- (1) Average prices shown are net of applicable domestic fuel transfer taxes payable by consumers.

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Product	Year Ended December 31,			
	2012	2011		2011
	Units sold	Average price per unit ⁽¹⁾ (in pesos)	Units sold	Average price per unit ⁽¹⁾ (in pesos)
Natural gas	45 mmcm	3,096/mcm	91 mmcm	2,115/mcm
Gasoline	131 mcm	4,398/ cm	290 mcm	2,730/ cm
Fuel oil	544 mtn	2,777/ton	490 mtn	2,507/ton
Petrochemicals(2)	335 mtn	4,521/ton	334 mtn	4,038/ton

(1) Average prices shown are gross of applicable export withholding taxes payable by us.

(2) Includes exports of refined paraffinic.

Revenues

Revenues in 2012 were Ps.67,174 million, a 19.5% increase compared to Ps.56,211 million in 2011. The evolution and behavior of the oil and gas market, in terms of volume traded among the market players, shows a direct link with the changes in the macroeconomic variables that affect Argentina, mainly in regard to our core products. Consequently, during 2012, the evolution of the main productive sectors in Argentina has been affected by, among others factors, the effects of adverse weather conditions that affected the agricultural sector during 2011 and 2012, which reduced the volume of diesel fuel sold to that sector. Notwithstanding the foregoing, the main causes of the increase in our revenues during 2012 include:

Sales of diesel fuel in 2012 had a positive net effect of approximately Ps. 5,000 million compared to 2011. The average price received by the Company for the mix of diesel fuel during 2012 increased by approximately 30% compared to 2011. The aforementioned effect was partially offset by an approximately 6% decrease in sale volumes of our product Ultradiesel fuel, although such decrease was partially compensated by an increase in our service stations sales of our new product Diesel 500.

An approximately 6.3% increase in the volume of gasoline sold in 2012 compared to 2011, as well as an approximately 25% increase in the average price of the mix of gasoline sold by the Company during 2012.

An approximately 108% increase in the volume of fuel oil sold in 2012 compared to 2011, primarily due to increased demand from the electricity generation sector, as well as an approximately 24% increase in the average price of fuel oil sold by the Company in Argentina in 2012 compared to 2011. Net revenues from sales of fuel oil considering domestic and export sales increased approximately Ps. 1,395 million in 2012 compared to 2011.

The volume of natural gas sold in Argentina during 2012 remained stable compared to 2011. However, the average price of natural gas sold by the Company increased by approximately 10% during 2012, resulting in an increase in income of approximately 420 million pesos.

As for the international reference price of crude oil, the average price of a barrel of Brent crude oil remained almost unchanged for 2012 over the average for 2011.

According to Notes Nos. 707/12 and 800/12 of the Argentine Secretariat of Energy received during February 2012, the Government suspended the Petroleum Plus program. As a result, during 2011 our operating result was adversely affected in an amount of approximately Ps. 431 million, by the reversal of the benefits accrued and not yet redeemed by YPF corresponding to such program, at the time of the suspension. In addition, during 2012, and considering the renegotiation of certain concessions, the Company recognized the effect of gas imbalances with certain third parties, in accordance with contractual rights, which represented a net positive effect of approximately 194 million pesos.

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For further information on our net revenues for the years discussed above, see Results of operations by business segment for the years ended December 31, 2012 and 2011

Cost of sales

Cost of sales in 2012 was Ps.50,267 million compared to Ps.41,143 million in 2011, representing a 22.2% increase. This increase was attributable to, among other things:

Increase in royalties, driven mainly by the higher crude oil prices at the wellhead. As a reference, the average purchase price in 2012 was U.S. \$ 72.0 per barrel, while in 2011 it was U.S. \$ 59.7. The increase had greater impact in pesos than in dollars, due to the average devaluation of 10.3% in 2012. Additionally, the amount of royalties increased in 2012 as a result of a 2.2% higher production of crude oil, and as a result of the increased rate of royalty applied to production from recently renewed concessions, such as in Mendoza at the end of 2011 and Santa Cruz at the end of 2012.

Increase in the cost of services rendered by third parties, mainly due to negotiations carried out by the Company with suppliers. In some cases, the increases involved the adjustment of tariffs which had not been changed since 2010, resulting in a cumulative impact on operating costs during 2012. Additionally, greater development activity occurred during 2012, related to both unconventional resources and our mature fields, resulting in an increase in operating costs in 2012

Wage increases primarily as a result of negotiations and agreements with labor unions.

Increases in depreciation of fixed assets by approximately Ps. 1,691 million, mainly as a result of higher crude oil production during 2012, higher capital expenditures and increased effect of currency translation.

During 2012 the Company purchased lower volumes of crude oil from third parties in an amount of approximately 772 mcm compared to the previous year, mainly as a consequence of lower production by the Company in the second quarter of 2011, as well as the reduced availability in the market of light crude oil from Neuquén in the first quarter of 2012. The average price for crude purchases from third parties, measured in pesos, increased approximately 34% in 2012 compared to 2011, mainly as a result of price negotiations among domestic producers and refiners in light of the market trend and, to a lesser extent, to the devaluation of the Argentine peso against the U.S. dollar, considering that such prices are set in U.S. dollars. Consequently, the net effect of the previously mentioned variations resulted in an increase cost to the Company of crude oil purchases of approximately 334 million pesos during 2012 compared to 2011;

In addition, during 2012 there were also lower imports of ultra diesel fuel and low-sulfur diesel fuel (Eurodiesel), although at higher prices compared to the year 2011.

Increases in volumes of purchases of biofuels (FAME and bioethanol) by approximately 23% in 2012 (to blend with our diesel fuel and gasoline, in compliance with current regulations) at higher prices than those recorded in the same period last year according to international prices for these products.

Selling expenses

Our selling expenses were Ps.5,662 million in 2012, compared to Ps.5,438 million in 2011, representing an increase of 4.1%. This increase was attributable mainly to increases in transportation expenses, primarily related to the increase in fuel freight rates in the domestic market, partially compensated by lower export taxes as a result of lower export volumes of virgin naphtha, light naphtha and liquefied gas in 2012

Administrative expenses

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Our administrative expenses increased by Ps.410 million (22.5%) in 2012 compared to 2011 particularly due to increases in wages and related costs, driven mainly by wage adjustments produced during 2012, as well as increases in fees and compensation for services rendered by third parties mainly related to technology information service contracts and license expenses.

Other income/(expense), net

During 2012 other expenses net were negatively affected, by results related to our subsidiary YPF Holdings, derived from the progress of settlement negotiations with U.S. government agencies related to certain litigation proceedings, as well as the update of the estimated costs related to environmental provisions in accordance with new information and / or developments in site characterization, among other factors. Additionally, in 2011 we had recognized Ps. 135 million corresponding to the insurance compensation related to the accident occurred on the off-shore platform of the UTE Magallanes in 2010.

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Operating income

Operating income in 2012 was Ps.7,903 million, compared to Ps.7,188 million in 2011, representing a 9.9% increase, due to the factors described above. Our operating margins (operating income divided by net sales) were 11.7% and 12.8% in 2012 and 2011, respectively.

Income (Loss) on long-term investments

Income (Loss) on long-term investments decreased Ps. 571 million in 2012 compared to 2011. Among other things, the main source of variation is related to the effect of the charges in connection with Resolutions No. 1982 and 1991 of ENARGAS on the operating activity of Mega, Refinor and Profertil. Additionally, Mega operational activity was adversely affected in 2012 by the impact of international prices of products that the company sells in foreign markets. As of the date this annual report, the Management of the Company is actively working with the aim of finding and finally agreeing with all parties, the viable alternatives to improve, if they are successful, the operation and performance of investments in these companies.

Financial income/(expense),

The financial results for the year 2012 were positive in the amount of Ps. 548 million, compared to negative amount of Ps. 287 million for the year 2011. Higher financial expenses, due to higher average debt and higher interest rates during the year 2012, were more than offset by the effect of the increase in positive exchange difference generated by the further devaluation of the Peso in 2012 compared to previous year, considering the functional currency of the Company and the peso monetary liability position of the Company. The average amount of borrowings for 2012 was Ps. 14,651 million (Ps. 17.104 million as of December 31, 2012), while the average amount of borrowings for 2011 was Ps. 9,774 million (Ps. 12,198 million as of December 31, 2011). Also, as of December 31, 2012 the amount of cash and equivalents of the Company was Ps. 4,747 million, while as of December 31, 2011 it was Ps. 1,112 pesos.

Taxes

Income tax expense for the year 2012 reached Ps.4,663 million compared to Ps.3,141 million in 2011, representing an increase of 48.4%. Income tax expense in 2012 corresponds to current income tax in the amount of Ps.2,720 million (Ps. 2,495 million for the same period in 2011), and Ps.1,943 million (Ps.646 million for the same period in 2011) from deferred income tax mainly associated with translation differences of fixed assets, taking into account the functional currency of the Company and the income tax law.

For additional information on our income tax expense see Note 10 to the Audited Consolidated Financial Statements.

Net income

Net income for 2012 was Ps.3,902 million, compared to Ps.4,445 million in 2011, a decrease of 12.2% due to the factors described above.

Other Comprehensive income

Other comprehensive income for the year 2012 was Ps. 4,241 million, compared to Ps.1,852 million in 2011, representing an increase of 129.0%. This increase is mainly attributable to higher translation differences of fixed assets, taking into account the functional currency of the Company and changes in the exchange rate.

Based on the above, the total comprehensive income for the year 2012 was Ps. 8,143 million, compared to Ps.6,297 million for the year 2011, representing an increase of approximately 29.3%.

Table of Contents**Consolidated results of operations by business segment for the years ended December 31, 2012 and 2011**

The following table sets forth net revenues and operating income for each of our lines of business for the years ended December 31, 2012 and 2011:

	For the year ended December 31,	
	2012	2011(*)
	(in millions of pesos)	
Revenues(1)		
Exploration and production(2)		
Revenues	6,134	5,054
Revenue from intersegment sales (3)	27,060	19,996
Total exploration and production	33,194	25,050
Refining and marketing(4)		
Revenues	57,694	47,926
Revenue from intersegment sales	1,910	1,766
Total refining and marketing	59,604	49,692
Chemical		
Revenues	2,351	1,923
Revenue from intersegment sales	2,328	2,188
Total Chemical	4,679	4,111
Corporate and other		
Revenues	995	1,308
Revenue from intersegment sales	1,243	651
Total Corporate and others	2,238	1,959
Less inter-segment sales and fees	(32,541)	(24,601)
Total revenues	67,174	56,211
Operating income (Loss)		
Exploration and production	5,943	4,322
Refining and marketing	3,006	4,422
Chemical	913	835
Corporate and other	(2,493)	(1,760)
Consolidation adjustments	534	(631)
Total operating income	7,903	7,188

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(*) In accordance with IFRS.

- (1) Revenues are net to us after payment of a fuel transfer tax and turnover tax. Customs duties on hydrocarbon exports are disclosed in Taxes, charges and contributions, as indicated in Note 2.k) to the Audited Consolidated Financial Statements. Royalties with respect to our production are accounted for as a cost of production and are not deducted in determining revenues. See Note 1.c.16) to the Audited Consolidated Financial Statement.
- (2) Includes exploration costs in Argentina, Guyana and the United States and production operations in Argentina and the United States.
- (3) Intersegment revenues of crude oil to Refining and Marketing are recorded at transfer prices that reflect our estimate of Argentine market prices.
- (4) Includes LPG activities.

Exploration and Production

Exploration and production revenues increased to Ps.33,194 million in 2012 from Ps.25,050 million in 2011, representing an increase of 32.5%. Substantially all of our Exploration and Production oil sales went to our Refining and Marketing segment: intersegment revenues (substantially all of which relate to intersegment sales of crude oil) increased by Ps. 7,064 during 2012 compared to the prior year mainly as a result of an approximately 30% increase in the average intersegment price in pesos of a barrel of oil (an approximately 18% increase in U.S. dollars), which reflects the evolution of prices in domestic market for our different types of crude oil, as well as due to a 4.5% increase in volumes transferred. The average price of gas sold in the domestic market presented partial increases in the CNG and Industries segments, totaling additional revenues for Ps. 420. Additionally in 2011, Exploration and Production operating income had been impacted by the reversal of the balance recognized by the Company for Pretroleum Plus program, which was suspended at the beginning of 2012 for a total net amount of Ps 431 million pesos. Also during 2012, and from the renegotiation of concessions, the Company recorded the effect of credits for gas imbalances in its favor and in relation to other partners, all in accordance with contractual rights, all of which represented a positive net effect between the two periods of about Ps. 194 million pesos. Exploration and Production operating income reached Ps.5,943 million in 2012, a 37.5% increase from Ps.4,322 million in 2011. Increases in crude oil sales were partially offset by an increase in operating expenses. Segment operating expenses increased by approximately 31.5% due mainly to (i) a Ps. 1,423 million increase in fixed assets depreciation, mainly as a result of higher assets value under depreciation, (ii) a Ps. 1,286 million increase in expenses related to operation services and other repair and maintenance services contracts due to negotiations carried out by the Company with suppliers, as well as more activity developed in 2012, (iii) a Ps. 929 million increase in royalties paid, due mainly to the higher wellhead value of hydrocarbons produced (used as the basis for calculation of such royalties), expressed in pesos, , mainly as a result of the higher product prices in 2012 as previously mentioned, and also as a result of the increased rate of royalty which applied to production corresponding to recently renewed concessions, such as in Mendoza at the end of 2011 and Santa Cruz at the end of 2012; and iv) higher environmental expenses in Argentina by approximately Ps. 374 million.

Exploration expenses remained almost unchanged in 2012 compared to 2011, mainly due to the similarity of the amount of the exploratory expenses incurred in the Malvinas area in 2011 and those incurred in 2012 in connection with the abandonment according to unsuccessful result of the Jaguar well corresponding to our share in the offshore block of Georgetown, Guyana. Additionally, during 2012, exploration activity related to projects for conventional and unconventional resources in our country continued to be one of our strategic targets.

During 2012, average oil, condensate and liquids production increased by approximately 1.0% compared to 2011, reaching 275 mbbbl/d. However, fiscal year 2011 should not be considered as a reference year in terms of production considering, among others, the work stoppages that affected our production in such year and for which previous management did not apply effective measures. Natural gas production in 2012 decreased by 2.1% to 1,179 mmcf/d from 1,208 million cubic feet per day in 2011 (33.4 and 34.2 million cubic meters per day in 2012 and 2011, respectively). This decrease was mainly attributable to the natural decline in the production curve resulting from the continuing overall maturity of our fields. According to what was previously mentioned, the total production of oil, condensate, liquids and natural gas, expressed in barrels of oil equivalent, amounted to 177 million in 2012 (approximately 485 thousand barrels per day), compared with 178 million in 2011 (about 488 thousand barrels per day).

Refining and Marketing

Refining and Marketing net revenues in 2012 were Ps.59,604 million, a 19.9% increase compared to Ps.49,692 million in net revenues recorded in 2011. This increase was attributable, among other factors, to the following:

An approximately 6.0% decrease in the volume sold of diesel fuels, especially in our Ultradiesel in almost all business segments, partially offset by an increase in the volume sold of our new product, Diesel 500, in the service station segment. Additionally, the price of all types of diesel fuels sold domestically increased approximately 30%.

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An approximately 6.3% increase in the volume of gasoline sold, as well as price increases in the mix of gasoline sold locally of about 25%. The net effect of the aforementioned variations accounted for an increase in revenues of approximately Ps 3.1 billion in 2012 compared to 2011.

An approximately 108% increase in domestic fuel oil sales, mainly for power generation. Additionally, the domestic sale price of fuel oil increased in average by approximately 24% in 2012.

Operating income in 2012 was Ps.3,006 million compared to Ps.4,422 million for the previous year, representing a 32% decrease. Increases in gasoline volumes sold in domestic market and in diesel fuel and gasoline local prices were more than offset by increased operating expenses, which increase was attributable, among other factors, to the following:

A 30% increase in the average price paid for purchases of crude oil from third parties as well as from our Exploration and Production business segment (which purchases account for approximately 90% of our Refining and Marketing business segment's operating costs). This increase reflected the adjustments made in crude oil prices in the domestic market among local producers, considering the evolution of the market and differences in the quality of crude oil.

A decrease in imports of regular diesel fuel and low-sulfur diesel fuel (Eurodiesel), offset by higher prices compared to 2011.

A 23% increase in the volume of biofuels purchased (FAME and bioethanol) to be incorporated into the fuel and gasoline sold by the Company, in compliance with current regulations (Law 26,093). Additionally, the price of such biofuels (particularly bioethanol) increased in 2012.

A 15% increase in refining cost (other than crude oil purchases) during 2012, to Ps.26.3 per barrel in 2012 compared to Ps.22.9 per barrel in 2011. This increase was mainly attributable to increases in (i) contracted service fees for repair and maintenance of our refineries, (ii) crude and product transportation fees and use of port facilities, (iii) the cost of electricity, water and steam and raw materials which are primarily driven by general economic conditions, and (iv) wage increases.

During 2012, the utilization capacity of our refineries was approximately 288 thousand barrels of oil per day, representing an increase of approximately 1.4% compared to 2011. It is worth noting however, that the utilization capacity of our refineries increased by approximately 4.8% in the second half of 2012 compared to the second half of the previous year.

Chemical

Net revenues increased 13.8% to Ps.4,679 million in 2012 compared to Ps.4,111 million in 2011. This increase was attributable mainly to increased sales prices in the domestic market, particularly with respect to methanol and aromatic products lines, and increased exports of methanol, alcohols and solvents. Additionally, the sales prices of octane bases and methanol increased, which products are used in the production of liquid fuels, to the Refining and Marketing business unit.

Operating income increased 9.3% to Ps.913 million in 2012, compared to Ps.835 million in 2011 because higher margins in various aromatic products lines processed at CIE and in our Methanol Plant.

Corporate and others

In 2012, operating loss for administrative expenses and other expenses reached Ps.2,493 million, a 41.6% increase compared to 2011, particularly due to higher salaries and related charges, increases in fees and compensation for services, higher technology information services and licenses expenses and the lower operating income of our controlled company A-Evangelista S.A. primarily due to the recognition of lower margins in the development of long-term construction operations the cumulative impact of which affected A-Evangelista S.A.'s results for 2012. In addition, the results of this segment were negatively affected by the environmental expenses incurred by our subsidiary YPF Holdings (incremental negative effect of approximately Ps. 249 million in 2012) in accordance with the progress of settlement negotiations with U.S. government agencies related to litigation, as well as the update of the estimated costs related to environmental provisions in accordance with new information and / or advancement in sites characterizations.

Liquidity and Capital Resources

Financial condition

Total debt outstanding as of December 31, 2012 and 2011 was Ps.17,104 million and Ps.12,198 million, respectively, consisting of short-term debt (including the current portion of long-term debt) of Ps.5,004 million and long-term debt of Ps.12,100 million as of December 31, 2012, and short-term debt of Ps.7,763 million and long-term debt of Ps.4,435 million as of December 31, 2011. As of December 31, 2012 and 2011, approximately 52% and 83% of our debt was denominated in U.S. dollars, respectively.

In the past we have repurchased certain of our publicly-traded bonds in open market transactions on an arms-length basis. As of December 31, 2012, we had repurchased approximately U.S.\$ 91.08 million of our outstanding bonds. We may, from time to time, make additional purchases of, or effect other transactions relating to, our publicly-traded bonds if, in our own judgment, the market conditions are attractive.

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The following tables set forth our consolidated cash flow information for the periods indicated.

	<i>For the Year Ended December 31,</i>	
	2012	2011
	<i>(in millions of pesos)</i>	
Net cash flows provided by operating activities	17,301	12,686
Net cash flows used in investing activities	(16,403)	(12,158)
Net cash flows provided by (used in) financing activities	2,654	(1,844)
Effect of changes in exchange rates on cash and equivalents	83	102
Net increase/(decrease) in cash and equivalents	3,635	(1,214)
Cash and equivalents at the beginning of period	1,112	2,326
Cash and equivalents at the end of period	4,747	1,112

Net cash flow provided by operating activities was Ps.17,301 million in 2012, compared to Ps.12,686 million in 2011. This increase was primarily attributable to higher operating income before depreciation of fixed assets in 2012 compared to 2011, as explained above. In our opinion, given the high operating income of the company, we consider that our working capital is sufficient for the company's present requirements.

Our principal uses of cash in investing and financing activities during 2012 included Ps.16,403 million for investments in fixed assets, which relate mainly to investments made by our Exploration and Production unit and investment in our refineries. Our net cash flows provided by financing activities increased by Ps. 2,654 million as a result of corporate borrowings. Our principal uses of cash in investing and financing activities in 2011 included Ps.12,158 million for investments in fixed assets, which relate mainly to investments made by our Exploration and Production unit, as well as net debt repayment totaling Ps.1,844 million and the payment of dividends amounting to Ps.2,753 million.

In the shareholders' agreement entered into by Repsol YPF and Petersen Energía in connection with the Petersen Transaction, they had 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. In 2011 we paid Ps. 5,565 million (Ps. 14.15 per share) with respect to 2010 earnings. However, after the passage of the Expropriation Law, at our Shareholders' meeting held on July 17, 2012 a dividend of Ps. 303 million (Ps. 0.77 per share or ADS) was authorized for payment during 2012. Recently the Company approved its Strategic Plan 2013-2017 which provides for an increased level of investments that will require a significant reinvestment of earnings and therefore considers a potential dividend distribution consistent with such strategy.

The Shareholders' meeting held on January 8, 2008, approved a Medium Term Notes Program for an amount up to U.S.\$ 1,000 million. On September 13, 2012, the Shareholders' meeting approved the increase of the amount of the program, mentioned above, for an amount of U.S.\$ 2,000 million, totalizing a maximum nominal amount in circulation at any time under the program of U.S.\$ 3,000 million, or its equivalent in other currencies, and providing the use of the proceeds, to cover all alternatives contemplated by Article 36 of Law No 23,576 of Negotiable Obligations and Supplementary rules.

Under such Medium-Term Notes Program, on September 24, 2009, the Company issued the Class I Notes at variable interest, with final maturity in 2011, for an amount of Ps. 205 million. On March 4, 2010, the Company issued under such program the Class II at variable interest, with final maturity in 2011, for an amount of Ps. 143 million and the Class III at fixed interest, with final maturity in 2013, for an amount of U.S.\$ 70 million. Also, on June 21, 2011 the Company issued Class V at variable interest, with final maturity in 2012, for an amount of Ps. 300 million. As of December 31, 2012, the Company has fully complied with the use of proceeds disclosed in the pricing supplement relating to the classes of notes previously mentioned, and Class I and Class V have been fully paid. As of the date of this annual report, Class III has been fully paid. Additionally, on September 14, 2012, the Company issued Class VI at fixed interest, with final maturity in 2013, for an amount of Ps. 100 million, and Class VII and VIII at variable interest with final maturity in 2014 and 2015, for an amount of Ps. 200 million and Ps. 1,200 million, respectively. Additionally, on October 19, 2012 the Company issued notes Class IX and X at fixed interest with final maturity in 2014 and 2016, for a total amount of U.S.\$ 129.8 million and U.S.\$ 293.4 million, respectively, which were subscribed and will also be paid in Pesos according to the exchange rates established under the conditions of each issued class and in force at each time. On November 13, 2012, the Company completed the issuance of Class XI with floating rate, maturing on 2017 for an amount of Ps. 750 million and on December 4, the Company completed the additional issuance of Class XI for an amount of Ps. 1,360 million, making the total amount of Class XI Ps 2,110 million. Then, on December 18, the Company issued the Class XII with fixed rate, maturing on 2013 for an amount of Ps. 150 million. Finally on December 20th the company completed the issuance of Class XIII with floating rate, maturing on 2018 for a total amount of Ps.

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2,328.3 million. On the same date, the Company also issued the additional Class X for an amount of 258.3 million dollars, increasing the amount issued of this class to 551.7 million dollars. After the year ended on December 31, 2012, during March 2013, the Company completed the issuance of Class XIV with fixed rate, maturing on 2014 for an amount of Ps. 300 million and Class XIII for an amount of Ps. 500 million. In addition the company completed the issuance of Class XV with fixed rate, maturing on 2014 for a total of approximately 229.7 million dollars which was fully subscribed and will also be paid in Pesos according to the exchange rates established under the terms of the series. Furthermore, on April 26, 2013 the Company completed the pricing of Class XVII at variable rate, with final maturity on April 2020 for a total amount of Ps. 2,250 million, Class XVIII, at fix rate, maturing on April 2015, for an amount of U.S.\$ 61 million and Class XIX, at fix rate, maturing on April 2017, for an amount of U.S.\$ 89 million.

All above mentioned issuances are within the program of U.S.\$ 3,000 million, or its equivalent in other currencies. In addition, our Board of Directors in its meeting held on March 11, 2013 approved a proposal for increasing the amount of the program mentioned above for an amount of U.S.\$ 2,000 million, totalizing a maximum nominal amount in circulation at any time under the program of U.S.\$ 5,000 million, or its equivalent in other currencies. Such proposal will be considered by our next Shareholders meeting to be held on April 30, 2013. As of the date of this annual report, total outstanding notes under the program amount to U.S.\$ 2,243 million (Ps. 11,604 million). However, on April 30th, once the issuance of classes XVII, XVIII and XIX has been completed, total outstanding notes under the program will amount to U.S.\$ 2,828 million (Ps. 14,633 million).

All the mentioned securities are 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.

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, 2012, plus accrued but unpaid interest through December 31, 2011:

	Total	Less than 1 year	Expected Maturity Date				More than 5 years
			1 year	2 years	3 years	4 years	
Debt	17,104	5,004	2,496	1,745	4,316	2,339	1,204
<i>Contractual obligations</i>							

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, 2012:

Contractual Obligations	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Debt ⁽¹⁾	4,614	1,178	1,564	1,352	520
Operating Lease Obligations	485	214	231	29	11
Purchase Obligations ⁽²⁾	2,040	776	827	311	126
Purchases of services	1,240	401	506	222	110
Purchases of goods	801	375	320	89	16
LPG					
Electricity	71	13	25	25	8
Gas	7	7			
Oil	419	124	248	46	
Steam	44	7	15	15	7
Others	260	224	32	4	
Other Liabilities ⁽³⁾⁽⁶⁾	5,833	3,227	603	588	1,415
Total ⁽³⁾⁽⁴⁾	12,973	5,395	3,225	2,281	2,072

- (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, 2012 for all periods. See additionally Operating and Financial Review and Prospects Liquidity and Capital Resources Covenants in our indebtedness.
- (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.\$615 million as of December 31, 2012, 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.\$25,002 million as of December 31, 2012.
- (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.\$.
- (6) Includes accounts payable, salaries and social security, taxes payable, provisions for pensions, provisions for environmental liabilities and provisions for hydrocarbon wells abandonment obligations as set forth in our audited consolidated financial statements included as of December 31, 2012

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We have additional commitments under guarantees. For a discussion of these additional commitments see [Guarantees provided](#) below.

Covenants in our indebtedness

Our financial debt generally contains customary covenants. With respect to a significant portion of our financial debt totaling Ps.17,104 million, including accrued interest (long and short-term debt) as of December 31, 2012, we have agreed, among other things and subject to certain exceptions, not to establish liens or charges on our assets. In addition, approximately 14% of our financial debt outstanding as of December 31, 2012 was subject to financial covenants related to our leverage ratio and debt service coverage ratio.

Upon an event of default, regarding our outstanding debt amounting to Ps.17,104 million as of December 31, 2012 (Ps.18,754 million as of the date of this annual report, which does not include issuances of Notes classes XVII, XVIII and XIX which amount to Ps. 3,026 million to be completed on April 30th, 2013), the creditors may declare due and immediately payable the principal and accrued interest on amounts owed to them.

Almost all of our total outstanding financial debt is subject to cross-default provisions. As a result of these cross-default provisions, a default on our part or, in certain cases, the part of any of our consolidated subsidiaries covered by such provisions, could result in a substantial portion of our debt being declared in default or accelerated. As of the date of this annual report none of our debt is under any event of default that could trigger an acceleration provision. In connection with the change of control of the Company as a result of the Expropriation Law all waivers have been obtained.

Guarantees provided

As of December 31, 2012, 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, 2012 the carrying amount (and maximum potential amount of future payments) of the guarantee was approximately U.S.\$4.79 million, consisting of U.S.\$4.39 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, as of December 31, 2012, we have issued letters of credit in an aggregate total value of U.S.\$27 million (as of the date of this annual report this amount remains unchanged) to guarantee certain environmental obligations and guarantees in an aggregate amount of U.S.\$12.74 million (approximately U.S.\$ 51.20 million as of the date of this annual report) 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 2012 totaled approximately Ps.16,040 million. The table below sets forth our capital expenditures and investments by activity for each of the years ended 2012 and 2011.

	2012		2011	
	(in millions of pesos)	(%)	(in millions of pesos)	(%)
Capital Expenditures and Investments				
Exploration and Production	11,673	73	8,919	69
Refining and Marketing	3,317	21	2,879	22
Chemicals	906	6	935	7
Corporate and Other	144	1	235	2
Total	16,040	100%	12,968	100%

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On August 30, 2012, we approved and announced the Strategic Plan 2013-2017 establishing the basis of our development for the years to come. Such plan intends to reaffirm our commitment to creating a new model of the Company in Argentina which aligns our objectives, seeking profitable and sustainable growth that generates shareholder value, with those of the country, thereby positioning YPF as an industry-leading company aiming at the reversal of the national energy imbalance and the achievement of hydrocarbon self-sufficiency in the long term.

To achieve the goals set forth above, we intend to focus on (i) the development of unconventional resources, which we see as a unique opportunity because a) the expectation related to the existence of large volumes of unconventional resources in Argentina according to estimations of leading reports on global energy resources, b) we currently possess a relevant participation in terms of exploration and exploitation rights on the acreage in which such

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resources could be located in, and c) we believe we can integrate a portfolio of projects with high production potential; (ii) the re-launch of conventional and unconventional exploration initiatives in existing wells and expansion to new wells, including offshore; (iii) an increase in capital and operating expenditures in mature areas with expected higher return and efficiency potential (through investment in improvements, increased use of new perforation machinery and well intervention); (iv) a return to active production of natural gas to accompany our oil production; and (v) an increase in production of refined products through an enhancement of the refining capacity (including improving and increasing our installed capacity and upgrading and converting our refineries). The previously mentioned initiatives will require organized and planned management of mining, logistic, human and financing resources within the existing regulatory framework, with a long-term perspective.

The investment plan related to our growth will be accompanied by an appropriate financial plan, whereby we intend to reinvest earnings, search for strategic partners and acquire debt financing at levels we consider prudent for companies in our industry. Consequently, the financial viability of these investments and hydrocarbon recovery efforts will generally depend, among other factors, on the prevailing economic and regulatory conditions in Argentina, the ability to obtain financing in satisfactory amounts at competitive costs, as well as the market prices of hydrocarbon products.

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.

Research and Development, Patents and Licences, etc.

For a description of our research and development policies, see [Item 4. Information on the Company](#) Research and Development .

ITEM 6. Directors, Senior Management and Employees Management of the Company

On April 16, 2012, the Company was notified, through a notarial certification, of Decree No. 530/12 of the National Executive Office, which provided 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 the provision of fuel 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 were temporarily granted to Julio M. De Vido, the Intervenor who performed the functions of our Principal Executive Officer and Principal Financial Officer until the General Shareholders Meeting held in June, 4th, 2012, when a new Board of Directors was appointed.

On May 3, 2012, the Argentine Congress enacted 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 and its controlled or controlling entities. The shares subject to expropriation, 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.

The Expropriation Law states that YPF shall continue as a publicly traded corporation and the management of the shares subject to expropriation shall be carried out according to the following principles: (i) strategic contribution of the Company to the aims established in the Expropriation Law; (ii) the management of the Company in accordance with the best industry and corporate governance practices, preserving the interests of the Company's shareholders and creating value for them; and (iii) the professional management of the Company.

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On May 7, 2012, through Decree No. 676/2012 of the National Executive Office, Mr. Miguel Matías Galuccio was appointed General Manager of the Company during the Intervention. Furthermore, on June 4, 2012, the Ordinary Shareholders meeting appointed the new members of the Board of Directors of the Company, thus concluding the intervention of the Company.

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The information provided below describes the composition and responsibilities of our Board of Directors and committees as of the date of this annual report.

In compliance with the provisions of the Expropriation Law, the CNV convened a general shareholders meeting held on June 4, 2012. The removal of all regular members and alternate members of our Board of Directors and our Supervisory Committee was approved. In addition, such general shareholders meeting fixed the number of regular and alternate members of our Board Directors and Supervisory Committee and appointed their new regular and alternate members. See Item 3. Key Information Risk Factors Risks Relating to Argentina The Argentine federal government will control the Company 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.

The information provided below describes the composition and responsibilities of our Board of Directors and committees as of the date of this annual report.

Board of Directors*Composition of our Board of Directors*

Our business and affairs are 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 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 June 4th, 2012, our Board of Directors is composed of 17 directors and 11 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 (including by teleconference), and the President or his substitute is entitled to cast the deciding vote in the event of a tie.

The current members of our Board of Directors, the year in which they were appointed and the year their term of appointment expires is as follows:

<i>Name</i>	<i>Position</i>	<i>Age</i>	<i>Director Since</i>	<i>Term Expiration</i>
Miguel Galuccio	Chairman, Chief Executive Officer (CEO) and Director	44	2012	2013
Eduardo M. Basualdo	Director	67	2012	2013
Héctor Walter Valle	Director	77	2012	2013
José Iván Brizuela	Director	39	2012	2013
Gustavo Alejandro Nagel (4)	Director	45	2012	2013
Roberto Ariel Iovich	Director	39	2012	2012
Oscar Alfredo Cretini	Director	55	2012	2013
Walter Fernando Vazquez	Director	45	2012	2013
Ricardo Luis Saporiti(1)	Director	61	2013	2013
Manuel Arévalo(2)	Director	61	2013	2013
Sebastián Uchitel	Director	41	2012	2013

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Rodrigo Cuesta	Director and Legal Affairs Executive	38	2012	2013
Luis García del Río (4)	Director	46	2012	2013

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Fernando Dasso	Director and Human Resources Executive Director	46	2008	2013
Fernando Giliberti	Director	46	2012	2013
Carlos Alfonsi	Director and Downstream Executive Director	52	2008	2013
Axel Kiciloff(3)	Director	41	2012	2013
Sergio Affronti	Alternate Director and Director of Shared Services	43	2012	2013
Ricardo Dardo Esquivel	Alternate Director	64	2012	2013
Luis Alberto Rafael Bontempo	Alternate Director	56	2012	2013
Carlos Héctor Lambré	Alternate Director	64	2012	2013
Francisco Ernesto García Ibañez	Alternate Director	48	2012	2013
Carlos Agustín Colo	Alternate Director	55	2012	2013
Gerardo Andrés Doria Muñoz	Alternate Director	41	2012	2013
Pablo Blanco Perez (4)	Alternate Director	42	2012	2013
Patricia María Charvay	Alternate Director	30	2012	2013

- (1) Assumed as Director at the Board of Directors meeting held in January, 17th, 2013, replacing Mr. Oscar Lamboglia.
- (2) Assumed as Director at the Board of Directors meeting held in January, 17th, 2013, replacing Mr. Guillermo Pereyra.
- (3) Representing our Class A shares.
- (4) As of March, 25 2013, the person owns less than one percent of our Class D shares.

The Chairman of the Board of Directors, who, according to our by-laws, must be a Class D director, was elected by the Board of Directors in the meeting held on June, 4th, 2012. 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*Miguel Galuccio*

Mr. Galuccio holds a degree in oil engineering from the Technological Institute of Buenos Aires. Until April 16, 2012, Mr. Galuccio was 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 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 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 Office, Mr. Miguel Matías Galuccio was appointed General Manager of the Company during the Intervention period, and is the Chairman of the Company appointed by the General Shareholders Meeting held in June 4th, 2012 and CEO appointed by the Board of Directors meeting held in same date.

Axel Kiciloff

Mr. Kiciloff graduated with a degree in economics with a focus on the public sector, from the School of Economic Sciences of the University of Buenos Aires, from which he subsequently received a Ph.D. in economics. He has extensive experience as an undergraduate and graduate professor. He was a head researcher at the Institute of Economic Research of the University of Buenos Aires, a researcher of the Argentine National Scientific and Technical Research Council (– CONICET –), director of the UBACYT E017 research project – Argentina After the Convertibility Collapse, Continuities and breakouts: A new growth standard. He was the assistant director of the IIE’s Center of Studies for Development Planning, University of Buenos Aires, and a researcher of the Center of Studies for Argentine’s Development. Since December 2011, his official designation has been as the Secretary of Economic Policy and Development Planning at the Argentine National Ministry of Economy and Finance. Mr. Kiciloff was elected as the representative of the Class A shares held by the Argentine federal Government.

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Eduardo M. Basualdo

Mr. Basualdo graduated with a degree in Economics and social sciences from the Argentine Catholic University, and with a Ph.D. in history from the School of Philosophy and Arts of the University of Buenos Aires. He is currently a member of CONICET's Scientific Researcher program. Additionally, he is the principal researcher and coordinator of the Economic and Technological Area of the Latin America School of Social Sciences and part of that school's Academic Committee. He is a candidate for a master's degree in political economics, with a major in Argentine economics, and he is the curator of literature on Argentine political economics. He is a member of the Executive Committee of the Center of Legal and Social Studies, a member of the Board of Grading and Promotion of CONICET's Scientific Researcher program, and coordinator of the Center of Research and Education of the Argentine Republic with assignment to the Secretary General's Office at the Argentine Worker's Central Union.

Héctor Walter Valle

Mr. Valle graduated with a degree in political economics from the University of Buenos Aires. He majored in economic and social planning at the Latin American Institute of Economic and Social Planning and has a specialization in Problems of Economic Development and Foreign Trade from the University of Grenoble. Among other positions, he has been an assistant vice-president of the Economic Science Professional Association of the City of Buenos Aires, the president of the Economic Commission of the Economic Science Professional Association of the Federal Capital and a board member of the Economic Science Graduate Association of the Federal Capital. He has been the president of Development Research Foundation since 1991, and from January 2005 to June 2012, he was the president of the Argentine National Fund for the Arts.

José Ivan Brizuela

Mr. Brizuela graduated from the University of Buenos Aires with a degree in administration with a focus in finance and a degree in sociology with a focus in sociology and culture. He has been, among others, a financial system senior consultant at Alpha Estudio de Economía; the director of the Agency for Development and Investments at the Argentine National Ministry of the Economy, the coordinator general of the United Nations Development Program, a representative of the Secretariat of Energy at Nucleoeléctrica Argentina S.A., and a representative of the Industry's Secretariat's Office. In 2004, he founded Sociedad Brisa de Argentina S.A., where he is currently Director.

Carlos Alfonsi

Mr. Alfonsi graduated with a degree in chemistry from Argentina's Technological University of Mendoza. Additionally, he has a degree in IMD Managing Corporate Resources from Lausanne University and has studied at the Massachusetts Institute of Technology. Since 1987, he has held various positions at our Company, serving as an operations manager; the director of the La Plata refinery; operation planning director; director of commerce and transportation for Latin America; director of refinery and marketing in Peru; country manager for Peru; and R&M for Peru, Chile, Ecuador and Brazil. Currently, Mr. Alfonsi is our Downstream Executive Director.

Gustavo Alejandro Nagel

Mr. Nagel graduated as an industrial engineer with a major in mechanics from the National University of the Comahue in Neuquén, and was awarded a master's degree in business administration from the International School of Business. He has served as the head of Teams and Maintenance, Southwest Affiliate, Service and Operations team leader in Venezuela, a business area manager (Neuquén-Mendoza-Rosario), a manager at Oil and Gas Argentina and Bolivia, and the general manager for the Andean Region at Gas y Petróleo del Neuquén S.A. He was the assistant secretary of planning and public services in the Province of Neuquén. Currently, he is the director representative for the Province of Neuquén at Hidroeléctrica Piedra del Águila, as well as the director of exploration and production at Gas y Petróleo del Neuquén S.A.

Roberto Ariel Iovovich

Mr. Iovovich graduated as a certified public accountant from the National University of Córdoba. He has served as the investment project auditor of the Federal Investment Council and as an accounting consultant for the Municipality of El Calafate, Santa Cruz, in the area of collections. Currently he is the appointed representative for the Province of Santa Cruz before the Federal Commission of Tax Responsibility. Additionally, he is part of the Federal Tax Commission and the Minister of Economy and Public Works of the Province of Santa Cruz.

Oscar Alfredo Cretini

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Mr. Cretini graduated with a degree in geological sciences from the School of Exact and Natural Sciences of the University of Buenos Aires. He also has a master's degree in business administration, with a major in business and the environment from the School of International Business of the University of Belgrano. He has, among others, been the chief geologist for uranium/thorium exploration and the Saint George Gulf Basin, Province of Chubut, Tronco Amblayo Basins, Salta, Paraná Basin in Paraguay and Jurassic Basin in Colombia; and a senior consultant to the Alternate President of the Honorary Federal Senate, in fuel energy and mining. He was also a professional consultant for the program, Report of the Environmental Impact of the Exploratory Well and Exploitation of Oilfields of YPF, Saint George Gulf Basin, and a local affiliate of the GEA Group, Provinces of Chubut and Santa Cruz.

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Walter Fernando Vázquez

Mr. Vázquez earned a law degree from the National University of Córdoba. Among other positions, he was Ministerial Advisor to the Argentine National Ministry of Economy and Finance in charge of the implementation and start-up of the Argentine Mining Sector Support Plan, Principal Member of the Federal Mining Council and Undersecretary of Hydrocarbons, Mining and Energy of the Province of Mendoza. Currently, he is a Principal Member of the OFEPHI, Principal Member of the Federal Mining Council and Representative of the Province of Mendoza on the Dioxitek S.A. Board.

Sebastián Uchitel

Mr. Uchitel earned the title of Analyst in Computers at the School of Exact and Natural Sciences of the University of Buenos Aires, and a Ph.D. in computers from the School of Engineering, Imperial College in London. Among other positions, he was a full-time regular adjunct professor in the Computer Department, School of Exact and Natural Sciences of the University of Buenos Aires, teaching assistant of the Department of Computers, Imperial College in London, associate investigator, Department of Computers, Imperial College in London, and founding partner and director of Lemma Informática S.R.L. He was also a part-time associate professor of the Department of Computers, Imperial College in London and independent investigator at CONICET.

Rodrigo Cuesta

Mr. Cuesta earned a law degree from the School of Law and Social Science of the University of Buenos Aires and a master's degree in administrative law from Austral University. Among other positions, he was legal advisor at the National Legal Affairs Office of the Office of the Attorney for the Argentine's Treasury, Secretary General of the Aerolíneas Argentinas Group and Assistant Comptroller General of Argentina. Currently, he is our Legal Affairs Director.

Fernando Giliberti

Mr. Giliberti earned a certified public accountant degree from the Argentine Catholic University, an MBA from the Argentine University of the Enterprise, a Postgraduate Diploma in Management and Economics of Natural Gas from the College of Petroleum Studies, Oxford University, and master's degree in the Science of Management, from the Sloan Program at Stanford University. Among other positions, he previously served at YPF as head of accounting and finance at our headquarters in Mendoza, and as South Division Business Support Manager of the El Guadal-Lomas del Cuyo Pilot Economic Unit, Business Development Manager and Exploration and Production Business Development Director. In San Antonio (Pride International), he was South Division Business Support Manager and vice president at the Latin America Business Unit and vice president of Business Development at Pioneer Natural Resources of Argentina. In 2006, he founded Oper-Pro Services S.A., of which he is the current President. Currently, he is our Strategic Planning and Business Development Director.

Fernando Dasso

Mr. Dasso earned a degree in labor relations from the University of Buenos Aires. In 1993, he joined our Company and has held various positions within our Company since then. In 2006, he was appointed Human Resources Directors at the Argentina, Bolivia and Brazil Exploration and Mining Unit. Currently, he is our Human Resources Director.

Luis García del Río

Mr. García del Río earned a law degree from the School of Law and Social Science of the Sevilla University (Spain). Among other positions, he acted as an attorney for the Spanish National Government and Governmental agencies from 1993 to 2001, legal advisor to different areas of Repsol between 2001 and 2008. In May 2008 he became a partner of the law firm García del Río & Larrañaga Abogados where he currently practices law.

Patricia María Charvay

Ms. Charvay earned an economics degree and a doctorate degree in Economics from the University of Buenos Aires. Among other positions, she previously served as a consultant for the Council of Coordination of Social Policies. Currently she represents the Argentine federal Government serving as a director in several companies, among others Edenor S.A. and Endesa Costanera S.A., and she is a secretary of Economic Policies and Development Planning for the Argentine National Ministry of Economy and Finance. Ms. Charvay was elected as alternate Director representative of the Class A shares at the proposal of the Argentine federal Government.

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Sergio P. Affronti

Mr. Affronti earned a certified public accountant degree and a degree in business administration from the Argentine Catholic University, and a degree from the Management and Engineering Program of the University of Texas, Austin. Among other positions, he acted as manager for regional administration and planning for YPF upstream from 1998 to 2001, manager for Repsol upstream in strategic upstream planning in Latin America between 2002 and 2004, manager for purchases and hiring for Repsol Upstream between 2004 and 2006, director of Planning and Control

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for Europe, Asia and Africa for Repsol upstream between 2006 and 2008, country manager for Repsol upstream in Ecuador between 2008 and 2010, and director for corporate development for Repsol upstream in Spain from 2011 to May 2012. Currently he is our Shared Services Director.

Ricardo Dardo Esquivel

Mr. Esquivel earned a degree in technical industrial chemistry from the ENET N°1, in the city of Río Tercero, Province of Córdoba. Among other things, he served as an auditor for oil services agreements, the director of hydrocarbons for the Province of Río Negro and its representative on the OFEPhi, and a provincial deputy in that province between 1999 and 2003. He also served as vice-president for the Provincial Hydrocarbon Development Company of the Province of Neuquén. Currently, he serves as a director of Gas y Petróleo del Neuquén S.A.

Luis Alberto R. Bontempo

Mr. Bontempo earned a degree in architecture and urban planning from the University of Buenos Aires. Among other positions, he served as director of urban planning, Government secretary, secretary of planning, and as an advisor to the mayor of the City of Caleta Olivia, in the Province of Santa Cruz. In 2003, he served as the Chief Cabinet Minister for the Argentine National Secretary of Public Works. He currently serves as the Argentine National Sub-secretary for Urban Planning and Housing.

Carlos Héctor Lambré

Mr. Lambré earned an oil engineering degree from the San Juan de Bosco Patagonia National University. Among other positions, he served as a manager in the Saint George Gulf Basin Unit for Pan American Energy, general manager for Terminales Marítimas Patagónicas S.A. (TERMAP S.A.), director of Amoco Argentina Oil Company, general director for the Hydrocarbon and Mining Secretary in Chubut. Currently he serves as the sub-secretary for the Ministry of Hydrocarbons of the Province of Chubut and as executive secretary in the OFEPhi.

Francisco Ernesto García Ibáñez

Mr. García Ibáñez earned a law degree from the Litoral University. Among other positions he served as Chief of Cabinet of the Ministry of Infrastructure, Housing and Transport; director representing the Province of Mendoza in the Federal Council of Electric Power; Advisory Cabinet of the Ministry of Infrastructure, Housing and Transport; chairman of the Discipline Board of Ministry of Economy and Finance; counsel advisor in the Legal Department of the Ministry of Finance and deputy inspector in the Purchasing and Supply Ministry.

Ricardo Luis Saporiti

Mr. Saporiti earned an industrial engineering degree from the School of Engineering of the Argentine Catholic University. He also earned a postgraduate degree in oil and gas engineering from the Oil and Gas Institute of the University of Buenos Aires. He previously served as representative for industrial sales, economic and financial analysis and general manager for the retail business in the Province of Buenos Aires for ESSO S.A.P.A. He also served as general manager for RADES S.A., Compañía General de Combustibles S.A., manager for Retail Businesses, Gas Stations and, manager for Downstream Business for Puma Energy S.A. He also served as a director for Projects and Training for the Province of Tierra del Fuego and the representative of the province on the OFEPhi. Currently, he serves as the secretary of Hydrocarbon and Energy Management for the Province of Tierra del Fuego. He assumed as Director at the Board of Director's meeting held on January, 17th, 2013, replacing Mr. Oscar Lamboglia

Manuel Arévalo

Mr. Arevalo, among other positions, previously worked for the drilling company Cadesa S.A. and for Kenting Drilling Argentina. In the year 2000 he created the Labor Union for the Oil and Gas Professional Employees in the Provinces of Neuquén and Río Negro, acting as the secretary general. He currently holds his position as secretary general and also is the president of the Executive Committee for the Oil and Gas Senior Employees in the Provinces of Neuquén and Río Negro. He assumed as Director at the Board of Director's meeting held in January, 17th, 2013, replacing Mr. Guillermo Pereyra

Carlos Agustín Colo

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Mr. Colo earned a geology degree from the San Juan de Bosco Patagonia National University. Among other positions, he previously served as district chief for the Saint George Gulf Basin, director of the Technical Office for Upstream, director for the Economic Unit composed by Las Heras and Santa Cruz for YPF and country manager for Repsol Colombia. He currently serves as our Director of Exploration.

Gerardo Andrés Doria Muñoz

Mr. Doria Muñoz earned an electric engineering degree from the San Juan de Bosco Patagonia National University. During his career in YPF, He served as production supervisor for the Area of El Trebol, manager of operations for the Areas of Manantiales Behr and Malargue, director of the Loma de la Lata Business Unit and Director of Drilling and Work Over.

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Pablo Blanco Pérez

Mr. Blanco Pérez earned a law, economic and business sciences degree from the Comillas Pontific University (ICADE) in Spain. Among other positions, he previously served as an attorney for the Legal Advisory to the National Energy Commission in Spain until the year 2005 when he joined Repsol’s legal advisory team for Upstream and GNL, a position that he currently holds.

Board practices

The information provided below describes the composition and responsibilities of our Board of Directors

Board practices of our Board 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, 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 with respect to any matter 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.

Senior Management

Our current senior management as of the date of this annual report consists of:

Name	Position (1)
Miguel Galuccio	Chairman, Chief Executive Officer and Director
Daniel González	Chief Financial Officer
Rodrigo Cuesta	Legal Affairs Director
Jesús Grande	Upstream Executive Director
Carlos Alfonsi	Downstream Executive Director
Fernando Giliberti	Director of Planning and Operating Management Control
Nicolás Arceo	Director of Administration and Finance
Doris Capurro	Director of Communication and Institutional Relations
Fernando Dasso	Director of Human Resources
Sergio Affronti	Director of Shared Services

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- (1) The designation of Director does not imply that the officers mentioned above are members of the Board of Directors of YPF, which is composed of the persons stated in the Directors, Senior Management and Employees Board of Directors above.

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In addition to the members of our Senior Management for whom outside business interests and experience are described above, we include the following:

Daniel Gonzalez

Mr. Gonzalez is the President of the Disclosure Committee. Daniel Gonzalez holds a degree in Business Administration from the Argentine Catholic University. He served for 14 years in the investment bank Merrill Lynch & Co in Buenos Aires and New York, holding the positions of Head of Mergers and Acquisitions for Latin America and President for the Southern Cone (Argentina, Chile, Peru and Uruguay), among others. While at Merrill Lynch, Mr. Gonzalez played a leading role in several of the most important investment banking transactions in the region and was an active member of the firm's global fairness opinion committee. He remained as a consultant to Bank of America Merrill Lynch after his departure from the bank. Previously, he was Head of Financial Planning and Investor Relations in Transportadora de Gas del Sur SA. He currently is also member of the Board of Directors of Farmacity S.A., Hidroneuquén S.A. and Hidroeléctrica Piedra del Aguila S.A. As of the date of this annual report, Mr. Gonzalez is our Chief Financial Officer (CFO).

Jesus Grande

Mr. Grande graduated from the National University of Tucumán with an engineering degree. Since 1993, he has held various positions at Schlumberger, serving as Director of Human Resources; president of one of its service lines; head of Corporate Strategy Implementation. He has also served in executive and operational positions in Kuwait, Argentina, Brazil, Angola and the United States. His specialty is management and operations optimization. Mr Grande is our Upstream Executive Director.

Nicolas 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 our Director of Administration and Finance.

Dorris Capurro

Mrs. Capurro graduated with a degree in Sociology. During her career Mrs. Capurro specialized in public relations, media, advertising, political management, marketing and market research. Mrs. Capurro is president of two leading consultant companies in Argentina (CAPComunicaciones S.A. and Ibarómetro S.A.). Additionally, Mrs. Capurro founded and ran a leading agency for advertising and communication services (Capurro and Associates) for 20 years until it was acquired in 1999 by the French group Publicis. She received several national and international awards for advertising, creativity, strategy and management. Mrs. Capurro is the organizer of the International Conference of Political Management in Buenos Aires, sponsored by the Graduate School of Political Management at George Washington University and Torcuato Di Tella. She teaches in the Master of Political Communication at the Pontifical University of Salamanca, Spain, and the University FLACSO in Buenos Aires. She is currently our Director of Communication and Institutional Relations.

The Audit Committee

The information provided below describes the composition and responsibilities of our Audit Committee.

Composition and responsibilities of our Audit Committee

The Stocks Market Law 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.

The Board of Directors of the Company, at its Meeting held on June 4, 2012 resolved to approve the composition of the Audit Committee. Consequently, the current members of the Audit Committee as of the date of this filing are: president Eduardo Basualdo, members Héctor Walter Valle and Sebastián Uchitel. Mr. José Iván Brizuela was appointed as an alternate member of our Audit Committee.

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Additionally, Mr. Eduardo M. Basualdo 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;

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

The Audit Committee, which pursuant to its regulations shall meet as many times as needed and at least once every quarter, held 13 meetings between March 2012 and March 2013.

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 Finance 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, 2012, and comparative information, included in our report on Form 6-K submitted to the SEC on March 18, 2013.

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.

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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.

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.

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 March, 2013, 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.A. as our external auditors of the financial statements for the year ending December 31, 2013. The shareholders are expected to consider the designation of Deloitte & Co. S.A. as external auditors of the financial statements for the year ended December 31, 2013 in a shareholders meeting to be held this year.

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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, 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 Annual Shareholders meeting held on June 4th, 2012, Directors Eduardo M. Basualdo, Héctor Valle, Sebastián Uchitel, José Iván Brizuela, Luis García del Río and Alternate Director Pablo Blanco Pérez qualified as independent members of our Board of Directors under the above-described criteria.

Disclosure Committee

Composition and responsibilities of our Disclosure Committee

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;

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;

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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

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presentations to analysts, investors, rating agencies and lending institutions.

As of the the date of this annual report, the Disclosure Committee was composed of the following people:

Name	Position
Miguel Galuccio	Chairman, Chief Executive Officer and Director
Daniel González	Chief Financial Officer and President of the Disclosure Committee
Rodrigo Cuesta	Legal Affairs Director and Secretary of the Disclosure Committee
Jesús Grande	Upstream Executive Director
Vacant	Quality, Environment, Security and Health Position
Carlos Alfonsi	Downstream Executive Director
Fernando Giliberti	Director of Planning and Operating Management Control
Nicolás Arceo	Director of Administration and Finance
Doris Capurro	Director of Communication and Institutional Relations
Fernando Dasso	Director of Human Resources
Javier Fevre	Director of Internal Audit Director
Javier Sanagua	Director of Reserves Control Director

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 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.

The following is a summary of the significant differences between our corporate governance practices and those applicable to U.S. companies under the NYSE listing standards.

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.

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 as mandatory, but are recommended by the CNV under CNV's General Resolution No. 606/12. However, the Company has a Compensation Committee, established by the Board of Directors under the option provided in Article 17 clause (xii) of the Company's bylaws, which is composed by the Directors Rodrigo Cuesta, Fernando Dasso and Miguel Matias Galuccio.

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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, which members 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) and the Supervisory Committee 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 Chairman and other directors acting in an executive capacity, together with the compensation of all other directors and members of the Supervisory Committee, requires the ratification of an ordinary general shareholders' meeting as provided by Argentine law. When the exercise of special commissions or technical administrative functions by one or more directors and the reduced or lack of profits imposed the need to exceed the limits, such remunerations may only be paid in excess if expressly agreed by the shareholders' meeting, for which the matter should be included as one of the agenda points.

For the year ended December 31, 2012 the total cost of the aggregate compensation accrued to the members of the Board of Directors and YPF's executive officers for services in all capacities was Ps.99,2 million, including 12.9 million in concept of pension, retirement or similar benefits that YPF provides to members of its Board of Directors and executive officers and including 1.7 million in compensation paid to the members of the Supervisory Committee. During 2012, YPF's performance-based compensation programs included a bonus plan for approximately 5,000 non-unionized YPF employees and 7,500 unionized YPF employees. This bonus plan provided for cash to be paid to its participants based on a measurable and specific set of objectives under YPF's Management by Objectives program and the results of the review of individual performance. The participation of each eligible employee in the bonus plan ranged from 6% to 45% of such employee's annual base salary.

In addition, our Board of Directors recently considered the convenience of creating a long-term incentive plan contemplating compensation in shares for certain employees, and our Shareholders' Meeting to be held on April 30, 2013, will consider the alternative of repurchasing shares to be delivered to such employees included in the plan, in line with provisions of Law No. 26,831. Specific terms and conditions of the plan have not been determined as of the date of this annual report.

YPF's directors do not have any service contracts with YPF involving the payment of compensation other than those previously mentioned and the performance of its duties in the Company.

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 Committee. For the year 2012, the aggregate compensation paid to the members of the Supervisory Committee was Ps.1.7 million.

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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
Gustavo Adolfo Mazzoni	A	61	2012	2013(*)
Maria de las Mercedes Archimbal	D	31	2012	2013(*)
Enrique A. Fila	D	54	2012	2013(*)
Raquel Inés Orozco (alternate member)	A	57	2012	2013(*)
Guillermo Cadirola (alternate member)	D	38	2012	2013(*)
Cecilia Carabelli (alternate member)	A	42	2012	2013(*)

(*) Members of our Supervisory Committee are appointed in connection with a fiscal year. Our shareholders, in the general ordinary shareholders meeting held on June 4, 2012 appointed the members of our Supervisory Committee for fiscal year 2012.

Gustavo Adolfo Mazzoni

Mr. Mazzoni earned a certified public accountant degree and a postgraduate degree in finance from the University of Buenos Aires, he also earned a degree in psychology from the Pichon Riviere School of Psychology. Among other positions, he previously worked as a senior auditor for Price Waterhouse & Co., the Argentine National Office of the Comptroller General, supervising private companies and different national ministries, including Justice, Labor, Health and Social Development, among others. He currently is the statutory auditor (síndico) of several companies such as Aerolíneas Argentinas S.A., Austral S.A., Optar S.A., Empresa Argentina de Soluciones Satelitales S.A. (Ar-Sat), Emprendimientos Energéticos Binacionales S.A., Centro de Ensayos de Alta Tecnología S.A., Gas Natural BAN S.A., among others, and a Director in Radio y Televisión Argentina S.E.

María de las Mercedes Archimbal

Ms. Archimbal earned a law degree from the Argentine Catholic University and a master's degree in international relations from the University of San Andrés. Among other positions, she previously served as legal coordinator for the Argentine National Ministry of Industry. She was a member of the advisory board to the Mercosur Guaranty Fund for medium and small companies. She currently is a member in the Argentine National Office of the Comptroller General and an alternate statutory auditor (síndico suplente) in different companies such as Radio y Televisión Argentina S.E. and Pampa Energía S.A., among others.

Enrique Alfredo Fila

Mr. Fila earned a certified public accountant degree from the University of La Plata. Among other positions, previously he was a councilor in the City of La Plata, an advisor to the mayor of La Plata, and a consultant to the Argentine National Ministry of Social Development between 2008 and 2009. Currently, he serves as statutory auditor (síndico) of Tandanor S.A.I.C. y N., Aeropuertos Argentina 2000 S.A., Distribuidora de Gas Cuyana S.A., and YPF Gas S.A. and an alternate statutory auditor (síndico suplente) of Nación A.F.J.P. S.A., Servicios de Radio y Televisión de la Universidad Nacional de Córdoba S.A., Empresa de Transporte de Energía Eléctrica Por Distribución Troncal de la Provincia de Buenos Aires S.A., Compañía de Transporte de Energía Eléctrica S.A., Compañía Inversora de Trasmisión Eléctrica S.A., and Sociedad del Estado Casa de Moneda.

Raquel Inés Orozco

Ms. Orozco obtained a law degree from the University of Buenos Aires. . Currently, she is the principal corporate statutory auditor (síndico) at the following companies: Central Térmica Guemes S.A., Telam S.E., Ubatec S.A., Inder S.E., Foncap S.A., LT10 Radio Universidad del Litoral S.A., and Loteria Nacional S.E.

Guillermo Leandro Cadirola

Mr. Cadirola earned his degree as a certified public accountant from the University of Buenos Aires, and has a master's degree in Economics and Business Administration from the IESE Business School in Barcelona, Spain. Currently, he is a member of the Argentine National Office of the

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Comptroller General, performing duties as statutory auditor (síndico) at Administración General de Puertos S.E., All Central S.A. and All Mesopotámica S.A. He has extensive experience with the management of different multinational companies in the areas of operations, purchasing and finance.

Cecilia Leonor Carabelli

Ms. Carabelli has a law degree from the School of Law and Social Science of the University of Buenos Aires. Among other positions, she previously worked for the legal affairs direction of the National Social Security Administration, in the Secretary of Social Development, as a director for the Argentine National Senate, and as a member of the administration committee to the Fiduciary Fund for mortgage debtors in representation of the Argentine National Ministry of Economy and Finance. Currently, she is a member of the Argentine National Office of the Comptroller General.

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As of December 31, 2012, we had 15,782 employees, including 7,856 employees of the Refining and Marketing business segment, 3,047 employees of the Exploration and Production business segment, 40 employees of the Chemicals business segment and 4,839 employees of the Corporate and Other segment. Approximately 47% of our employees are represented by the Federation of Oil Workers Union (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.

In 2011 we began negotiations with the SUPeH, which 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, 2012, YPF was a party in approximately 1,247 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, 2012 there were also approximately 34,000 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 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, 2012.

<i>Employees by Business Units</i>	
Exploration and Production	3,047
Refining and Marketing	7,856
Chemicals	40
Corporate and Other ⁽¹⁾	4,839

Total YPF	15,782
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(1) Includes 3,295 employees of A-Evangelista S.A. and its subsidiaries.

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The following table provides a breakdown of our employees by geographic locations.

<i>Employees by geographic location</i>	
Argentina	15,209
Rest of South America	544
United States	29
 Total YPF	 15,782

ITEM 7. Major Shareholders and Related Party Transactions

The Expropriation Law has significantly changed our shareholding structure. The Class D shares subject to expropriation from Repsol Group 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 shares subject to expropriation between National Executive Office and the provinces that compose the National Organization of Hydrocarbon Producing States was 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 shares subject to expropriation are allocated must enter into 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 April 17, 2013:

	<i>Number of shares</i>	<i>(%)</i>
Repsol Group (shares subject to expropriation) ^{(1) (3)}	200,589,525	51.00%
Repsol Group ^{(2) (3)}	46,798,538	11.90%
Public ⁽³⁾	145,872,920	37.09%
Argentine federal and provincial governments ⁽⁴⁾	11,388	0.003%
Employee fund ⁽⁵⁾	40,422	0.01%

- (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 Group 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) According to data provided by The Bank of New York Mellon, as of April 17, 2013
- (3) According to data provided by The Bank of New York Mellon, as of April 17, 2013, there were 229,317,225 ADSs outstanding and 70 holders of record of ADSs. Such ADSs represented approximately 58.3% of the total number of issued and outstanding Class D shares as of such date.

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- (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 subject to expropriation from Repsol Group 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 shares subject to expropriation are allocated must enter into 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.

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Related Party Transactions

All material transactions and balances with related parties as of December 31, 2012 are set forth in Note 6 to the Audited Consolidated Financial Statements. The principal such transactions were our sales of refined and other products to certain joint ventures and affiliates (which amounted to Ps.2,800 million in 2012), our purchase of petroleum and other products that we do not produce ourselves from certain joint ventures and affiliates (which amounted to Ps.1,286 million in 2012), all this in addition to what is mentioned in the following paragraphs.

In addition, on May 3, 2012, Law No. 26.741 was passed by the Argentine Congress, which was ruled by Decree No. 660 of the National Executive Office. Among other matters this Law declares of public interest and subject to expropriation 51% of the share capital of YPF represented by an identical stake of Class D shares owned, directly or indirectly, by Repsol and its controlled or controlling entities. See Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government The Expropriation Law . Consequently, 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. Consequently, and in addition to transactions mentioned in paragraph before, we are party to numerous agreements with the federal government and the governments of such provinces, as well as with certain agencies or institutions dependent on such governments and stated-owned companies.

The information discloses in Note 6 to the Audited Consolidated Financial Statements disclose the balances with joint ventures and affiliated companies as of December 31, 2012 and December 31 and January 1, 2011, and transactions with the mentioned parties for the twelve-month periods ended December 31, 2012 and 2011. Additionally, the balances and transactions held with the entities within the Repsol group are included until the date the conditions required to be considered as related parties were met. Information regarding major transactions with government entities are also described in Note 6 to the Audited Consolidated Financial Statements.

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 72 of the Stocks Market Law 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 72 of the Stocks Market Law and CNV Regulations , significant amount means an amount that exceeds 1% of the issuer's net worth as reflected in the latest approved financial statements. For purposes of the Stocks Market Law, 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 (to be regulated by CNV); (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.

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

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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.2,634 and Ps.2,244 million as of December 31, 2012 and 2011, 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 estimate, 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 Empreendimentos 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 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. Subsequently, AESU initiated an arbitration process in which it claims, among other matters that YPF considers inappropriate, the payment of the deliver or pay penalties mentioned above. YPF has also started an arbitration process against AESU claiming, among other matters, the declaration that the termination of the contract by AESU was unilateral, illegal and under its responsibility. Both arbitral complaints had been answered by the parties by requesting their rejection. On April 6, 2011, the Arbitration Tribunal appointed in YPF vs. AESU arbitration decided to sustain YPF's motion, and determined the consolidation of all the related arbitrations (AESU vs. YPF , TGM vs. YPF and YPF vs. AESU) in the YPF vs. AESU arbitration. Consequently, AESU and Transportadora de Gas del Mercosur S.A.(TGM) desisted from and abandoned their respective arbitrations, and all the matters claimed in the three proceedings are to be resolved in the YPF vs. AESU arbitration. During December 2011, evidence production hearings took place. On January 13, 2012 the parties submitted the corresponding arguments closing the evidence production period previously mentioned. The Arbitration Tribunal has indicated that it will reach a resolution by July 31, 2012. Subsequently the Company was notified of the the extension of such term until May 31, 2013. On April 19 and 24, 2012, AESU and Sulgas presented new evidence claiming their admission in the arbitration process. YPF and TGM made their observations about the evidence on April 27, 2012. On May 1, 2012, the Arbitration Tribunal denied the admission of such evidence and resolved that the evidence would be accepted if the Tribunal considered it necessary. 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).

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

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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. Recently, YPF was notified of the lawsuit filed by TGN claiming for damages. 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, NAFISA filed a complaint against YPF before ENARGAS, under art. 66 of Law 24,076, claiming the payment of Ps.339 million in relation to payments of applicable fees for natural gas transportation services to Uruguaiana corresponding to the transportation invoices claimed by TGN. On February 8, 2012 we answered the claim raising ENARGAS' lack of jurisdiction (as we did in the proceeding against TGN), the accumulation in the trial TGN / YPF and rejecting the claim based on the theory of legal impossibility. On the same date, a similar order of accumulation was also submitted in the trial TGN / YPF. On April 12, 2012, ENARGAS resolved in favor of NAFISA.

On May 12, 2012 YPF filed an appeal against such resolution to the National Court of Appeals in the Federal Contentious Administrative. In the opinion of YPF's Management, the matters referred to above, will not have a material adverse effect on the Company's results of operations.

On September 18, 2012, the judge intervening in the trial TGN / YPF decided: a) to dismiss the order of accumulation made by YPF on the ground that the court has no jurisdiction to hear the case because it lacks administrative jurisdiction in NAFISA litigation, and considering that there is no possibility that the decision made to any of them have the same effect on the other; b) to accept the new facts alleged by YPF consisting notification made by TGN on December 16, 2010 in respect of the termination of the contract and the call of a public tender by TGN on March 10, 2011 to award the public and firm service transportation of natural gas through its northern pipeline system, including transport capacity remaining under the contract with YPF already terminated; c) extend the demand for which TGN claims invoices corresponding to services for November and December 2010; and d) open the case to trial.

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 Imposición* (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 and Quilmes 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 National Executive Office 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, 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. The Court of Appeals confirmed the lower court judge's ruling and ordered YPF to file an improvement plan to reduce gaseous emissions produced by the refinery. YPF filed an appeal before the Supreme Court but it was rejected on March 2013.

On January 25, 2011, we entered into an agreement with the Provincial Entity for Sustainable Development (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

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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

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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.

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. For a detailed information about this legal proceeding, see YPF Holdings-Passaic River/Newark Bay, New Jersey-New Jersey litigation with DEP.

Tax claims. We have received several claims from the 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.

The most significant of these contingencies are described below:

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, 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 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

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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. Assupa reported the interruption of the negotiations in the claim and the Supreme Court declared finalized the 60 days period of suspension appropriately ordered.

Additionally it should be noted that the Company has learned, however the demand was not notified to YPF, two other legal claims brought by ASSUPA against: i) concessionaires of the areas of Golfo San Jorge Basin, and ii) concessionaires of areas of Austral basin. The Company, in case of being notified, expects to answer according to legal terms and the arguments of defense that may correspond to the case.

Dock Sud environmental 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 Inflammable, 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. 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.

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.

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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 administration of exports 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 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. Subsequently the Company was notified of the the extension of such term until May 31, 2013. 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.

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On January 26, 2012, the Argentine Secretariat of Domestic Commerce issued Resolution No. 6/2012 whereby (i) each of these five oil companies was ordered to sell diesel fuel 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.

Users and Consumers Association claim. The Users and Consumers Association 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.446 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.

Quilmes claims. The Company has been notified of a complaint filed by a group of neighbors of Quilmes, in the province of Buenos Aires, claiming approximately Ps.225 million in compensation for personal damages.

Repsol complaint against BNY and YPF: The Company was recently notified of a complaint filed by Repsol on July 31, 2012 in the Supreme Court of the State of New York, New York County, USA, against The Bank of New York Mellon (BNY) and the Company. In accordance with the contents of such complaint, Repsol claims damages for the alleged failure by BNY to accept and carry out voting instructions provided by Repsol in connection with, among other things, the election of the Company's Board of Directors at the Company's shareholders' meeting on June 4, 2012, thereby allegedly violating BNY's contractual obligations. Repsol alleges that, in addition to the American Depositary Shares (ADS) it owns, it had the right to vote ADS owned by a certain third party that were pledged in Repsol's favor, and it was unable to exercise such voting rights due to alleged failures by BNY described above and an allegedly inappropriate intervention by the Company whereby the Company instructed BNY not to accept Repsol's voting instructions. Although the Company has rejected Repsol's allegations that it breached any legal or contractual obligation to the detriment of any shareholder, as of the date of issuance of these financial statements the Company is analyzing in detail the allegations contained in the complaint in order to answer accordingly. Given the context described above, as well as the nature of the complaint and the results of the evidence presented, the Company cannot estimate a loss or a reasonably possible range of loss.

YPF potential class action: YPF has recently been served of a class action complaint related to certain YPF share sale transactions undertaken by Repsol in March 2011. The claim is based on an alleged failure to inform the market, and consequently the purchaser parties in such transactions, as of the date set forth above, regarding the potential risk of expropriation of the Company, and on the corresponding alleged effect on the value of the shares. Given the particular nature of the complaint and the results of the evidence presented, the Company cannot estimate a loss or a reasonably possible range of loss.

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 forwarded 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 provided 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 provided the requested information. Having provided 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 Argentine Secretariat of Domestic Commerce.

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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, taking into account the opinion of legal counsel, believes the claim has no legal basis, the potential fines imposed could be substantial.

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 has agreed 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 subject 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. Subsequently the Company was notified of the the extension of such term until May 31, 2013. 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.

*Additional information**Hydrocarbons concessions Provincial claims:*

Rio Negro Province. YPF has been notified of the Resolution No. 433/2008 issued by the Direction of Hydrocarbons, Ministry of Production of the Province of Río Negro, concerning compliance with certain obligations assumed as production concessionaire of the areas Barranca de los Loros, Bajo del Piche, El

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Medanito and Los Caldenes, all of them located in the Province of Río Negro. The resolution provides that YPF, among others, has not complied with certain obligations as production concessionaire and claims for damages to the environment.

Considering the previous paragraph and the dispositions of the Law No. 17,319 (Law of Hydrocarbons), YPF was requested to submit its discharge at risk of termination of the mentioned concessions. However, the mentioned law grants the concessionaire and/or licensee the right, prior to termination of the concession, to cure a contractual breach within a certain period of time after receiving notice thereof. In this order, on May 29, 2008, YPF filed a request for nullification of the Resolution No. 433/2008, since this resolution fail to grant YPF the mentioned right. Additionally, on June 13, 2008, YPF submitted a response, denying the mentioned charges and, on November 12, 2008, the Ministry of Production ordered the initiation of the evidence production period. On November 28, 2008, YPF requested the production of certain evidence and the appointment of a technical expert. YPF has argued certain aspects related with the production of evidence. On May 12, 2009, the Company was notified of the issuance of Resolution No. 31/09, ordering a time extension in the evidence production period. On December 1, 2009, YPF filed with the requested documentary evidence and stated that certain aspects related to the evidence production period are still pending. On September 16, 2010, YPF submitted a presentation and inform, on one hand, the amounts invested in the four areas for the period 2007/2010 and, in the other hand, the actions taken as regards the environmental matters. Based in such information requested the termination of this claim. More recently, YPF submitted a new presentation providing an 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 against the intervention of the Hydrocarbon s Secretariat in all the issues under investigation by the provincial environmental authority (CODEMA), and making a new request for the termination of this claim.

The net value of the assets and the proved reserves related to these concessions is not material to the Company.

On August 7, 2012, YPF submitted to the Province a letter requesting approval of investment proposals for areas Señal Picada Punta Barda, El medanito, Bajo del Piche and Barranca Los Loros.

On August 9, 2012 the Río Negro Province accepts the proposed action plan for areas Señal Picada Punta Barda, El Medanito, Bajo del Piche and Barranca Los Loros and requests the Company to drill an exploratory well in Los Caldenes area during 2013.

As a result of the foregoing the Company believes that the claims under review will not have any material adverse effect on the Company.

Chubut Province. On March 1, 2012, the province of Chubut, through Decree No. 271, requested YPF to respond in relation to the Company s alleged breach of its obligation to make investments in the 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 No. 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 resolved. On November 23, 2012 YPF submitted the dismissal of the action before the Supreme Court. On December 3, 2012 the Supreme Court notified a resolution by which the process is terminated.

On April 10, 2012, was published in the Official Gazette the national call for bids for the calification and selection of companies that will constitute a joint venture with Petrominera Chubut SE for the hydrocarbons exploitation in the concessions of El Trebol-Escalante and Cañadon Perdido-Campamento Central , which was advised to the Supreme Court as a new fact. On August 6, 2012 Petrominera del Chubut, notified YPF Resolution No 28/12, which leaves without effect the above mentioned national call.

On May 21, 2012, Decree No. 641/12 was enacted, which leaves Article 1 of the Decree No. 324/12 (declaration of the expiration of the exploitation concessions of the areas El Trébol-Escalante and Campamento Central-Bella Vista Este-Cañadón Perdido) without effect.

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. 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 (pending as such date an expanded presentation). On May 29, 2012 an expanded work and investments plan was presented. On August 13, 2012 the Company asked the province the approval of the investment plan proposed for the area.

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As of the date of this annual report, the Company believes that the claims under review will not have any material adverse effect on the Company.

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. Net Assets (net of deferred income tax liabilities and asset retirement obligations) related to the areas affected this requirement totalled approximately 1,681 million as of December 31, 2011 (3.04% of the Company's total assets as of such date), had a production of approximately 11.5 mmbob in 2011 (6.43% of the Company's production in 2011) and had proved reserves totalling 80.3 mmbob as of December 31, 2011 (8% of the Company's 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 No. 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 participation 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.

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 breaches, under penalty of applying section 80, subsection c), of the Hydrocarbons Law.

On April 11, 2012 YPF submitted the corresponding response in relation to Cañadón de la Escondida, Cerro Grande, Cañadón Seco, Meseta Espinosa, Estancia Cholita, Estancia Cholita Norte, El Guadal, Cerro Bayo, la Cueva, Las Mesetas y Koluel Kaike. 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 Vaso 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.

On May 11, 2012, Decree No. 927/12 was enacted, which leave Decrees No. 393/12 and 575/12 without effect. On May 23, 2012, such Decree was ratified by law and consequently the expiration process related to the province of Santa Cruz has finished.

As a result of the foregoing, and also considering the recent agreement with Santa Cruz province for the renewal of our concession in such province (see Item 4. Information on the Company Regulatory Framework and Relationship with the Argentine Government Extension of Exploitation Concessions in the province of Santa Cruz) the Company believes that the claims under review will not have any material adverse effect on the Company.

Neuquén Province. On March 9, 2012, the province of Neuquén requested YPF to submit, within seven 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.

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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.

With respect to the areas Don Ruiz and Rincón del Mangrullo, YPF has rejected the alleged breach of its obligations.

On April 4, 2012, YPF was notified by Decree No. 558/12 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 No. 559/12 accepting the reversion of the Chihuido de las Salinas Sur and Portezuelo Minas areas. According to the Decree, the reversion shall be effective within 90 days following its notification. Subsequent to such notification, the Company was notified by letters dated August 2 and August 16, 2012 of a change in circumstances with respect to such reversion, and YPF presented an action plan to the Province of Neuquén requesting the revocation of Decree No. 559/12.

Net assets and reserves for the Chihuido de las Salinas Sur and Portezuelo Minas areas are not material to the Company.

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 the 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. On June 13, 2012 a new action plan was presented. On July 13, 2012, the province of Neuquén issued note S.M. e H. No. 145/2012 to notifying YPF that in relation to such concessions it has begun the technical evaluation of the proposed action plan, satisfying the requirements in the first instance. On October 23, 2012 by Note YPF is claimed to submit schedules related to the action plans presented for the areas Señal Cerro Bayo, Paso de las Bardas Norte, Cerro Hamaca, Filo Morado, Octógono, Señal Picada Punta Barda, Las Manadas y Loma Campana and the results of those, information filed by YPF on November 6 and 12, 2012.

On October 3, 2012 the Company was notified of Decree No. 1740/12 revoking Decree No. 558/12 related to the expiration of the concession of the Don Ruiz area and on November 9, 2012 the Company was notified of Decree 1972/12 revoking Decree No. 559/12 related to the reversion of the Chihuido de las Salinas Sur.

As a result of the foregoing the Company believes that the claims under review will not have any material adverse effect on the Company.

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, 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 No. 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.

On April 25, 2012, YPF filed an administrative claim before the Supreme Court of Mendoza Province, regarding the areas Ceferino and Mollar Norte.

On September 28, 2012 a settlement agreement between the Company and the Province of Mendoza was signed (approved by Decree No. 1679/12) that supersedes Decree No. 502/12.

As a result of the foregoing the Company believes that the claims under review will not have any material adverse effect on the Company.

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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

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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. As YPF asked for the discontinuance of suit, although the final resolution is pending, the Company's Management considers that the claim and the charges brought against the Company will have a favorable outcome.

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 reduced because of certain regulations implemented by the Argentine government. Consequently, we believe that we are not liable for such natural gas delivery deficiencies pursuant to the doctrine of *force majeure*. However, Mega has served a written claim on YPF for the total sum of U.S.\$118 million corresponding to undelivered volumes for the years 2009, 2010, 2011 and 2012. Recently, we have reached an agreement with Mega and its shareholders for which parties temporarily agreed to certain commitments in order to support Mega's financial operation, also including an agreement for the alleged undelivered volumes. We estimate that the matters referred to above will not have a material adverse effect on the Company's results of operations.

YPF Holdings

The following is a brief description of certain environmental and other liabilities related to YPF Holdings, 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.

As of December 31, 2012, YPF Holdings' accruals for environmental and other contingencies totaled approximately Ps.956 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 possibility of administrative or judicial enforcement actions by 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, 2012, YPF Holdings has accrued approximately Ps.84 million in connection with such activities.

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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. This group calls itself CPG Cooperating Parties Group . 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). As of December 31, 2012, approximately 70 entities, including Tierra, have agreed to participate in the RIFS in connection with the PRRP. On May 29, 2012, Occidental, Maxus and Tierra withdrew from the CPG under protest and reserving all their rights. A description of the circumstances of such decision can be found below in the paragraph titled Passaic River Mile 10.9 Removal Action . However, Occidental remains a respondent to the 2007 AOC and its withdrawal from the CPG does not change its obligations under the mentioned AOC.

The EPA s findings of fact in the 2007 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 December 31, 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.

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.

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 2008), 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 encompassed the removal of 40,000 cubic yards, started in July 2011 and was substantially completed in the fourth quarter of 2012. The EPA inspection was held in January 2013 and Tierra received written confirmation of completion in March 2013. 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 of 2008, 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 of 2008 provides that the initial form of financial assurance is to be provided through a trust fund. As of December 31, 2012, U.S.\$80 million had been contributed to 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. 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-

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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, 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.

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 ranged 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 of CPG, submitted comments on the draft FFS to EPA, as did a number of other interested parties.

On September 18, 2012, at a Community Advisory Group (CAG) meeting, the EPA described the alternatives it is considering in the Focused Feasibility Study (FFS), it is expected that the FFS and proposed plan could be released to the public in during the first semester of 2013 (followed by a 60-day period for public comment). The EPA stated that the FFS will set forth four alternatives: (i) no action (cost: US\$8.6 million); (ii) deep dredging of 9.6 million cubic yards over 11 years (cost: U.S.\$ 1.3 billion to U.S.\$ 3.4 billion, depending in part on whether the dredged sediment is disposed of in a confined aquatic disposal facility on the floor of Newark Bay (CAD) or at an off-site disposal facility); (iii) capping and dredging of 4.3 million cubic yards over 6 years (cost: U.S.\$ 1 billion to U.S.\$ 1.9 billion, depending in part on whether there is a CAD or off-site disposal); (iv) focused capping and dredging of 0.9 million cubic yards over 3 years (the alternative proposed by the CPG). The EPA indicated that it had discarded alternative (iv) and that is currently in favor of alternative (iii). As of the date of this annual report, the FFS is expected to be released to the public in the second semester of 2013. If EPA keeps to the announced schedule, it is anticipated that the final Record of Decision would be issued in about 12-18 months after the FFS is made public. Based on the information available to the Company as of the issuance date of this report, considering the potential final proposal, the results of the studies and discoveries to be produced, the several potential responsible parties involved in the matter, with its consequent potential allocation of removal costs, and also considering the opinion of external counsels, it is not possible to reasonably estimate a loss or range of losses on these outstanding matters. Therefore, no amount has been accrued for this litigation by YPF Holdings Inc.

The 17 miles of the Lower Passaic River from its confluence with Newark Bay to Dundee Dam pursuant to the 2007 AOC will be subject to a Remedial Investigation / Feasibility Study that is anticipated to be completed in 2015, following which EPA will select a remedy and notice it for public comment.

Moreover, and with respect to the alleged contamination, 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 in December 2005, the DEP and the New Jersey Spill Compensation Fund sued YPF Holdings, Tierra, Maxus and other affiliates, as well as Occidentals (the *New Jersey litigation with DEP*). 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 and sewage treatment authorities) 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. Plaintiffs allege that defendants Repsol, YPF, YPF International S.A., YPF Holdings, Inc., CLH Holdings, Inc., Maxus, Maxus International Energy Company and Tierra are alter egos of one another and engaged in a scheme to defraud the Plaintiffs through corporate restructurings designed to cap and strand the environmental liabilities associated with the contamination of the area. To this end, Plaintiffs assert claims for the fraudulent transfer of Maxus' assets, civil conspiracy, breach of fiduciary duty, aiding and abetting, and piercing the corporate veil and alter ego liability. 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 and ten tracks. Phase One will determine liability and Phase Two will determine damages. In July 2012, the Court amended the trial plan for Track II (Plaintiffs' and Occidentals' claims against Foreign defendants) and Track IV (liability for Plaintiffs' and

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Occidental's claims stemming from the alleged fraudulent transfers, alter ego, and conspiracy), and scheduled trial for a date on or after June 1, 2013. 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 (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, and that Maxus and Tierra share each other's liabilities as alter-egos.

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.

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.