

**PRICING SUPPLEMENT
(TO OFFERING MEMORANDUM DATED MARCH 17, 2016)**



YPF Sociedad Anónima
(incorporated in the Republic of Argentina)
U.S.\$1,000,000,000 8.500% Senior Notes due 2021

Principal Amount: U.S.\$1,000,000,000

Issue Date: March 23, 2016

Specified Currency: U.S. dollars

Issue Price: 100.000% of the principal amount

Gross Proceeds to Company: U.S.\$1,000,000,000

Principal Payment: Principal on the U.S.\$1,000,000,000 8.500% Senior Notes due 2021 (the “Notes”) will be payable on March 23, 2021. We may, at our option, redeem part or all of the Notes at any time prior to their final maturity, at a price equal to 100% of the principal amount plus accrued and unpaid interest plus the Applicable Redemption Premium (as defined herein). If we undergo a change of control, we may be required to make an offer to purchase the Notes. In the event of certain developments affecting taxation, we may redeem all, but not less than all, of the Notes.

Interest Payment: Interest on the Notes will be payable semi-annually in arrears on March 23 and September 23 of each year, commencing on September 23, 2016.

Status and Ranking: The Notes will constitute *obligaciones negociables simples no convertibles en acciones* under Argentine law. The Notes will constitute our unconditional and unsubordinated general obligations and will rank at least *pari passu* in priority of payment with all of our present and future unsubordinated and unsecured obligations.

Listing: Application will be made to have the Notes listed on the Luxembourg Stock Exchange for trading on the Euro MTF market and listed on the *Mercado Abierto Electrónico S.A.* (the “MAE”).

Minimum Denominations: U.S.\$1,000 and integral multiples of U.S.\$1,000 in excess thereof. **Form:** Global Notes (Rule 144A and Regulation S)

CUSIP Numbers: Rule 144A: 984245AM2

Regulation S: P989MJBG5

ISIN Numbers: Rule 144A: US984245AM20

Regulation S: USP989MJBG51

Settlement: The Depository Trust Company and its direct and indirect participants, including Euroclear S.A./N.V. and Clearstream Banking, *société anonyme*.

This Pricing Supplement is supplementary to, and should be read together with, the accompanying Offering Memorandum (including our Annual Report on Form 20-F for the year ended December 31, 2015, which attaches our Audited Consolidated Financial Statements as of December 31, 2015).

Investing in the Notes involves significant risks. See “Risk Factors” on page I-6 of the Offering Memorandum and see “Item 3. Key Information—Risk Factors” in our Annual Report on Form 20-F for the year ended December 31, 2015 included therein.

We have not registered, and will not register, the Notes under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws. The Notes may be offered only in transactions that are exempt from registration under the Securities Act and the securities laws of other jurisdictions. Accordingly, the Notes are being offered and sold only (1) in the United States to qualified institutional buyers, as defined in Rule 144A under the Securities Act, and (2) outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act. For a description of certain restrictions on resale and transfer of the Notes, see “Transfer Restrictions” in the Offering Memorandum and “Plan of Distribution” in this Pricing Supplement. The Notes are being offered pursuant to an exemption from the requirement to publish a prospectus under Directive 2003/71/EC (as amended and supplemented from time to time, the “Prospectus Directive”), of the European Union, and this Pricing Supplement has not been approved by a competent authority within the meaning of the Prospectus Directive.

Joint Bookrunners and Joint Lead Managers

Credit Suisse

HSBC

J.P. Morgan

The date of this Pricing Supplement is March 18, 2016.

TABLE OF CONTENTS

Pricing Supplement

	<u>Page</u>
Terms and Conditions of the Notes	S-iv
Additional Terms and Conditions of the Notes	S-1
Recent Developments.....	S-24
Risk Factors.....	S-43
Exchange Rates	S-44
Use of Proceeds.....	S-45
Capitalization	S-46
Plan of Distribution.....	S-47
Transfer Restrictions	S-54
Listing and General Information.....	S-56

Offering Memorandum

Introduction to Offering Memorandum	iii
Where You Can Find More Information.....	iii
Cautionary Statement About Forward Looking Statements	iv
Presentation of Financial Information	iv
Anti-Money Laundering Regulations.....	v
Exchange Rates	viii
Foreign Exchange Regulations	ix

Part I: Information Relating To Our Global Medium Term Note Program

Summary of the Program.....	I-2
Risk Factors.....	I-6
Use of Proceeds.....	I-9
Description of the Notes.....	I-10
Clearing and Settlement.....	I-34
Transfer Restrictions.....	I-38
Taxation	I-40
Certain ERISA Considerations.....	I-52
Enforceability of Civil Liabilities.....	I-53
Plan of Distribution.....	I-54
Legal Matters	I-57

Part II: Additional Information Relating to YPF Sociedad Anónima

Annual Report on Form 20-F for the year ended December 31, 2015, filed with the SEC on March 17, 2016.....	II-1
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This Pricing Supplement relates to our U.S.\$1,000,000,000 8.500% Senior Notes due 2021, Series XLVII (the “Notes”), which are a series of notes to be issued under our Global Medium-Term Note Program in an aggregate principal amount at any time outstanding not to exceed U.S.\$8,000,000,000 or the equivalent amount in other currencies (the “Program”). This Pricing Supplement is supplemental to, and should be read together with, the accompanying Offering Memorandum (including our Annual Report on Form 20-F for the year ended December 31, 2015 (the “2015 20-F”), which attaches our Audited Consolidated Financial Statements as of December 31, 2015). To the extent that information contained in this Pricing Supplement is not consistent with the Offering Memorandum, this Pricing Supplement will be deemed to supersede the Offering Memorandum with respect to the Notes. Unless otherwise defined herein, capitalized terms used in this Pricing Supplement shall have the meanings given to them in the Offering Memorandum. In this Pricing Supplement, we use the terms “YPF,” the “Company,” “we,” “our” and “us” to refer to YPF Sociedad Anónima and its controlled companies; “YPF Sociedad Anónima” and “YPF S.A.” refer to YPF Sociedad Anónima alone.

The creation of the Program was approved by resolution of our shareholders at a meeting held on January 8, 2008 and by resolution of our Board of Directors approved on February 6, 2008. The size of the Program was most recently increased to U.S.\$8,000,000,000 by resolution of our shareholders at a meeting held on February 5, 2015 and by resolution of our Board of Directors dated February 26, 2015.

The issuance of the Notes was approved by our Board of Directors at meetings held on November 5, 2015 and December 22, 2015. The subdelegation of powers for certain of the Company’s officers was extended by our Board of Directors at a meeting held March 3, 2016.

The offering of the Notes was authorized by resolution of the *Comisión Nacional de Valores* (the Argentine National Securities Commission or the “CNV”) dated March 17, 2016. This authorization means only that the applicable information requirements have been met. The CNV has not rendered any opinion in respect of the accuracy of the information contained in this Pricing Supplement or the Offering Memorandum. We are responsible for the information contained in this Pricing Supplement or the Offering Memorandum. The information in this Pricing Supplement or the Offering Memorandum is based on information provided by us and other sources we believe to be reliable and is accurate only as of the date of this Pricing Supplement, regardless of the time of delivery of this Pricing Supplement and the Offering Memorandum or when any sale of the Notes occurs. This Pricing Supplement and the Offering Memorandum may be used only for the purposes for which they have been published.

We are a stock corporation (*sociedad anónima*) incorporated under the laws of Argentina and the liability of our shareholders is limited to their subscribed and paid-in capital under Argentine General Corporations Law No. 19,550, as amended (the “Argentine Corporations Law”). Prospective purchasers acknowledge and agree that neither our shareholders, nor our affiliates or subsidiaries, will be liable for any obligation under the Notes.

We have not, and the initial purchasers have not, authorized anyone to provide you with any other information, and we and the initial purchasers take no responsibility for any other information than anyone else may provide you. We are not, and the initial purchasers are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this Pricing Supplement is accurate as of any date other than the date of this Pricing Supplement.

In making your decision whether to invest in the Notes, you must rely on your own examination of us and the terms of the offering, including the merits and risks involved. You should not construe the contents of this Pricing Supplement or the Offering Memorandum as legal, business, financial or tax advice. You should consult your own advisors as needed to make your investment decision and to determine whether you are legally permitted to purchase the securities under applicable legal investment or similar laws or regulations. You should be aware that you may be required to bear the financial risks of an investment in the Notes for an indefinite period of time.

The Notes will constitute *obligaciones negociables simples no convertibles en acciones* under the Argentine Negotiable Obligations Law No. 23,576, as amended by Argentine Law No. 23,962 (the “Negotiable Obligations Law”), will be entitled to the benefits set forth therein and subject to the procedural requirements established therein and in Law No. 26,831 and the applicable CNV resolutions.

The offer of the Notes shall be conducted by means of an offering that qualifies as a public offering under Argentine law and the regulations of the CNV. In order to comply with those regulations, the placement of the Notes in Argentina will be done through a public auction (*Subasta Pública*) under the tender module of the SIOPEL system (the “SIOPEL system”) of the *Mercado Abierto Electronico S.A.* (“MAE”), in accordance with applicable CNV tender rules See “Plan of Distribution–Argentina–Placement Efforts.”

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Pricing Supplement or the accompanying Offering Memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future. The initial purchasers assume no responsibility for the accuracy or completeness of any such information.

The initial purchasers participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes, including over-allotment, stabilizing and short-covering transactions in the Notes, and the imposition of a penalty bid during and after this offering of the Notes. Such stabilization, if commenced, may be discontinued at any time. For a description of these activities, see “Plan of Distribution.”

The modifications or replacements of certain items in the accompanying Offering Memorandum included in this Pricing Supplement do not affect respective rights of holders of other series of notes issued under the Program.

TERMS AND CONDITIONS OF THE NOTES

The following items describe the particular terms and conditions that relate to the Notes and should be read together with the “Description of the Notes” in the Offering Memorandum, which sets forth certain material terms of the Notes not set forth in this Pricing Supplement.

Issuer	YPF Sociedad Anónima.
Series No.	Series XLVII under the Issuer’s U.S.\$8,000,000,000 Global Medium-Term Note Program.
Title of the Notes	U.S.\$1,000,000,000 8.500% Senior Notes due 2021. The Notes are being offered as debt securities under a supplemental indenture.
Principal Amount of the Notes	U.S.\$1,000,000,000
Notes Issue Price	100.000% of the principal amount.
Notes Issue Date	March 23, 2016 (the “Issue Date”).
Specified Currency of Settlement and Payments	U.S. dollars or as otherwise described in “Use of Proceeds.”
Stated Maturity	March 23, 2021
Interest Rate	8.500% per annum.
Interest Payment Dates	Interest on the Notes will be payable semi-annually in arrears on March 23 and September 23 of each year, commencing on September 23, 2016.
Regular Record Dates	The 15th calendar day preceding an Interest Payment Date.
Day Count Basis	360-day year consisting of twelve 30-day months.
Indenture	The Indenture dated October 3, 2013, among us, U.S. Bank National Association and First Trust of New York, N.A, Permanent Representation Office in Argentina (the “Base Indenture”) as amended and supplemented from time to time and as further supplemented by the Seventh Supplemental Indenture dated March 23, 2016 (the Base Indenture as supplemented by the Seventh Supplemental Indenture, the “Indenture”).
Status and Ranking	The Notes will constitute <i>obligaciones negociables simples no convertibles en acciones</i> under Argentine law. The Notes will constitute our unconditional and unsubordinated general obligations and will rank at least <i>pari passu</i> in priority of payment with all of our present and future unsubordinated and unsecured obligations.
Redemption for Taxation Reasons	We may redeem the Notes, in whole but not in part, at a price equal to 100% of the principal amount plus accrued and unpaid interest and any

Additional Amounts (as defined in the Offering Memorandum) upon the occurrence of specified Argentine tax events. See “Description of the Notes—Redemption and Repurchase—Redemption for taxation reasons” in the accompanying Offering Memorandum.

Optional Redemption

At any time prior to maturity, we may, at our option, redeem the Notes, in whole or in part, at a price equal to 100% of the principal amount plus accrued and unpaid interest, if any, to the date of redemption, plus the Applicable Redemption Premium. See “Additional Terms and Conditions of the Notes—Optional Redemption” below.

Change of Control Offer

Upon the occurrence of a Change of Control, as defined below, each holder of Notes will have the right to require us to redeem all or a portion of such holder’s Notes at a redemption price equal to 101% of the outstanding principal amount thereof plus accrued and unpaid interest thereon, if any, to the date of purchase. See “Additional Terms and Conditions of the Notes—Change of Control Offer” below.

Covenants

The Indenture will, among other things, limit our ability and the ability of our subsidiaries to:

- incur additional indebtedness and guarantee indebtedness;
- pay dividends or make other distributions or repurchase or redeem our capital stock;
- prepay, redeem or repurchase certain debt;
- make loans and investments;
- sell, transfer or otherwise dispose of assets;
- incur or permit to exist certain liens;
- enter into transactions with affiliates; and
- consolidate, amalgamate, merge or sell all or substantially all of our assets.

These covenants will be subject to a number of important exceptions and qualifications. See “Additional Terms and Conditions of the Notes” below.

Events of Default

Upon the occurrence of an event of default, the Notes may, and in certain cases shall, become immediately due and payable. See “Description of the Notes—Events of Default” in the accompanying Offering Memorandum.

Withholding Taxes; Additional Amounts

We will make our payments in respect of Notes without withholding or deduction for any Taxes imposed by Argentina, or any political subdivision or any taxing authority thereof. In the event that such withholdings or deductions are required by law, we will, subject to certain

exceptions, pay such Additional Amounts (as defined in the Offering Memorandum) as are necessary to ensure that the holders receive the same amount as the holders would otherwise have received in respect of payments on the Notes in the absence of such withholdings or deductions.

Additional Notes

In the future, we may issue additional Notes from time to time and without notice to or the consent of holders of the Notes; provided that such additional Notes have the same terms and conditions in all respects as the Notes described herein (except for the Issue Date, the Issue Price and the first Interest Payment Date); *provided*, that additional notes will not bear the same CUSIP number as the Notes, unless such additional notes are part of the same “issue” or issued in a “qualified reopening” for U.S. federal income tax purposes or such additional notes and the Notes are issued with no more than a de minimis amount of original issue discount for U.S. federal income tax purposes. In that case, any such additional Notes will constitute a single series and will be fully fungible with the Notes offered hereby.

Use of Proceeds

We will use the net proceeds from the sale of the Notes in accordance with the requirements established by Article 36 of the Negotiable Obligations Law, for the purposes set forth in “Use of Proceeds.”

Transfer Restrictions

We have not registered, and will not register, the Notes under the Securities Act, and the Notes may not be transferred except in compliance with the transfer restrictions set forth in “Transfer Restrictions” in the accompanying Offering Memorandum and this Pricing Supplement and “Plan of Distribution” in this Pricing Supplement.

Form and Denomination of the Notes

Notes will be represented by one or more Global Notes without interest coupons, registered in the name of The Depository Trust Company (“DTC”) or its nominee. The Notes will be issued in minimum denominations of U.S.\$1,000 and integral multiples of U.S.\$1,000 in excess thereof.

International Rating

The Notes are expected to be rated “Caa1” by Moody’s and “CCC+” by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning Rating Agency without notice.

Listing and Trading

The Notes are a new issue and there is no current trading market for the Notes. Application will be made to have the Notes listed on the Luxembourg Stock Exchange for trading on the Euro MTF market and listed on the MAE. The initial purchasers are not obligated to make a market in the Notes, and any market making with respect to the Notes may be discontinued without notice. Accordingly, there can be no assurance as to the maintenance or liquidity of any market for the Notes.

Settlement

The Notes will be delivered in book-entry form through the facilities of DTC and its direct and indirect participants, including Euroclear S.A./N.V., Clearstream Banking, société anonyme and Caja de Valores S.A.

CUSIP Number	Rule 144A: 984245 AM2 Reg S: P989MJ BG5
ISIN Number	Rule 144A: US984245AM20 Reg S: USP989MJBG51
Governing Law	New York State law; <i>provided</i> that all matters relating to the due authorization, execution, issuance and delivery of the Notes by us, and matters relating to the legal requirements necessary in order for the Notes to qualify as <i>obligaciones negociables</i> under Argentine law, will be governed by the Negotiable Obligations Law together with the Argentine Corporations Law and other applicable Argentine laws and regulations.
Trustee, Co-Registrar, Principal Paying Agent and Transfer Agent	U.S. Bank National Association
Registrar, Paying Agent and Transfer Agent	Banco Santander Río S.A.
Representative of the Trustee in Argentina	First Trust of New York N.A., Permanent Representation Office in Argentina
Luxembourg Listing Agent, Paying Agent and Transfer Agent	Banque Internationale à Luxembourg S.A.
Risk Factors	See “Risk Factors” on page I-6 of the Offering Memorandum and see “Item 3. Key Information—Risk Factors” in the 2015 20-F included herein for a discussion of certain risks that you should consider prior to making an investment in the Notes.

ADDITIONAL TERMS AND CONDITIONS OF THE NOTES

The following is a description of certain additional terms and conditions of the Notes. This description supplements, and should be read in conjunction with, the description of the terms and conditions of notes described under “Description of the Notes” set forth in the accompanying Offering Memorandum. See “Description of the Notes” beginning on page I-10 of the accompanying Offering Memorandum. All references, to “we,” “us,” “our” and “our company” set forth in the “Description of the Notes” in the accompanying Offering Memorandum shall mean YPF Sociedad Anónima, unless the context suggests otherwise. The terms and conditions of the Notes differ from the general description of the terms and conditions of the notes described in the accompanying Offering Memorandum. To the extent that the following description of additional terms and conditions of the Notes is inconsistent with that set forth in the accompanying Offering Memorandum, the following description supersedes that in the accompanying Offering Memorandum.

Optional Redemption

At any time prior to maturity, the issuer, YPF Sociedad Anónima or “YPF”, may at its option redeem the Notes, in whole, or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus the Applicable Redemption Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

YPF will give not less than 30 days’ nor more than 60 days’ notice of any redemption. See “Description of the Notes—Notices” in the accompanying Offering Memorandum. Notes called for redemption will become due on the date fixed for redemption. YPF will pay the redemption price for the Notes together with accrued and unpaid interest thereon, and Additional Amounts, if any, to the date of redemption. On and after the redemption date, interest will cease to accrue on the Notes as long as the YPF has deposited with the Paying Agents funds in satisfaction of the applicable redemption price plus accrued and unpaid interest, if any, pursuant to the Indenture. Upon redemption of the Notes by YPF, the redeemed Notes will be cancelled. If less than all of the Notes are to be redeemed, the Notes to be redeemed shall be selected pro-rata, by lot or in accordance with DTC’s procedure.

“*Adjusted Treasury Rate*” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

“*Applicable Redemption Premium*” means, with respect to a Note at any redemption date, the excess, if any, of (A) the sum of the present values at such redemption date of the remaining scheduled payments of principal and interest on the Notes (exclusive of interest accrued to the date of redemption) discounted to the redemption date for the Notes on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate plus 50 basis points, together with accrued and unpaid interest, if any, over (B) 100% of the principal amount of the Notes.

Change of Control Offer

If a Change of Control occurs, YPF will make an offer to purchase all of the Notes (a “*Change of Control Offer*”) (in integral multiples of U.S.\$1,000, *provided* that the principal amount of such Holder’s Note will not be less than U.S.\$1,000) at a purchase price in cash equal to 101% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the date of purchase (a “*Change of Control Payment*”).

“*Change of Control*” shall mean any circumstance under which any Person, individually or collectively, other than the Permitted Holders has the power (whether by ownership of the capital stock of YPF, contract or otherwise) to control YPF’s management or its policies.

YPF will give a notice of such Change of Control Offer to the Trustee within 30 days following any Change of Control, for further distribution to each holder of Notes no later than 15 days following the Trustee’s receipt thereof, stating:

- (a) that a Change of Control Offer is being made and that all Notes properly tendered pursuant to such Change of Control Offer will be accepted for purchase by YPF at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest, if any, to the date of purchase;
- (b) the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is given) (the “*Change of Control Payment Date*”); and
- (c) the procedures determined by YPF, consistent with the Indenture, that a holder of Notes must follow in order to have its Notes repurchased.

On the Business Day immediately preceding the Change of Control Payment Date, YPF will, to the extent lawful, deposit with the Paying Agents an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes so tendered.

On the Change of Control Payment Date, YPF will, to the extent lawful:

- (a) accept for payment all Notes or portions of Notes (of U.S.\$1,000 or integral multiples of U.S.\$1,000 in excess thereof) properly tendered and not withdrawn pursuant to the Change of Control Offer; and
- (b) deliver or cause to be delivered to the Trustee for cancellation the Notes so accepted together with an officers’ certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by YPF in accordance with the terms of this covenant.

If only a portion of a Note is purchased pursuant to a Change of Control Offer, a new Note in a principal amount equal to the portion thereof not purchased will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate).

YPF will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by YPF and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

If a Change of Control Offer occurs, there can be no assurance that YPF will have available funds sufficient to make the Change of Control Payment for all the Notes that might be delivered by holders seeking to accept the Change of Control Offer. In the event that YPF is required to purchase outstanding Notes pursuant to a Change of Control Offer, YPF may seek third-party financing to the extent YPF does not have available funds to meet its purchase obligations and any other obligations it may have. There can be no assurance, however, that YPF will be able to obtain necessary financing or that such third-party financing will be permitted under the terms of the Indenture and its other indebtedness.

Other existing and future indebtedness of YPF may contain prohibitions on the occurrence of events that would constitute a Change of Control or require that Indebtedness be purchased upon a Change of Control.

Moreover, the exercise by the Holders of their right to require YPF to repurchase the Notes upon a Change of Control may cause a default under such Indebtedness even if the Change of Control itself does not.

YPF will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act of 1934 (the “Exchange Act”) and any other securities laws or regulations in connection with the repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, YPF will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described in the Indenture by virtue of doing so.

“*Permitted Holders*” means, any of (i) the holders of class D shares of YPF subject to expropriation in accordance with the Expropriation Law, (ii) the Republic of Argentina, *provided that* it holds no less than the

Government Interest, and *provided further* that the Expropriation Law provides for the assignment by the Government of Argentina of 49% of the Government Interest to the governments of the Argentine provinces that compose the National Organization of Hydrocarbon Producing States (the Government of Argentina shall retain the remaining 51% of the Government Interest), and (iii) one or more Permitted Acquiring Entities.

Currency Indemnity

The covenant set forth under “Description of Notes—Judgment Currency Indemnity” in the accompanying Offering Memorandum shall be replaced, in its entirety, by the following:

This is an international debt issuance transaction in which the specification of U.S. dollars and payment in New York City is of the essence, and YPF’s obligations under the Notes and the Indenture to the Trustee and the holders of the Notes to make payment in U.S. dollars shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any other currency or in another place except to the extent that on the Business Day following receipt of any sum adjudged to be so due in the judgment currency the payee may in accordance with normal banking procedures purchase U.S. dollars in the amount originally due with the judgment currency. If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum due under the Notes and the Indenture in U.S. dollars into another currency (in this paragraph called the “judgment currency”), the rate of exchange shall be that at which, in accordance with normal banking procedures, such payee could purchase such U.S. dollars in New York, New York with the judgment currency on the Business Day immediately preceding the day on which such judgment is rendered. YPF’s obligation in respect of any such sum due under the Notes and the Indenture shall, notwithstanding the rate of exchange actually applied in rendering such judgment, be discharged only to the extent that on the Business Day following receipt by the relevant payee of any sum adjudged to be due under the Notes and the Indenture in the judgment currency the relevant payee may, in accordance with normal banking procedures, purchase and transfer dollars to New York City with the amount of the judgment currency so adjudged to be due (giving effect to any set-off or counterclaim taken into account in rendering such judgment). Accordingly, YPF hereby, as a separate obligation and notwithstanding any such judgment, agrees to indemnify each of the holders of the Notes and the Trustee against, and to pay on demand, in U.S. dollars, the amount (if any, the “Excess”) by which the sum originally due to the holders of the Notes or the Trustee in U.S. dollars under the Notes and the Indenture exceeds the amount of the U.S. dollars so purchased and transferred.

YPF agrees that, notwithstanding any restriction or prohibition on access to the foreign exchange market (*Mercado Único y Libre de Cambios*) in Argentina, any and all payments to be made under the Notes and the Indenture will be made in U.S. dollars. Nothing in the Notes and the Indenture shall impair any of the rights of the holders of the Notes or the Trustee or justify YPF in refusing to make payments under the Notes and the Indenture in U.S. dollars for any reason whatsoever, including, without limitation, any of the following: (i) the purchase of U.S. dollars in Argentina by any means becoming more onerous or burdensome for YPF than as of the date hereof and (ii) the exchange rate in force in Argentina increasing significantly from that in effect as of the date hereof. YPF waives the right to invoke any defense of payment impossibility (including any defense under Section 1091 of the Argentine Civil and Commercial Code), impossibility of paying in U.S. dollars (assuming liability for any force majeure or act of God), or similar defenses or principles (including, without limitation, equity or sharing of efforts principles).

Additional Covenants

Conduct of Business, Maintenance of Property and Existence

The provisions set forth under “Description of the Notes— Maintenance of existence”, “Description of the Notes— Maintenance of Properties” and “Description of the Notes— Maintenance of insurance” in the accompanying Offering Memorandum shall be replaced, in its entirety, by the following:

YPF will conduct its business in accordance with industry practices and standards of persons engaged in the same or similar business in the same or similar location, maintain all Property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted, except in each case where failure to comply could not reasonably be expected to have a Material Adverse Effect and maintain its corporate existence and

qualify and remain qualified to do business as a foreign corporation in each jurisdiction in which the character of the properties owned or leased by YPF therein or in which the transaction of YPF's business is such that the failure to qualify could reasonably be expected to have a Material Adverse Effect.

YPF will keep its Property and business insured with financially sound and reputable insurers and reinsurers against loss or damage in accordance with international industry practices, except where the failure to do so could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. YPF will punctually pay any premium, commission and any other amount necessary for effectuating and maintaining in force each insurance policy required pursuant to the Notes.

Reporting

The provision set forth under "Description of the Notes—Reports to Trustee" in the accompanying Offering Memorandum shall be replaced, in its entirety, by the following:

If YPF (i) ceases to file as a public company with the CNV, (ii) terminates its reporting obligations with the SEC, (iii) becomes delisted from the NYSE or the MVBA or (iv) fails to comply with any of its obligations with the SEC, NYSE, CNV or MVBA, YPF will furnish to the Trustee: (A) as soon as available, but, in any event within 90 days after the end of each of the first three quarters of each Fiscal Year: (i) two copies of YPF's unaudited financial statements and YPF's consolidated Subsidiaries for such quarter, together with any notes thereto; (ii) a description of any related party transactions consummated during such quarter; and (iii) any other information which the Trustee (acting pursuant to written instructions from the holders of at least 51% in aggregate principal amount of outstanding Notes) may reasonably request; (B) as soon as available but, in any event, within 120 days (or solely with respect to a change in YPF's independent auditors, within five Business Days after the time required under applicable law to file such item) after the end of each Fiscal Year: (1) two copies of YPF's complete audited financial statements for such Fiscal Year, including YPF's audited balance sheet and the audited balance sheet of YPF's consolidated Subsidiaries as of the end of such Fiscal Year, the related audited consolidated statements of income and expense, retained earnings, paid in capital and surplus and changes in financial position of YPF and YPF's consolidated Subsidiaries, which will be in agreement with YPF's books of account and prepared in accordance with Argentine GAAP or IFRS, as applicable; (2) a report on such financial statements of Deloitte & Co. S.A. (a firm member of Deloitte Touche Tohmatsu Limited), or another of the four most prominent firms of independent public accountants of internationally recognized standing, which report shall be unqualified; (3) an officers' certificate certifying that, since YPF's most recent delivery of financial statements pursuant to this provision, no default or Event of Default has occurred or is continuing or, if such default or Event of Default has occurred and is continuing, specifying its nature, the period of its existence and the action taken or proposed to be taken to remedy such default or Event of Default; (4) a description of any related party transactions consummated during such Fiscal Year; (5) a report reflecting the consolidated results from the application of environmental parameters by YPF, including without limitation, quarterly conclusions and observations related to the affected values or deviations therefrom and the results of an annual external audit or its corresponding certification; (6) YPF's Annual Report on Form 20-F as filed with the SEC; and (7) any other information which the Trustee (acting pursuant to written instructions from the holders of at least 51% in aggregate principal amount of outstanding Notes) reasonably requests, including, without limitation, financial projections.

The Trustee shall have no obligation to determine if YPF is required to file any report or other information pursuant to this provision, nor be responsible or liable for determining or monitoring whether or not YPF has otherwise delivered any report or other information in accordance with the requirements specified in the foregoing paragraph.

Licenses and Other Permits

YPF will obtain and maintain in force (or where appropriate, promptly renew) all licenses, permits, registrations, approvals, authorizations, or consents necessary or advisable for carrying out YPF's business and operations generally; and perform and observe all the conditions and restrictions contained in, or imposed on YPF by, any such licenses, permits, registrations, approvals, authorizations, or consents, except where the failure to do so could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

Corporate Governance

YPF will comply with the corporate governance standards of the NYSE and the reporting requirements of Sections 12, 13 and 15(d) of the Exchange Act. In the event that YPF's securities cease to be listed on the NYSE or are not required to remain subject to the reporting requirements of Section 12, 13 or 15(d) of the Exchange Act, YPF will continue to comply with the corporate governance standards of the NYSE and to file with the SEC such annual reports and such information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) which are specified in Sections 12, 13 and 15(d) of the Exchange Act.

Trustee Access to Books and Records

The covenant set forth under "Description of the Notes—Maintenance of Books and Records" in the accompanying Offering Memorandum shall be replaced, in its entirety, by the following:

YPF will keep books and records reflecting all of YPF's business affairs and transactions in accordance with appropriate accounting standards and furnish promptly to the Trustee such information as the Trustee may from time to time reasonably request and take all necessary action to permit the Trustee's representatives to (i) visit with reasonable prior notice, and, if a default or Event of Default has occurred and is continuing or is discovered as a result of such visit, at YPF's expense, YPF's premises if the Trustee indicates that such visit(s) is related to the administration or enforcement of the Notes and the Indenture, and (ii) subject to reasonable prior notice, to have access to YPF's books and YPF's auditors within working hours and on working days.

Notice of Default and other Notices

The covenant set forth under "Description of the Notes—Notice of default" in the accompanying Offering Memorandum shall be replaced, in its entirety, by the following:

YPF will, promptly, and in any event within three Business Days after it obtains knowledge thereof, notify the Trustee following the occurrence of (i) any default or Event of Default; (ii) any event, development or circumstance which would cause the financial statements most recently furnished to the Trustee to fail to present fairly, in accordance with IFRS, YPF's financial condition and operating results as of the date of such financial statements; (iii) any change in YPF's corporate name; (iv) the condemnation or threat of condemnation with respect to any Property necessary to YPF's conduct of business if the effect thereof could reasonably be expected to have a Material Adverse Effect; and (v) any other development in YPF's business or affairs or any of its Subsidiaries if the effect thereof could reasonably be expected to have a Material Adverse Effect; in each case describing the nature thereof and the action YPF proposes to take with respect thereto.

Compliance with Exchange Controls, Environmental and Social Laws

YPF will comply (i) in all material respects, with all applicable requirements of law, including but not limited to, all applicable environmental and social laws and regulations and all applicable Argentine exchange controls; and (ii) with all material obligations, covenants and conditions contained in any of YPF's contractual obligations, except, with respect to this provision (ii), where the failure to do so could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

Effectiveness of Covenants

If, following the Issue Date:

- (a) the Notes are rated Investment Grade from at least two Rating Agencies; and
- (b) no Event of Default has occurred and is continuing under the Indenture,

YPF will not be subject to the provisions of the Indenture summarized under the headings below:

“—Limitation on the Incurrence of Debt”;

“—Limitation on Restricted Payments”;

“—Limitation on Transactions with Affiliates”;

“—Limitation on Sale and Lease-back Transactions”;

(collectively, the “*Suspended Covenants*”). If at any time the Notes’ credit rating is downgraded from Investment Grade by any Rating Agency such that the Notes are no longer rated Investment Grade by at least two Rating Agencies or if an Event of Default occurs and is continuing, then the Suspended Covenants will thereafter be reinstated as if such covenants had never been suspended (the “*Reinstatement Date*”) and be applicable pursuant to the terms of the Indenture (including in connection with performing any calculation or assessment to determine compliance with the terms of the Indenture), unless and until the Notes subsequently attain a rating of Investment Grade from at least two Rating Agencies and no Event of Default is in existence (in which event the Suspended Covenants shall no longer be in effect for such time that the Notes maintain a rating of Investment Grade from at least two Rating Agencies and no Event of Default is in existence); *provided, however*, that no Event of Default or breach of any kind shall be deemed to exist under the Indenture or the Notes with respect to the Suspended Covenants based on, and YPF shall bear no liability for, any actions taken or events occurring during the Suspension Period (as defined below), regardless of whether such actions or events would have been permitted if the applicable Suspended Covenants remained in effect during such period. The period of time between the date of suspension of the covenants and the Reinstatement Date is referred to as the “*Suspension Period*.”

On the Reinstatement Date, all Indebtedness Incurred during the Suspension Period will be classified to have been Incurred pursuant to the first paragraph of “—Limitation on Incurrence of Debt” or one of the clauses set forth in the second paragraph of “—Limitation on Incurrence of Debt” (in each case to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reinstatement Date and after giving effect to Indebtedness Incurred prior to the Suspension Period and outstanding on the Reinstatement Date). To the extent such Indebtedness would not be so permitted to be Incurred pursuant to the first or second paragraph of “—Limitation on Incurrence of Debt”, such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified under clause (2) of the second paragraph of “—Limitation on Incurrence of Debt.” Calculations made after the Reinstatement Date of the amount available to be made as Restricted Payments under “—Limitation on Restricted Payments” will be made as though the covenant described under “—Limitation on Restricted Payments” had been in effect since the Issue Date and throughout the Suspension Period. Accordingly, Restricted Payments made during the Suspension Period will reduce the amount available to be made as Restricted Payments under the first paragraph of “—Limitation on Restricted Payments.”

“*Investment Grade*” means a rating equal to or higher than Baa3 (or the equivalent) by Moody’s and BBB- (or the equivalent) by S&P and Fitch, in each case, with a stable or better outlook.

“*Rating Agency*” means each of Standard & Poor’s Ratings Group, Inc., or any successor thereto (“*S&P*”), Moody’s Investors Service, Inc., or any successor thereto (“*Moody’s*”), and Fitch, Inc., or any successor thereto (“*Fitch*”).

Limitation on Incurrence of Debt

YPF will not, and will not permit any of its Subsidiaries to, directly or indirectly, incur any Indebtedness; provided that YPF or any of its Subsidiaries may incur Indebtedness if, at the time of and immediately after giving pro forma effect to the incurrence thereof and the application of the net proceeds therefrom:

- (a) its Consolidated Coverage Ratio would not be less than 2.00 to 1.00; and
- (b) its Consolidated Leverage Ratio would not exceed 3.00 to 1.00.

The first paragraph of this covenant will not prohibit the incurrence, by YPF or any of its Subsidiaries, of the following Indebtedness:

- (1) Indebtedness represented by the Notes (other than any additional Notes);
- (2) Indebtedness of YPF and its Subsidiaries in existence on the Issue Date;
- (3) intercompany Indebtedness among YPF and its Subsidiaries or among YPF's Subsidiaries;
- (4) guarantees of Indebtedness by YPF or its Subsidiaries permitted to be incurred under this covenant;
- (5) Indebtedness of Persons incurred and outstanding on the date on which such Person became a Subsidiary or was acquired by, or merged into, YPF or any Subsidiary (other than Indebtedness incurred (a) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Subsidiary or was otherwise acquired by YPF or (b) otherwise in connection with, or in contemplation of, such acquisition; *provided that* at the time such Person is acquired, either
 - (i) YPF would have been able to incur U.S.\$1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving pro forma effect to the incurrence of such Indebtedness and such transaction, as if such Indebtedness were incurred and such transaction consummated at the beginning of its most recent four consecutive fiscal quarters for which consolidated financial statements are made available under the Indenture; or
 - (ii) (x) YPF's pro forma Consolidated Coverage Ratio is higher and (y) YPF's pro forma Consolidated Leverage Ratio is lower, in each case, than such ratios immediately prior to such acquisition or merger;
- (6) Indebtedness under Hedging Obligations that are incurred in the ordinary course of business (and not for speculative purposes);
- (7) Indebtedness (including Capitalized Lease Obligations) of YPF or a Subsidiary incurred to finance the purchase, lease, construction or improvement of any property, plant or equipment used or to be used in the business of YPF or such Subsidiary (and any refinancing thereof) in an aggregate outstanding principal amount which, at any time outstanding, when taken together with the principal amount of all other Indebtedness incurred pursuant to this clause (7) and then outstanding, will not exceed the greater of (x) U.S.\$25.0 million and (y) 1.0% of YPF's total consolidated assets (as set forth, for any date of determination, on YPF's most recent consolidated financial statements prepared in accordance with IFRS and filed with the CNV), after giving pro forma effect to the transaction;
- (8) Indebtedness incurred by YPF or its Subsidiaries in respect of workers' compensation claims, health, disability or other employee benefits or property, casualty or liability insurance, self-insurance obligations, customer deposits, performance, bid, surety, advance payment, appeal and similar bonds and completion guarantees (other than for borrowed money) provided in the ordinary course of business;
- (9) Indebtedness arising from agreements of YPF or a Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition of any of YPF's business or assets or any business, assets or Capital Stock of a Subsidiary;

- (10) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within fifteen (15) business days of incurrence;
- (11) the incurrence or issuance by YPF or any Subsidiary of Refinancing Indebtedness that serves to refund, refinance or replace any Indebtedness incurred as permitted under the first paragraph of this covenant and clauses (1), (2), (5) and this clause (11) of the second paragraph of this covenant, or any Indebtedness issued to so refund or refinance such Indebtedness, including additional Indebtedness incurred to pay premiums defeasance costs, accrued interest and fees and expenses in connection therewith; and
- (12) Indebtedness of YPF and its Subsidiaries in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness incurred pursuant to this clause (12) and then outstanding, will not exceed 5.0% of YPF's total consolidated assets (as set forth, for any date of determination, on YPF's most recent consolidated financial statements prepared in accordance with IFRS and filed with the CNV).

For purposes of determining compliance with and the outstanding principal amount of, any particular Indebtedness incurred pursuant to and in compliance with this covenant:

- (a) the outstanding principal amount of any item of Indebtedness will be counted only once;
- (b) in the event that an item of Indebtedness meets the criteria of the first or second paragraph above or more than one of the types of Indebtedness described in the second paragraph of this covenant, YPF, in its sole discretion, may divide and classify such item of Indebtedness on the date of incurrence and may later classify such item of Indebtedness in any manner that complies with the second paragraph of this covenant and only be required to include the amount and type of such Indebtedness in one of such clauses under the second paragraph of this covenant;
- (c) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness, but may be permitted in part by such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;
- (d) accrual of interest, accrual of dividends, the accretion of accreted value, the amortization of debt discount, the payment of interest in the form of additional Indebtedness and the payment of dividends in the form of additional shares of Disqualified Capital Stock will not be deemed to be an incurrence of Indebtedness for purposes of this covenant;
- (e) the amount of any Indebtedness outstanding as of any date shall be (i) the accreted value thereof in the case of any Indebtedness issued with original issue discount or the aggregate principal amount outstanding in the case of Indebtedness issued with interest payable in kind and (ii) the principal amount or liquidation preference thereof, together with any interest thereon that is more than 30 (thirty) days past due, in the case of any other Indebtedness; and
- (f) guarantees of, or obligations in respect of letters of credit or similar instruments relating to, Indebtedness which are otherwise included in the determination of a particular amount of Indebtedness will not be included.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a non-U.S. currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, or in the case of revolving credit Indebtedness, first committed; *provided* that if such Indebtedness is incurred to refinance other Indebtedness denominated in a non-U.S. currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so

long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that YPF may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

YPF will not, and will not permit any of its Subsidiaries to directly or indirectly, take any of the following actions (each, a “*Restricted Payment*”):

- (a) the declaration or payment of dividends or the making of any distribution (whether made in cash, securities or other property) on or in respect of YPF or any of its Subsidiaries’ Capital Stock (including any payment in connection with any merger or consolidation involving YPF, or any of its Subsidiaries) other than:
 - (1) dividends or distributions payable solely in YPF’s Capital Stock (other than Disqualified Capital Stock)
 - (2) dividends or distributions to YPF and/or any of its Subsidiaries; and
 - (3) dividends or distributions by a Subsidiary, so long as, in the case of any dividend or distribution on or in respect of any Capital Stock issued by a Subsidiary, YPF or the Subsidiary holding such Capital Stock receives at least its pro rata share of such dividend or distribution;
- (b) the purchase, redemption, retirement or other requisition for value, including in connection with any merger or consolidation, of any Capital Stock of YPF or any direct or indirect parent of YPF held by Persons other than YPF or a Subsidiary other than,
 - (1) in exchange for YPF Capital Stock (other than Disqualified Capital Stock); and
 - (2) purchases of YPF Capital Stock owned, directly and indirectly, by Persons that are not Affiliates in an amount that does not exceed 3.0% of YPF’s total Capital Stock in any calendar year;
- (c) the making of any principal payment on, or the purchase, repurchase, redemption, defeasement, or the acquisition or retirement for value, prior to any scheduled repayment, scheduled sinking fund payment or scheduled maturity, any Subordinated Obligations (excluding (x) any intercompany Indebtedness between or among YPF and/or any Subsidiary or (y) the purchase, repurchase or other acquisition of Indebtedness that is contractually subordinate to the Notes, purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case within one year of such date of purchase, repurchase or acquisition); or
- (d) make any Restricted Investment;

if at the time of the Restricted Payment immediately after giving pro forma effect thereto:

- (I) a default or an Event of Default shall have occurred and be continuing;
- (II) YPF is not able to incur at least U.S.\$1.00 of additional Indebtedness pursuant to the first paragraph of “—*Limitation on Incurrence of Debt*;” or
- (III) the aggregate amount (the amount expended for these purposes, if other than in cash, being the Fair Market Value of the relevant property) of the proposed Restricted Payment and all other Restricted Payments made subsequent to the Issue Date up to the date thereof shall exceed the sum of:

- (A) 60% of YPF's cumulative consolidated net income or, if such cumulative consolidated net income is a loss, minus 100% of the loss, accrued during the period, treated as one accounting period, beginning on the first day of the fiscal quarter during which the Issue Date occurs to the end, for any date of determination, of the most recent fiscal quarter for which YPF's consolidated financial information is available; plus
- (B) 100% of the aggregate net cash proceeds received by YPF from any Person from any:
 - (i) contribution to YPF's equity capital not representing an interest in Disqualified Capital Stock or issuance and sale of its Capital Stock (other than Disqualified Capital Stock), in each case, on or subsequent to the Issue Date, or
 - (ii) issuance and sale on or subsequent to the Issue Date (and, in the case of Indebtedness of a Subsidiary, at such time as it was a Subsidiary) of any Indebtedness for borrowed money of YPF or any Subsidiary that has been converted into or exchanged for Capital Stock (other than Disqualified Capital Stock or debt Securities) of YPF,

excluding, in each case, any net cash proceeds:

- (x) received from one of its Subsidiaries;
- (y) used to acquire Capital Stock or other assets from an Affiliate of YPF; or
- (z) applied in accordance with clause (2) or (3) of the second paragraph of this covenant below; *plus*
- (C) any Investment Return; plus
- (D) 100% of any dividend or distributions received by YPF to the extent such amounts were not otherwise included in consolidated net income; minus
- (E) 100% of any Similar Business Investment in entities or vehicles that are not (x) Subsidiaries or (y) entities or vehicles jointly controlled by YPF and one or more third parties engaged in a Similar Business, minus
- (F) 100% of any dividend declared pursuant to clause (5) of the subsequent paragraph.

Notwithstanding the preceding paragraph, this covenant does not prohibit:

- (1) the payment of any dividend within 60 days after the date of declaration of such dividend if the dividend would have been permitted on the date of declaration pursuant to the preceding paragraph; *provided, however*, that at the time of payment of such dividend, no other default or Event of Default shall have occurred and be continuing (or result therefrom);
- (2) repurchases of Capital Stock deemed to occur upon the exercise of stock options, warrants or other convertible or exchangeable securities to the extent such Capital Stock represents a portion of the exercise price thereof, and Restricted Payments by YPF to allow the payment of cash in lieu of the issuance of fractional shares upon the exercise of options or warrants or upon the conversion or exchange of its Capital Stock;
- (3) repurchases by YPF of its Capital Stock or options, warrants or other securities exercisable or convertible into its Capital Stock from its employees or directors or any of its Subsidiaries or their authorized representatives upon the death, disability or termination of employment or directorship

of the employees or directors, in an amount not to exceed U.S.\$5.0 million (or the equivalent in other currencies) in the aggregate;

- (4) payments or distributions to dissenting stockholders pursuant to applicable law in connection with a merger, consolidation or transfer of all or substantially all of the assets of YPF that complies with the provisions described under the caption “—Mergers, Consolidation, Sales, Leases” below; and
- (5) the declaration and payment of regularly scheduled dividends to the holders of YPF’s Capital Stock during any Fiscal Year in an aggregate amount not exceeding 20% of YPF’s consolidated net income for such Fiscal Year; *provided, however*, that at the time of payment of such dividend, no other default or Event of Default shall have occurred and be continuing (or result therefrom).

The amount of any Restricted Payments not in cash will be the Fair Market Value on the date of such Restricted Payment of the property, assets or securities proposed to be paid, transferred or issued by YPF or the relevant Subsidiary, as the case may be, pursuant to such Restricted Payment.

“*Fiscal Year*” means the accounting year of YPF commencing each year on January 1 and ending on the following December 31.

Negative Pledge

The covenant set forth under “Description of the Notes—Negative Pledge” in the accompanying Offering Memorandum shall be replaced, in its entirety, by the following:

YPF will not, and will not permit any of its Significant Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien on any of YPF S.A or its present or future Property to secure Indebtedness unless, at the same time or prior thereto, all of the Notes are equally and ratably secured therewith, except for:

- (a) any Lien existing on the Issue Date;
- (b) any landlord’s, workmen’s, carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s or other like Liens arising in the ordinary course of business (excluding, for the avoidance of doubt, Liens in connection with any Indebtedness for borrowed money) that are not overdue for a period of more than 30 days or that are being contested in good faith by appropriate proceedings;
- (c) any Lien on any Property securing Indebtedness incurred or assumed solely for the purpose of financing all or any part of the cost of acquisition, construction, development or improvement of such Property, provided that (i) such Lien attaches to such Property concurrently with or within 120 days after the acquisition or the completion of the construction, development or improvement thereof and (ii) the aggregate amount of Indebtedness incurred by any Liens is otherwise permitted under “—Additional Covenants—Limitation on Incurrence of Debt” and does not exceed the cost of the asset or property acquired, constructed, developed or improved;
- (d) any Lien on any Property securing Indebtedness existing thereon at the time of acquisition of such property and not created in connection with such acquisition;
- (e) any Lien on any Property securing Indebtedness owned by a corporation or other Person, which Lien exists at the time of the acquisition of such corporation or other Person by YPF or any of its Significant Subsidiaries and which Lien is not created in connection with such acquisition;
- (f) any Lien on cash, cash equivalents or marketable securities created to secure Hedging Obligations of YPF or any Significant Subsidiary;

- (g) any Lien securing any Project Financing or any guarantee thereof by any direct or indirect parent of the applicable Project Financing Subsidiary; provided that such Lien does not apply to any Property or assets of YPF or any Significant Subsidiary other than the Property of the applicable Project Financing Subsidiary related to the relevant project and equity interests in the applicable Project Financing Subsidiary that holds no significant assets other than those related to the relevant project or in any direct or indirect parent thereof that holds no significant assets other than direct or indirect ownership interests in such Project Financing Subsidiary;
- (h) any Lien on any Property securing an extension, renewal or refunding of Indebtedness secured by a Lien referred to in (a), (c), (d), (e), (f) or (g) above, provided that such new Lien is limited to the Property which was subject to the prior Lien immediately before such extension, renewal or refunding and provided that the principal amount of Indebtedness secured by the prior Lien immediately before such extension, renewal or refunding is not increased;
- (i) any Lien for taxes, assessments, governmental charges or claims or other statutory Lien, in each case relating to amounts that are not yet payable or that are being contested in good faith and for which any reserves required by IFRS have been established;
- (j) Liens incurred or deposits made to secure the performance of tenders, bids, trades, contracts, leases, statutory obligations, surety and appeal bonds, performance bonds, advance payment bonds, purchase, construction or sales contracts and other obligations of a like nature, in each case in the ordinary course of business;
- (k) leases or subleases granted to others, easements, rights of way, servitudes or zoning or building restrictions and other minor encumbrances on real Property and irregularities in the title to such Property which do not in the aggregate materially impair the use or value of such Property or risk the loss or forfeiture of title thereto;
- (l) judgment Liens, the judgments underlying which do not give rise to a default or an Event of Default, and for which any reserves required by IFRS have been established and with respect to which any appropriate legal proceedings have been duly initiated for the review of such judgment and have not been finally terminated or the period within which such proceedings may be initiated has not expired;
- (m) Liens incurred or deposits made in connection with workers' compensation, unemployment insurance and other types of social security benefits or obligations or other obligations of a like nature, in each case in the ordinary course of business;
- (n) Liens securing the Notes or any of YPF's other securities for the purposes of defeasance thereof in accordance with the terms of the Indenture or any indenture under which such other securities have been issued;
- (o) Liens arising under Section 9.343 of the Texas Uniform Commercial Code, or similar statutes of states other than Texas, in connection with the purchase by YPF or any of its Subsidiaries of oil and/or gas extracted from such state; and
- (p) any other Lien on YPF's Properties or those of any of its Significant Subsidiaries, provided that, on the date of creation or assumption of such Lien, the Indebtedness secured thereby, together with all YPF's and its Significant Subsidiaries' other Indebtedness secured by any Lien in reliance on this clause (p), has an aggregate outstanding amount no greater than 15% of YPF's total consolidated assets (as set forth, for any date of determination, on YPF's most recent consolidated financial statements prepared in accordance with IFRS and filed with the CNV).

Limitations on Transactions and Prohibited Payments

YPF will not enter into any material transactions that do not fall within the scope of its business purpose as set forth in the by-laws as in effect on Issue Date.

YPF will not sell, transfer, lease or otherwise dispose of, or grant options, warrants or other rights with respect to, any of its Property to any person unless (i) such sale, transfer, lease or other disposition (x) is in the ordinary course of business or (y) could not reasonably be expected to have a Material Adverse Effect and (ii) if outside the ordinary course of business, the Property subject to such sale, transfer, lease or other disposition does not, in the aggregate during any Fiscal Year, that exceeds 10% of YPF's total consolidated assets, as set forth, for any date of determination, in its consolidated financial statements for the prior Fiscal Year prepared in accordance with IFRS and filed with the CNV.

YPF will not engage in any business activity, except those in which it is engaged in as of Issue Date and such activities as may be incidental or related thereto.

YPF will not use the proceeds of the Notes for any purpose other than the purposes specified in "Use of Proceeds"; in particular, YPF will not use the proceeds of the sale of the Notes in connection with any speculative related business activities.

YPF will not enter into any agreement that would violate any provision of the Notes.

"*Material Adverse Effect*" means, a material adverse effect on (a) the condition (financial or otherwise), operations, performance, business, properties or prospects of YPF and its Subsidiaries taken as a whole, or (b) the rights and remedies of the Trustee, or the holders of the Notes, as applicable under the Indenture or the Notes, or (c) YPF's ability to pay any amounts under the Notes or the Indenture or YPF's ability to perform its other payment obligations under the Notes or the Indenture or (d) the legality, validity or enforceability of the Indenture or the Notes.

Limitations on Sale and Lease-Back Transactions

The covenant set forth under "Description of the Notes—Limitation on Sale and Lease-Back Transactions" in the accompanying Offering Memorandum shall be replaced, in its entirety, by the following:

YPF will not enter into, renew or extend, or permit any of its Significant Subsidiaries to enter into, renew or extend, any transaction or series of related transactions pursuant to which YPF or any of its Significant Subsidiaries sell or transfer any Property in connection with the leasing, or the release against installment payments, or as part of an arrangement involving the leasing or resale against installment payments, of such Property to the seller or transferor ("Sale and Leaseback Transaction") except a Sale and Leaseback Transaction that, had such Sale and Leaseback Transaction been structured as a secured loan in an amount equal to the Attributable Debt with respect to such Sale and Leaseback Transaction, YPF or its Significant Subsidiaries would have been permitted to enter into such transaction pursuant to the terms of the covenant described under the caption "—Negative Pledge."

Limitation on Transactions with Affiliates

YPF will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into any transaction (or series of related transactions), including, without limitation, any conveyance, sale, lease or other disposition of Property, with any Affiliates, except (i) upon commercially reasonable terms that are no less favorable to YPF than those which may be obtained in a comparable arm's length transaction at the time from a person which is not an Affiliate of YPF, (ii) transactions solely among YPF's Subsidiaries, (iii) transactions solely between any of YPF's Subsidiaries and YPF, or (iv) transactions in compliance with applicable law (including, without limitation, Article 72 of Law No. 26,831 of the Argentine Congress (the *Ley de Mercado de Capitales*)).

For the avoidance of doubt, all transactions with Affiliates as in existence on the Issue Date that have been disclosed in this Pricing Supplement and the accompanying Offering Memorandum shall be deemed to comply with this covenant.

Mergers, Consolidations, Sales, Leases

The covenant set forth under “Description of the Notes—Mergers, Consolidations, Sales, Leases” in the accompanying Offering Memorandum shall be replaced, in its entirety, by the following:

YPF will not, and will not permit any of its Significant Subsidiaries to, merge or consolidate with or into, or convey, transfer or lease YPF’s or its Significant Subsidiaries’ Properties substantially as an entirety, whether in one transaction or a series of transactions, to any Person, unless immediately after giving effect to such transaction, (a) no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, (b) any Person formed by any such merger or consolidation or the Person which acquires by conveyance or transfer, or which leases such properties and assets (if not YPF) (the “Successor Person”) expressly assumes, by a supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, the due and punctual payment of all amounts payable under the Indenture, the payment of principal, interest and premiums, if any, and Additional Amounts, if any, that may result due to withholding by any authority having the power to tax to which the Successor Person is or may be subject, on all of the Notes according to their terms, and the due and punctual performance of all of its other covenants and obligations under the Notes and the Indenture, (c) the Successor Person agrees to indemnify each holder against any tax, assessment or governmental charge thereafter imposed on such holder by a Government Agency solely as a consequence of such merger or consolidation, conveyance, transfer or lease with respect to the payment of principal, interest or premium, if any, on the Notes, (d) the Successor Person (except in the case of leases), if any, succeeds to and becomes substituted for YPF with the same effect as if it had been named in the Notes and the Indenture as YPF, and (e) the Successor Person is organized in a Qualified Merger Jurisdiction.

“*Qualified Merger Jurisdiction*” shall mean (i) Argentina, (ii) any country that participates in the European Union or the North American Free Trade Agreement (NAFTA), or Denmark, Sweden, Norway, Finland, Brazil, Chile, Japan, Russia or China and (iii) any other nation that has Investment Grade sovereign debt rating from two Rating Agencies.

Tax Covenant

The covenant set forth under “Description of the Notes—Covenants—Payments of taxes and other claims” in the accompanying Offering Memorandum shall be replaced, in its entirety, by the following:

YPF will, and will cause each of its Significant Subsidiaries to, pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (i) all taxes, assessments and governmental charges levied or imposed upon YPF or any of its Significant Subsidiaries, and (ii) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a Lien upon the Property of YPF or the Property of any of its Significant Subsidiaries; provided that YPF will not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claims where failure to do so would not, individually or in the aggregate, have a Material Adverse Effect on YPF and its Subsidiaries’ condition, financial or otherwise, earnings, operations or business, taken as a whole, or whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

Certain Definitions

The following sets forth definitions for certain terms used herein, which definitions supersede the definition of any corresponding term in the accompanying Offering Memorandum. For other definitions used herein, see “Description of the Notes—Certain Definitions” in the accompanying Offering Memorandum.

“*Business Day*” means a day, other than a Saturday or Sunday, when banks are open for business in the City of New York, United States of America and the City of Buenos Aires, Argentina.

“*Capitalized Lease Obligations*” means an obligation to pay rent or other amounts under a lease of property to the extent such obligation is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with IFRS as in effect on the Issue Date, and the amount of Indebtedness represented by such obligation will be the amount of such obligation required to be capitalized at the time any determination thereof is to be made as determined in accordance with IFRS as in effect on the Issue Date, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

“*Comparable Treasury Issue*” means the U.S. Treasury security or securities selected by an independent investment banking institution of international standing appointed by YPF having a maturity comparable to the remaining term of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity comparable to the remaining term of the Notes.

“*Comparable Treasury Price*” means, with respect to any redemption date:

- (1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated “Composite 3:30 P.M. Quotations for U.S. Government Securities;” or
- (2) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (a) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (b) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations.

“*Consolidated Coverage Ratio*” means as of any date of determination, the ratio of, (x) the aggregate amount of Consolidated EBITDA of YPF and its Subsidiaries for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which financial statements prepared on a consolidated basis in accordance with IFRS are made available under the Indenture to (y) Consolidated Net Interest Expense for such four fiscal quarters, *provided that*:

- (1) if YPF or any Subsidiary:
 - (a) have incurred any Indebtedness since the beginning of such period that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio includes an incurrence of Indebtedness at the end of such period, Consolidated EBITDA and Consolidated Net Interest Expense for such period will be calculated after giving effect on a pro forma basis to such Indebtedness as if such Indebtedness had been incurred on the first day of such period (except that in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the date of such calculation will be deemed to be (i) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which such facility was outstanding or (ii) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation) and the discharge of any other Indebtedness repaid, repurchased, redeemed, retired, defeased or otherwise discharged with the proceeds of such new Indebtedness as if such discharge had occurred on the first day of such period; or
 - (b) have repaid, repurchased, redeemed, retired, defeased or otherwise discharged any Indebtedness since the beginning of the period that is no longer outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio includes a discharge of Indebtedness (in each case, other than Indebtedness incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and the related commitment

terminated and not replaced), Consolidated EBITDA and Consolidated Net Interest Expense for such period will be calculated after giving effect on a pro forma basis to such discharge of such Indebtedness, including with the proceeds of such new Indebtedness, as if such discharge had occurred on the first day of such period;

- (2) if since the beginning of such period, YPF or any Subsidiary will have made any asset disposition or disposed of or discontinued (as defined under IFRS) any company, division, operating unit, segment, business, group of related assets or line of business or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio includes such a transaction:
 - (a) the Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) directly attributable to the assets that are the subject of such disposition or discontinuation for such period or increased by an amount equal to the Consolidated EBITDA (if negative) directly attributable thereto for such period; and
 - (b) Consolidated Net Interest Expense for such period will be reduced by an amount equal to the Consolidated Net Interest Expense directly attributable to any Indebtedness of YPF or any of its Subsidiaries repaid, repurchased, redeemed, retired, defeased or otherwise discharged (to the extent the related commitment is permanently reduced) with respect to YPF and its continuing Subsidiaries in connection with such transaction for such period (or, if the Capital Stock of any of its Subsidiaries is sold, the Consolidated Net Interest Expense for such period directly attributable to the Indebtedness of such Subsidiary to the extent YPF and its continuing Subsidiaries are no longer liable for such Indebtedness after such sale); and
- (3) if since the beginning of such period YPF or any of its Subsidiaries (by merger or otherwise) will have made an acquisition of assets, including any acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of a company, division, operating unit, segment, business, group of related assets or line of business, Consolidated EBITDA and Consolidated Net Interest Expense for such period will be calculated after giving pro forma effect thereto (including the incurrence of any Indebtedness) as if such acquisition occurred on the first day of such period.

For purposes of this definition, whenever pro forma effect is to be given to any calculation under this definition, the pro forma calculations will be determined in good faith by a responsible financial or accounting officer of YPF. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness if such Hedging Obligations has a remaining term in excess of 12 months). If any Indebtedness that is being given pro forma effect bears an interest rate at YPF's option, the interest rate shall be calculated by applying such optional rate chosen by YPF.

"Consolidated EBITDA" means (without duplication), for any period, net income minus interest gains on assets, plus interest losses on liabilities, plus depreciation of fixed assets and amortization of intangible assets, plus income tax, plus deferred income tax, each determined on a consolidated basis and in accordance with IFRS.

"Consolidated Leverage Ratio," means as of any date of determination, the ratio of: (1) the aggregate outstanding net Indebtedness of YPF and its Subsidiaries as of the end of the most recent fiscal quarter for which financial statements prepared on a consolidated basis in accordance with IFRS are available under the Indenture, to (2) Consolidated EBITDA of YPF and its Subsidiaries for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which financial statements are made available; *provided* that:

- (1) if YPF or any Subsidiary:
 - (a) have incurred any Indebtedness since the beginning of such period that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio includes an incurrence of Indebtedness at the end of such period, Consolidated EBITDA and Consolidated Net Interest Expense for such period will be calculated after giving effect on a pro forma basis to such Indebtedness as if such Indebtedness had been incurred on the first day of such period (except that in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the date of such calculation will be deemed to be (i) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which such facility was outstanding or (ii) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation) and the discharge of any other Indebtedness repaid, repurchased, redeemed, retired, defeased or otherwise discharged with the proceeds of such new Indebtedness as if such discharge had occurred on the first day of such period; or
 - (b) have repaid, repurchased, redeemed, retired, defeased or otherwise discharged any Indebtedness since the beginning of the period that is no longer outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio includes a discharge of Indebtedness (in each case, other than Indebtedness incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and the related commitment terminated and not replaced), Consolidated EBITDA and Consolidated Net Interest Expense for such period will be calculated after giving effect on a pro forma basis to such discharge of such Indebtedness, including with the proceeds of such new Indebtedness, as if such discharge had occurred on the first day of such period;
- (2) if since the beginning of such period YPF or any Subsidiary will have made any asset disposition or disposed of or discontinued (as defined under IFRS) any company, division, operating unit, segment, business, group of related assets or line of business or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio includes such transaction:
 - (a) the Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) directly attributable to the assets that are the subject of such disposition or discontinuation for such period or increased by an amount equal to the Consolidated EBITDA (if negative) directly attributable thereto for such period; and
 - (b) Consolidated Net Interest Expense for such period will be reduced by an amount equal to the Consolidated Net Interest Expense directly attributable to any Indebtedness of YPF or any of its Subsidiaries repaid, repurchased, redeemed, retired, defeased or otherwise discharged (to the extent the related commitment is permanently reduced) with respect to YPF and its continuing Subsidiaries in connection with such transaction for such period (or, if the Capital Stock of any of its Subsidiaries is sold, the Consolidated Net Interest Expense for such period directly attributable to the Indebtedness of such Subsidiary to the extent YPF and its continuing Subsidiaries are no longer liable for such Indebtedness after such sale); and
- (3) if since the beginning of such period YPF or any of its Subsidiaries (by merger or otherwise) will have made an acquisition of assets, including any acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of a company, division, operating unit, segment, business, group of related assets or line of business, Consolidated EBITDA and Consolidated Net Interest Expense for such period will be calculated after giving pro forma effect thereto (including the incurrence of any Indebtedness) as if such acquisition occurred on the first day of such period.

For purposes of this definition, whenever pro forma effect is to be given to any calculation under this definition, the pro forma calculations will be determined in good faith by a responsible financial or accounting officer of YPF.

“*Consolidated Net Interest Expense*” means, (without duplication) with respect to any Person for any period, cash and non-cash interest expense, net of cash and non-cash interest gains, each determined on a consolidated basis and in accordance with IFRS (including, without limitation, the interest expense attributable to Capitalized Lease Obligations, if any; amortization of debt discount and debt issuance cost; commissions, discounts and other fees and charges incurred in respect of letters of credit and bankers’ acceptance financing; and net costs associated with Hedging Obligations, if any, related to Indebtedness).

“*Disqualified Capital Stock*” means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof, in any case, on or prior to the 91st day after the final maturity date of the Notes.

“*Expropriation Law*” means, law No. 26,741, enacted by the Argentine Congress on May 3, 2012, providing for the expropriation of the Government Interest to the Republic of Argentina, which provides for the assignment by the Government of Argentina of 49% of the Government Interest to the governments of the Argentine provinces that compose the National Organization of Hydrocarbon Producing States (the Government of Argentina shall retain the remaining 51% of the Government Interest).

“*Government Interest*” means the 51% of the share capital of YPF to which the Republic of Argentina holds political rights pursuant to the Expropriation Law.

“*Hedging Obligations*” means, with respect to any Person, the obligations of such Person pursuant to any interest rate swap agreement, foreign currency exchange agreement, interest rate collar agreement, option or futures contract or other similar agreement or arrangement designed to protect such Person against changes in interest rates, foreign exchange rates or the prices of commodities, to the extent recorded as a liability on YPF S.A.’s most recent consolidated balance sheet prepared under IFRS and filed with the CNV.

“*Indebtedness*” means, with respect to any Person, without duplication, (a) any liability of such Person (1) for borrowed money, or (2) evidenced by a bond, note, debenture or similar instrument issued in connection with the acquisition of any businesses, properties or assets of any kind (other than a trade payable or a current liability arising in the ordinary course of business), or (3) for the payment of money relating to any obligations under any capital lease of real or personal property which has been recorded as a capitalized lease obligation pursuant to IFRS; (b) all obligations of such Person issued or assumed as the deferred purchase price of property or services, all conditional sale obligations and all obligations under any title retention agreement (but excluding trade accounts payable and other accrued liabilities arising in the ordinary course of business); (c) all letters of credit, banker’s acceptances or similar credit transactions, including reimbursement obligations in respect thereof; (d) all Disqualified Capital Stock issued by such Person (the amount of Indebtedness therefrom deemed to equal any involuntary liquidation preference plus accrued and unpaid dividends); (e) all obligations due and payable under Hedging Obligations of such Person; and (f) guarantees and other contingent obligations of such Person in respect of Indebtedness referred to in clauses (a) through (e) above. For purposes of determining any particular amount of Indebtedness under this definition, guarantees of (or obligation with respect to letters of credit supporting) Indebtedness otherwise included in the determination of such amount shall not also be included. For avoidance of doubt, Indebtedness shall not include any obligations not specified above, including trade payables in the ordinary course of business.

“*Investment*” in any Person means any direct or indirect advance, loan or other extension of credit (including, without limitation, by way of Guarantee or similar arrangement; but excluding advances to customers, suppliers or operators in the ordinary course of business that are, in conformity with IFRS, recorded as accounts receivable, prepaid expenses or deposits on the balance sheet of YPF or its Subsidiaries and endorsements for collection or deposit arising in the ordinary course of business) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, bonds, Notes, debentures or other similar instruments issued by, such

Person and shall include the retention of the Capital Stock (or any other Investment) by YPF or any of its Subsidiaries, of (or in) any Person that has ceased to be a Subsidiary.

“*Investment Return*” means, in respect of any Investment made after the Issue Date by YPF or any Subsidiary:

- (1) the cash proceeds received by YPF or any Subsidiary upon the sale, liquidation or repayment of such Investment or, in the case of a Guarantee, the amount of the Guarantee upon the unconditional release of YPF and its Subsidiaries in full, less any payments previously made by YPF or any Subsidiary in respect of such Guarantee; and
- (2) in the event YPF or any Subsidiary makes any Investment in a Person that, as a result of or in connection with such Investment, becomes a Subsidiary, the fair market value of the Investment of YPF and its Subsidiaries in such Person; in the case of each of (1) and (2), up to the amount of such Investment that was treated as a Restricted Payment under “—Limitation on Restricted Payments” less the amount of any previous Investment Return in respect of such Investment.

“*Permitted Acquiring Entity*” means any Person: (i) which is engaged principally in the oil and gas industry, (ii) which, at the time of the relevant transaction has a long-term foreign currency debt rating at least Investment Grade or higher by at least two of S&P, Moody’s and Fitch, and such rating would not be reduced below either such level (or, if at either such level, put on a negative watch) as a result of such transaction, (iii) is not incorporated in any country which is blacklisted under the U.S. Office of Foreign Assets Control (OFAC) or similar European directives and (iv) is domiciled in any of the countries in the European Union or North American Free Trade Agreement (NAFTA), or Denmark, Sweden, Norway, Finland, Brazil, Chile, Japan, Russia or China.

“*Permitted Investment*” means:

- (1) an Investment in YPF or a Subsidiary or a Person which will, upon the making of such Investment, become a Subsidiary or be merged, consolidated or amalgamated with or into or transfer or convey all or substantially all its assets to, YPF or a Subsidiary; *provided* that such person is primarily engaged in a Similar Business;
- (2) Temporary Cash Investments;
- (3) payroll, travel, moving and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with IFRS;
- (4) stock, obligations or securities received in satisfaction of judgments;
- (5) Hedging Obligations;
- (6) Similar Business Investments;
- (7) any Investments received in compromise of obligations of trade creditors or customers that were incurred in the ordinary course of business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer;
- (8) other Investments having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other investments made pursuant to this clause (8) since the Issue date, not to exceed \$20 million;
- (9) Guarantees of Indebtedness of YPF or any Subsidiary permitted by the covenant described under “Certain Covenants—Limitation on Incurrence of Debt;” and
- (10) Investments in existence on or permitted under YPF’s bylaws as of the Issue Date.

“*Reference Treasury Dealer*” means Credit Suisse Securities (USA) LLC, HSBC Securities (USA) Inc. and J.P. Morgan Securities LLC or their affiliates which are primary U.S. government securities dealers in New York City plus two other leading primary United States government securities dealers in New York City reasonably designated by the Company not later than the fifth business day preceding such redemption date; provided that, if any of the foregoing shall cease to be a primary United States government securities dealer in New York City (a “Primary Treasury Dealer”), the Company will substitute therefor another Primary Treasury Dealer.

“*Reference Treasury Dealer Quotations*” means, with respect to each Reference Treasury Dealer and any redemption date, the arithmetic average, as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer by 3:30 p.m. (New York City time) on the third Business Day preceding such redemption date.

“*Refinancing Indebtedness*” means Indebtedness that is incurred to refund, refinance, replace, exchange, renew, prepay, redeem, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness (other than intercompany Indebtedness) incurred in compliance with the Indenture including Indebtedness that refinances Refinancing Indebtedness, *provided that*:

- (1) the Refinancing Indebtedness has a stated maturity no earlier than the stated maturity of the Indebtedness being refinanced;
- (2) the Refinancing Indebtedness has a weighted average life at the time such Refinancing Indebtedness is incurred that is equal to or greater than the weighted average life of the Indebtedness being refinanced;
- (3) such Refinancing Indebtedness is incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and fees incurred in connection therewith); and
- (4) if the Indebtedness being refinanced is subordinated in right of payment to the Notes, such Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favorable to the holders of the Notes as those contained in the documentation governing the Indebtedness being refinanced.

“*Restricted Investment*” means any Investment other than a Permitted Investment.

“*Securities Act*” means the U.S. Securities Act of 1933, as amended.

“*Similar Business*” means

- (1) the acquisition, exploration, development, operation and disposition of interests in oil, gas, chemical, hydrocarbon, mining and agricultural properties;
- (2) the gathering, marketing, treating, refining, processing, storage, selling and transporting of oil, gas, biofuels, chemicals other minerals and products;
- (3) the exploration for or development, production, treatment, refinery processing, storage, transportation or marketing of oil, gas, chemicals and other minerals and products, and agricultural products, produced in association therewith; evaluating, participating in or pursuing any other activity or opportunity that is primarily related to clauses (1) through (2) above; and
- (4) any activity that is ancillary or complementary to or necessary or appropriate for the activities described in clauses (1) through (4) of this definition.

“*Similar Business Investment*” means any Investments made in the ordinary course of, and of a nature that is or shall have become customary in, the Similar Business as a means of actively exploiting, exploring for, acquiring, developing, producing, processing, gathering, refining, marketing or transporting oil and gas, chemical and agricultural products through agreements, transactions, interests or arrangements which permit one to share risks or costs, comply with regulatory requirements regarding local ownership or satisfy other objectives customarily achieved through the conduct of Similar Business jointly with third parties, including, without limitation:

- (1) ownership interests in oil and gas properties, processing facilities or gathering systems or ancillary real property interests; and
- (2) Investments in the form of or pursuant to operating agreements, processing agreements, farm-in agreements, farm-out agreements, development agreements, area of mutual interest agreements, unitization agreements, pooling agreements, joint bidding agreements, service contracts, joint venture agreements, partnership agreements (whether general or limited), subscription agreements, stock purchase agreements and other similar agreements with third parties.

“*Subordinated Obligations*” means all Indebtedness of a Person which is subordinated in right of payment to the payment of the Notes.

“*Temporary Cash Investment*” means any of the following:

- (1) direct obligations of the United States of America or Argentina or any agency thereof or obligations fully and unconditionally guaranteed by the United States of America or Argentina or any agency thereof, in each case maturing within one year unless such obligations are deposited by YPF (x) to defease any Indebtedness or (y) in a collateral or escrow account or similar arrangement to prefund the payment of interest on any indebtedness;
- (2) time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America or Argentina, any state or province thereof or any foreign country recognized by the United States of America or Argentina, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of \$100.0 million (or the foreign currency equivalent thereof) and has outstanding debt which is rated “A” (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;
- (4) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate of YPF) organized and in existence under the laws of the United States of America or Argentina, any state or province thereof or any foreign country recognized by the United States of America or Argentina with a rating at the time as of which any investment therein is made of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P;
- (5) securities with maturities of six months or less from the date of acquisition issued or fully and unconditionally guaranteed by any state, commonwealth or territory of the United States of America, any province of Argentina, or by any political subdivision or taxing authority thereof, and rated at least “A” by S&P or Moody’s; and
- (6) any mutual fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above.

“*Total Shareholder’s Equity*” means YPF’s consolidated total shareholder’s equity, determined in accordance with IFRS, as set forth in YPF’s most recent balance sheet filed with the CNV.

Governing Law; Service of Process; Submission to Jurisdiction; Immunity

The provision set forth under “Description of the Notes—Governing Law, Judgments, Jurisdiction, Service of Process, Waiver of Immunities” in the accompanying Offering Memorandum shall be replaced, in its entirety, by the following:

The Notes and the Indenture shall be governed by and construed in accordance with the laws of the State of New York, United States of America, without giving effect to choice of law rules; *provided* that all matters relating to the due authorization, execution, issuance and delivery of the Notes by YPF, and matters relating to the legal requirements necessary in order for the Notes to qualify as “*obligaciones negociables*” under Argentine law, and certain matters related to meetings of holders of the Notes, including quorums, majorities, and requirements for calling, shall be governed by the Negotiable Obligations Law, the Argentine Business Companies Law and/or other applicable Argentine Laws and regulations. YPF will irrevocably submit to the non-exclusive jurisdiction of any state or federal court sitting in the Borough of Manhattan, City of New York, United States of America, any Argentine court sitting in the City of Buenos Aires, including the ordinary courts for commercial matters and the Permanent Arbitral Tribunal of the Buenos Aires Stock Exchange (*Tribunal de Arbitraje General de la Bolsa de Comercio de Buenos Aires*) under the provisions of Article 46 of Law 26,831, and any competent court in the place of YPF’s corporate domicile for purposes of any action or proceeding arising out of or related to the Indenture or the Notes. YPF will designate, appoint and empower National Corporate Research, Ltd. with offices at 10 East 40th Street, 10th Floor, New York, NY 10016, as YPF’s authorized agent to receive for and on YPF’s behalf service of summons or other legal process in any such action, suit or proceeding in the State of New York. Final judgment against YPF in any such action, suit or proceeding shall be conclusive and may be enforced in any other jurisdiction including the country in which YPF is domiciled by suit on the judgment.

Nothing shall affect the right of the holders of the Notes or the Trustee to commence legal proceedings or otherwise sue YPF in the country in which it is domiciled or in any other court having jurisdiction or to serve process upon YPF in any manner authorized by the laws of any such jurisdiction.

YPF will further covenant and agree that, for so long as any Note is outstanding under the Indenture, YPF will maintain a duly appointed agent for the service of summons and other legal process in New York, New York, United States of America, for purposes of any legal action, suit or proceeding brought by any holder of the Notes or the Trustee in respect of the Notes or the Indenture and shall keep the holders of the Notes and the Trustee advised of the identity and location of such agent. YPF will further irrevocably consent, if for any reason there is no authorized agent for service of process in New York, to the service of process out of the said courts by mailing copies thereof by registered United States airmail postage prepaid to YPF at YPF’s address specified herein; and in such a case YPF shall also receive by telex or confirmed facsimile, a copy of such process.

The serving of process in the manner provided in the paragraph above in any such action, suit or proceeding shall be deemed personal service and accepted by YPF as such and shall be valid and binding upon YPF for all the purposes of any such action, suit or proceeding.

In addition, YPF will irrevocably waive, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action, suit or proceeding arising out of or relating to the Notes and the Indenture, brought in the courts of the State of New York or in the United States District Court for the Southern District of New York, and any claim that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. Further, YPF will irrevocably waive, to the fullest extent permitted by applicable law, any right YPF may now or hereafter have to the removal to a United States Federal Court of any action brought in a state court of the State of New York.

To the extent that YPF may, in any suit, action or proceeding brought in a court of the country in which YPF is domiciled or elsewhere arising out of or in connection with the Notes or the Indenture, be entitled to the benefit of any provision of law requiring the Trustee or the holders of the Notes in such suit, action or proceeding to post security for the costs of YPF, as the case may be, or to post a bond or guarantee (*excepción de arraigo*) or to

take similar action, YPF hereby irrevocably waives such benefit, in each case to the fullest extent now or hereafter permitted under the laws of the country in which YPF is domiciled or, as the case may be, such other jurisdiction.

To the extent that YPF may be entitled in any jurisdiction to claim for itself or YPF's assets immunity, on the grounds of sovereignty or otherwise, in respect of YPF's obligations under the Notes or the Indenture from any suit, execution, attachment (whether in aid or execution, before judgment or otherwise) or other legal process or to the extent that in any jurisdiction there may be attributed to YPF or its assets such immunity (whether or not claimed), or to the extent it might have the right to have a jury trial, YPF will irrevocably waive and agree not to, as the case may be, claim or exercise such immunity and right to jury trial to the fullest extent permitted by the laws of such jurisdiction.

RECENT DEVELOPMENTS



TABLE OF CONTENTS

	<u>Page</u>
COMPANY OVERVIEW	S-26
SELECTED FINANCIAL AND OPERATING DATA	S-39

Our legal name is YPF Sociedad Anónima and we conduct our business under the commercial name “YPF”. As used in this Pricing Supplement, “YPF”, “the company”, “we”, “our” and “us” refer to YPF Sociedad Anónima and its controlled or, if the context requires, its predecessor companies. “YPF Sociedad Anónima” refers to YPF Sociedad Anónima only. “Repsol” refers to Repsol YPF S.A. its affiliates and consolidated companies.

We maintain our financial books and records and publish our financial statements in Argentine pesos. Throughout this Pricing Supplement references to “pesos” or “Ps.” are to Argentine pesos, and references to “dollars”, “U.S. dollars” or “U.S.\$” are to United States dollars. The exchange rate published by the Central Bank on March 15, 2016 was Ps. 14.61 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 “Item 3. Key Information—Exchange Regulations” in the 2015 20-F included herein—for additional information, including defined terms.

Abbreviations:

“bbl”	Barrels.
“bbl/d”	Barrels per day.
“bcf”	Billion cubic feet.
“bcf/d”	Billion cubic feet per day.
“bcm”	Billion cubic meters.
“bcm/d”	Billion cubic meters per day.
“boe”	Barrels of oil equivalent.
“boe/d”	Barrels of oil equivalent per day.
“cm”	Cubic meter.
“cm/d”	Cubic meters per day.
“dam 3”	Cubic dekameters (thousand 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”	Thousand barrels.
“mdbl/d”	Thousand barrels per day.
“mcf”	Thousand cubic feet.
“mcf/d”	Thousand cubic feet per day.
“mcm”	Thousand cubic meters.
“mcm/d”	Thousand cubic meters per day.
“mboe”	Thousand barrels of oil equivalent.
“mboe/d”	Thousand barrels of oil equivalent per day.
“mm”	Million.
“mdbl”	Million barrels.
“mdbl/d”	Million barrels per day.
“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”	Million cubic meters.
“mmcm/d”	Million cubic meters per day.
“mtn”	Thousand tons.
“MW”	Megawatts.
“NGL”	Natural gas liquids.
“psi”	Pound per square inch.
“WTI”	West Texas Intermediate.

COMPANY OVERVIEW

This overview highlights and updates certain relevant information in the accompanying Offering Memorandum (including our 2015 20-F). This overview does not purport to be complete and may not contain all of the information that is important or relevant to you. Before investing in the Notes, you should read this Pricing Supplement and the accompanying Offering Memorandum carefully for a more complete understanding of our business and the offering, including: our Audited Consolidated Financial Statements and related notes included elsewhere in this Pricing Supplement; the sections entitled “Risk Factors” included in the accompanying Offering Memorandum and in the 2015 20-F; and the section entitled “Item 5. Operating and Financial Review and Prospects in our 2015 20-F.

Overview

YPF is a corporation (*sociedad anónima*), incorporated under the laws of Argentina for a limited term. Our business address where our executive officers can be reached 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.” The company was incorporated on June 15, 1993 through a *Decreto del Poder Ejecutivo Nacional* Number 1106 on May 31, 1993, which was registered under *Escritura* Number 175 on June 15, 1993 before the *Escribanía General del Gobierno de la Nación* as well as registered with the *Inspección General de Justicia de Argentina* on June 15, 1993 under Number 5109 of Book 113, Volume A of Corporations. Pursuant to section 4 of YPF’s bylaws, its purpose is to carry out survey, exploration and exploitation activities of liquid and/or gaseous hydrocarbon fields and other minerals and also process, transport and market these products and the direct or indirect byproducts thereof, including petrochemical and chemical products, whether by-products of hydrocarbons or not, as well as generation of electricity from hydrocarbons.

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 2015, we had consolidated revenues of Ps. 156,136 million and consolidated net income of Ps. 4,426 million. Due to decreased export volumes, the portion of our revenues derived from exports has decreased steadily in recent years. Exports accounted for 7.9%, 17.1% and 13.3% of our consolidated net sales revenues in 2015, 2014 and 2013, respectively.

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.

In 1999, Repsol acquired control of YPF and remained in control until the passage of the Expropriation Law. Repsol is 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 granted certain affiliates of Petersen Energía S.A. 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,” “Risk Factors—Risks Relating to the Argentine Oil and Gas Business and Our Business—We face risk relating to certain legal proceedings,” “—Regulatory Framework and Relationship with the Argentine Government—The Expropriation Law” and “Item 7. Major Shareholders and Related Party Transactions” in the 2015 20-F.

In addition, on February 25, 2014, the Republic of Argentina and Repsol reached an agreement (the “Repsol Agreement”) in relation to compensation for the expropriation of 200,589,525 of YPF’s Class “D” shares pursuant to the Expropriation Law under the Repsol Agreement. Repsol accepted U.S.\$5.0 billion in sovereign bonds from the Republic of Argentina and withdrew judicial and arbitral claims it had filed, including claims against YPF, and waived additional claims. YPF and Repsol also executed a separate agreement (“the Repsol Arrangement”) on February 27, 2014, pursuant to which YPF and Repsol each withdrew, subject to certain exclusions, all present and future actions and/or claims based on causes occurring prior to the date of execution of Repsol Arrangement arising from the expropriation of the YPF shares owned by Repsol pursuant to the Expropriation Law, including the intervention and temporary possession for public purposes of YPF’s shares. YPF and Repsol agreed to withdraw reciprocal actions and claims with respect to third parties and/or pursued by them and to grant a series of mutual indemnities, which at the time were subject to certain conditions precedent. The Repsol Arrangement entered into force the day after Repsol notified YPF that the Repsol Agreement had entered into force. The Repsol Agreement was ratified on March 28, 2014 at a Repsol general shareholders’ meeting and approved by the Argentine congress by Law No. 26,932 enacted by Decree No. 600/2014. On May 8, 2014, YPF was notified of the entry into force of the Repsol Agreement. As of that date, the expropriation pursuant to the Expropriation Law was concluded, and as a result the Republic of Argentina is definitely the owner of 51% of the capital stock of each of YPF S.A. and YPF GAS S.A.

Argentina Macroeconomic Conditions

Substantially all of our revenues are derived from our operations in Argentina and are therefore subject to prevailing macroeconomic conditions in Argentina. Changes in economic, political and regulatory conditions in Argentina and measures taken by the Argentine government have had and are expected to continue to have a significant impact on us.

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 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 devaluation 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.

After the growth in 2010 and 2011, several factors led to a decrease in growth of the Argentine economy in 2012 and 2013. The growth of the global economy was not as strong as expected following the easing of U.S. economic crisis that started in 2007, and financial volatility continued at high levels. The decline in the price of Brent crude to below U.S.\$50 per barrel, the negative trend in prices of major agricultural commodities and the geopolitical tensions between the United States, Russia and Ukraine as well as countries in the Middle East presents a complicated new international scenario that creates uncertainty about the future performance, including potential downside risks, of developed and emerging economies, including Argentina.

Mauricio Macri was elected president of Argentina, and his administration took office on December 10, 2015. The new administration faces challenges in respect of Argentina's economy, such as reducing the rate of inflation and a further devaluation of the Argentine peso, improving the competitiveness of the local industries and normalizing or adjusting prices of certain goods and services, such as electricity and natural gas for certain residential consumers of Argentina. Some of the measures necessary to meet these objectives could be unpopular and generate political and social opposition or unrest. As a result, it is difficult to predict the impact of these measures on the Argentine economy as a whole and the energy sector in particular, including revisions and reforms to pricing mechanisms for oil and gas and elimination of energy subsidies, as well as other policy changes that may affect the energy sector. This includes decisions that the new administration has already taken, such as the elimination of exchange restrictions, or future measures it may take to address inflation or changes to the exchange rate. Uncertainty regarding the measures to be taken by the new administration on the economy could further lead to price volatility of Argentine companies, including in particular companies like ours in the energy sector, given the high level of regulation. In addition, there can be no assurance that current government programs and policies that apply to the oil and gas sector will continue to be in place in the future. See “—Limitations on local pricing in Argentina may adversely affect our results of operations” and “—Oil and gas prices, including the recent decline in global prices for oil and gas, could affect our business” in the 2015 20-F.

According to the IMF's estimates, global economic growth reached 3.1% in 2015, although the rate of growth or, in some cases, contraction, varied significantly from region to region. On March 27, 2014, the Argentine government announced a new method of calculating GDP by reference to 2004 as the base year as opposed to 1993, which was the base reference year under the prior method of calculating Argentine GDP. As a result of the application of this new method, the estimated Argentine GDP growth rate for 2013 was revised from 4.9% to 2.9%. As of the date of this Pricing Supplement, the provisional figures of Argentina's estimated GDP for 2014 and the first half of 2015 published by the National Statistics Institute (*Instituto Nacional de Estadística y Censos*) (“INDEC”) are 0.5% and 2.2% respectively. As mentioned previously, on January 7, 2016 through Decree No. 55/2016, the new leadership of INDEC issued a report declaring a “national statistical emergency.” INDEC stated that its administration since 2006 was irregular and it would reorganize. As a result, INDEC would not publish new information until at least June 2016.

The official exchange rate of the Argentine peso to the U.S. dollar as of December 31, 2014 was Ps. 8.55 per U.S.\$1.00, a devaluation of approximately 31.1% compared to Ps. 6.52 per U.S.\$1.00 as of December 31, 2013. In December 2015, the new authorities of the national government decided to eliminate certain exchange controls imposed by the previous government. Due to the above, as of December 31, 2015, the peso fell to Ps. 12.99 per U.S.\$1.00, a devaluation of approximately 52% compared to the rate as of the end of 2014 (approximately 40% devaluation from the exchange rate in place on December 16, 2015).

Argentina has confronted and continues to confront inflationary pressures. According to inflation data published by INDEC, from 2008 to 2013, the Argentine consumer price index (“CPI”) increased 7.2%, 7.7%, 10.9%, 9.5%, 10.8% and 10.9%, respectively, and the wholesale price index increased 8.8%, 10.3%, 14.5%, 12.7%, 13.1% and 14.7%, respectively. In 2014, the Argentine government established a new consumer price index known as the IPCNU that more broadly reflects consumer prices by considering price information from the 24 provinces of the country, divided into six regions. According to INDEC, the IPCNU increased 23.9% in 2014 and increased 10.7% from January 2015 to September 2015. The wholesale price index increased 28.3% in 2014 and increased 11.9% from January 2015 to October 2015. Before the new administration took office, certain private sector analysts believed that the inflation was significantly higher than the rate published by INDEC. However, on January 7, 2016, through Decree No. 55/2016, the new leadership of INDEC issued a report declaring a “national statistical emergency.” INDEC stated that its administration since 2006 was irregular and it would reorganize. As a result, INDEC would not publish new information until at least June 2016. There can be no assurance of the potential

impact these changes may have on our results of operations and financial condition. According to a price index published by the government of the City of Buenos Aires, inflation in the city was 3.9% and 4.1% in December 2015 and January 2016, respectively. Previously, from December 2014 to November 2015, inflation averaged less than 2.0% per month. There can be no assurance that inflation rates will increase in the future. See “Item 3. Key Information—Risk Factors-Risks Relating to Argentina—Our business is largely dependent upon economic conditions in Argentina” in the 2015 20-F.

During 2015, Argentina’s trade balance was a deficit of approximately U.S.\$3.0 billion according to preliminary estimates from INDEC, with total exports of approximately U.S.\$56.7 billion during 2015, representing a 16.9% decrease compared to the same period in 2014. Total imports were approximately U.S.\$59.8 billion, representing a decrease of 8.3% compared to the same period in 2014.

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 market conditions and regulations affecting the Argentine market.

The drop in the international price of Brent crude has affected and will likely continue to affect the oil industry’s expected activities worldwide, particularly with respect to expected investments in the industry. In 2015, this decline resulted in an approximately U.S.\$7 reduction to the domestic price per barrel compared to the price in effect on December 31, 2014. This change stemmed from negotiations between producers and refiners to reduce the domestic price of Medanito and Escalante crude during January 2015 to U.S.\$77 and U.S.\$63 per barrel, respectively. These prices stood at U.S.\$75 and U.S.\$61, respectively, as of November 30, 2015.

In 2016, following the continuous drop in the international price of Brent crude, a new reduction of approximately 10% in the domestic crude oil price per barrel compared to the price in effect on December 31, 2015 was agreed upon. This change stemmed from negotiations between producers, refiners and the Ministry of Energy and Mining, whereby it was agreed to reduce the domestic price of Medanito crude and Escalante crude since January 2016 to U.S.\$67.50 and U.S.\$54.90 per barrel, respectively.

Energy consumption in Argentina has increased significantly since 2003. Continued growth in demand has led to fuel shortages and power outages, prompting the Argentine government to take additional measures to assure domestic supply. As a result of this increasing demand, declines in the production of certain products and companies in our industry, and actions taken by the Argentine regulatory authorities to prioritize domestic supply the volumes of hydrocarbon product exports, especially natural gas, have declined steadily during this period. At the same time, in recent years, Argentina has increased its imports of natural gas and refined products.

On December 17, 2015, as a result of Decree No. 134/2015, the new government declared an emergency of the national electricity system until December 31, 2017 and instructed the Minister of Energy and Mining to develop and propose measures that would ensure power supply under adequate technical conditions. In light of this circumstance, by Resolution No. 06/2016, published January 2016, the Ministry of Energy and Mining established the new seasonal reference prices of power and energy in the MEM from February 1, 2016 to April 30, 2016. The aforementioned resolution has among its objectives adapting the quality and security of the electric supply and ensuring the provision of the public electric supply under adequate technical and economical conditions, considering, among others, that: a) the remuneration systems established by the MEM from 2003 involved the gradual adoption of regulatory decisions that did not meet the objectives set out in Law No. 24,065 in ensuring the supply and quality under the conditions laid out at the minimum possible cost to the Argentine electricity system; b) the regulatory framework consisting of Laws No. 15,336 and 24,065 prescribed that the price to be paid for the demand for electricity in the MEM must meet the economic cost to supply it; c) the abandonment of economic criteria in the definition of prices in the MEM distorted economic signals, increasing the cost of supply, discouraging risk private investment directed to efficiently increase the offer and subtracting savings incentives and proper use of the energy resources by the consumers and users; and d) only a small proportion of the cost of supply was offset by the electricity fees from demand, requiring the resources of the Argentine national treasury to cover a substantial portion of this cost, which significantly contributed to progressively increased tax pressure. Based on the above, Resolution 06/2016 establishes increases in seasonal reference prices of power and energy from January 1, 2016 to April 30, 2016, thereby substantially eliminating the application of existing subsidies. The resulting percentage price increases depend on the prices and consumption prior to the implementation of the resolution, but it

is estimated that on average prices will increase by 500% or more. The increase indicated above does not improve the operational situation for generation or distribution of energy (which is pending), since its main effect is the partial removal of existing subsidies as mentioned previously. Notwithstanding the above increases, the resolution also establishes a stimulus plan, which focuses primarily on efficient users (with reference prices for residential users that reduces consumption over the same month of 2015) and a social tariff for users with basic needs and those that meet the criteria defined in Resolution 7/2016.

In 2005, Argentina restructured a substantial portion of its bond indebtedness with approximately 76% of its bondholders, and in 2006 it settled all of its debt with the IMF. In June 2010, Argentina restructured additional defaulted bond indebtedness that was not swapped in 2005. As a result of the 2005 and 2010 debt swaps, over 92% of the bond indebtedness on which Argentina had defaulted in 2002 has been restructured (“Exchange Bonds”).

Certain holders of bonds that were not swapped in the debt restructuring have sued Argentina for payment (“Holdout Bondholders”). On December 7, 2011, the U.S. District Court for the Southern District of New York held that Argentina was required by the *pari passu* clause in the 1994 Fiscal Agency Agreement governing the defaulted bonds to rank its payment obligations to the Holdout Bondholders equally with those of its other debt, including the Exchange Bonds. On February 23, 2012, the District Court enjoined Argentina from making payments on the Exchange Bonds without making ratable payments on the defaulted debt, and on October 2012, the District Court’s injunction was affirmed by the U.S. Court of Appeals for the Second Circuit.

On November 21, 2012, the District Court issued an amended order requiring Argentina to pay 100% of the amounts due to the Holdout Bondholders upon payment of the amounts due on the next maturity date to the Exchange Bondholders. Argentina appealed the District Court’s November 21, 2012 order to the Second Circuit Court of Appeals, which granted Argentina’s request for a stay of the order. On August 30, 2013, the Second Circuit Court of Appeals affirmed the District Court’s November 21, 2012 order, but stayed its decision pending an appeal to the U.S. Supreme Court. On June 16, 2014, the U.S. Supreme Court denied Argentina’s appeal, and with the appeal process exhausted, the Second Circuit Court of Appeals lifted its stay of the District Court’s order on June 18, 2014.

On June 26, 2014, Argentina deposited U.S.\$832 million due to the Exchange Bondholders for the payment of interest that matured on June 30, 2014, of which U.S.\$539 million was deposited in accounts of the Bank of New York Mellon (“BoNY”), as indenture trustee, in the Central Bank of Argentina. On June 27, 2014, the District Court referred to such funds as an illegal payment. On October 22, 2014, the Second Circuit Court of Appeals dismissed Argentina’s appeal of the District Court’s decision finding that the payment on the Exchange Bonds was illegal and that BoNY, therefore, should retain such funds.

BoNY has invoked the decision of the District Court to not deliver the funds deposited by Argentina to the Exchange Bondholders. Argentina has asserted that it has complied with its obligation to the Exchange Bondholders by making said deposit, and that BoNY, as the indenture trustee, has the obligation to deliver those funds to their beneficiaries.

On September 11, 2014, Argentina promulgated Law No. 26,984, which provided for various mechanisms to pay 100% of the amounts owed on the Exchange Bonds, authorizing for that purpose, among other things, the Minister of Economy and Public Finance to replace BoNY as indenture trustee and appoint Nación Fideicomisos S.A. instead, and to deposit funds owed to the Exchange Bondholders in an account created to that end, providing also the possibility for the bondholders to change the trustee, the jurisdiction or the governing law of the bonds.

On September 29, 2014, the District Court declared Argentina in contempt of court but did not impose sanctions. On October 3, 2014, the District Court ordered Argentina to repair its relations with BoNY, remove Nación Fideicomisos as indenture trustee and resolve the situation with the Holdout Bondholders.

On March 12, 2015, the District Court held that U.S. dollar-denominated bonds issued by Argentina under Argentine Law constitute external indebtedness, and, therefore, are covered by the court’s amended injunction dated November 21, 2012.

On May 11, 2015, certain Holdout Bondholders moved to amend the complaint to add two claims: (i) a claim for a declaratory judgment stating that the BONAR 2024 bonds issued by Argentina are considered foreign debt, and (ii) a claim for a *pari passu* order stating that Argentina must make ratable payments to claimants each time the BONAR 2024 bonds or other amounts are paid on past or future external debt. On July 16, 2015, the District Court accepted the amended complaint.

Other holders of bonds that were not exchanged in the 2005 and 2010 debt swaps have sought relief similar to that sought by the Holdout Bondholder plaintiffs (“Me Too Plaintiffs”). On June 5, 2015, the District Court granted summary judgment in 36 of these cases, declaring that Argentina was in breach of the *pari passu* clause contained in their bonds. By an order of October 22, 2014, the District Court granted identical summary judgment in fifteen other Me Too Plaintiffs actions. On August 14, 2015, certain Me Too Plaintiffs submitted motions requesting a *pari passu* order similar to that previously obtained by other Holdout Bondholders. Those Me Too Plaintiffs were afterwards followed by many others, and on October 30, 2015, the District Court granted 49 such motions.

Since the *pari passu* injunction became effective, litigation has continued regarding Argentina’s efforts to make payments to Exchange Bondholders. Payments by Argentina have been blocked from reaching the Exchange Bondholders by judicial orders, and various Exchange Bondholders have sought release of such funds through litigation before the District Court and in various jurisdictions.

In connection with the Holdout Bondholder litigation against Argentina, the Holdout Bondholders served subpoenas on various financial institutions in New York seeking the production of documents concerning the accounts and transfers of hundreds of entities allegedly owned or controlled, in whole or in part, by Argentina, including YPF. During a hearing on September 3, 2013, the District Court ruled that such discovery could proceed as to, among others, YPF, in order for the Holdout Bondholders to determine if those documents supported an argument that YPF is an alter ego of Argentina. YPF is not a recipient of any such subpoenas and, as such, has no obligation to produce documents or otherwise participate in discovery.

On June 17, 2015, the plaintiff NML and other Holdout Bondholders submitted a motion to the District Court alleging Argentina did not comply with the court’s discovery order dated September 25, 2013 and seeking sanctions, including precluding Argentina from disputing the Holdout Bondholder’s alter ego allegations as to the Central Bank of Argentina, Energía Argentina Sociedad Anónima (“ENARSA”), and YPF, and deeming that Argentina’s assets in United States were used for commercial purposes. During a hearing on August 12, 2015, the District Court found that Argentina had not complied with the September 25, 2013 discovery order and ordered that Argentina’s assets in the United States, except for diplomatic and military assets, be deemed to be used for commercial purposes. The District Court made no determination as to sanctions, if any, with respect to the alter ego issues.

Notably, the District Court has previously held that Banco de la Nación Argentina, or BNA, is not an alter ego of Argentina, and on August 31, 2015, the Second Circuit Court of Appeals ruled that the Central Bank of Argentina is not an alter ego of Argentina and dismissed claims asserted against it on that basis. On January 7, 2016, NML filed a writ of certiorari before the Supreme Court of the United States on appeal of this issue. In addition, the U.S. District Court for the Northern District of California on December 1, 2015 affirmed a magistrate judge’s ruling that the Holdout Bondholders’ assertion that YPF was an alter ego of Argentina was insufficient to support discovery concerning YPF. This decision was appealed by NML on December 23, 2015.

In February 2016, Argentina negotiated and reached agreements in principle with respect to a substantial number of the Holdout Bondholders. On February 5, 2016, Argentina published its proposal to other Holdout Bondholder plaintiffs. Argentina has indicated that it estimates that the settlement payments for the Holdout Bondholders covered by the *pari passu* injunctions, if made, would total approximately U.S.\$6.5 billion in cash.

On February 19, 2016, the District Court issued an indicative ruling stating that in light of Argentina’s settlement proposal, and upon remand of Argentina’s motion to vacate the *pari passu* injunctions in the Me Too Plaintiffs’ actions from the Court of Appeals, it would grant a motion to vacate the injunctions in all cases upon the occurrence of two conditions: (1) Argentina’s repeal of the legislative obstacles to settlement and (2) Argentina’s payment to all Holdout Bondholders that entered into agreements in principle with Argentina on or before February 29, 2016 in accordance with the terms of such agreements, and notification of such payment to the District Court.

On February 24, 2016, the Court of Appeals remanded the *pari passu* cases on appeal to the District Court, stating that the order formalizing the indicative ruling was subject to a motion from Argentina, with notice to all parties and an opportunity to be heard, and that any such order will be stayed for up to two weeks. Argentina submitted that motion, and the District Court held a hearing of oral arguments on March 1, 2016. On March 2, 2016, the District Court vacated the injunctions on all actions upon the occurrence of the conditions set forth in the indicative ruling.

See “Item 3. Key Information—Risk Factors—Risks Relating to Argentina—Our business is largely dependent upon economic conditions in Argentina” and “Item 3. Key Information—Risk Factors—Risks Relating to Argentina” in the 2015 20-F.

Competitive Strengths

Largest producer, refiner and marketer of crude oil, natural gas and refined products in Argentina

After an initial effort in 2012 to increase production, YPF has achieved a growth in its oil production rate in 2013, 2014 which continued into 2015, reversing a trend over the last 10 years. In 2015, average daily crude oil production increased by 2.1% compared to 5.3% in 2014, while average daily natural gas production increased by 4.1% compared to 25.3% in 2014. These increases reflect the effort and resources allocated by the Company to improve production levels and increase the value of the Company. In 2015 and 2014, there was a significant increase in the number of active drilling rigs, reaching a total of 72 and as of December 31, 2015 a 1.4% decrease compared to 2014 and 73 rigs as of December 31, 2014, a 22% increase compared to 2013. During 2015, there was an increase in extraction wells drilled of approximately 3% in our operated areas compared to 2014.

The Company has a strong commitment to the development of unconventional hydrocarbons, which represent an enormous potential resource. Our exploratory efforts in 2015 and 2014 decreased by 29.5% and 37.4%, respectively, based on the number of wells drilled. In conjunction with our development operations, YPF replaced approximately 107% and 163% of its production during 2015 and 2014, respectively, a milestone that is unprecedented in the past 15 years of the Company’s history.

Our downstream operations refine and distribute more refined products than any other company in Argentina. In 2015 we accounted for more than 50% of the country’s refining capacity and distributed more diesel, gasoline, lubricants, asphalts and compressed natural gas than any other distributor in 2015, according to our latest internal estimates. As of December 31, 2015, we had 1,538 YPF-branded service stations (including proprietary and franchised service stations). We believe, as of December 31, 2015, this figure represented approximately 35% of Argentina’s network of gasoline service stations, and we accounted for approximately 56.8% of all sales of gasoline and 58.5% of all sales of diesel in 2015 based on our analysis of the information published by the Secretariat of Energy. We are one of the largest petrochemical producers in the Argentine market, offering a wide range of products, including aromatics and fertilizers, LAB, LAS, maleic anhydride, polybutenes, methanol and solvents.

Favorably positioned as a vertically integrated player along the entire oil and gas value chain

We participate in all phases of the oil and gas value chain, including production, refining, marketing and distribution, obtaining margins at all levels, which gives us unique flexibility in managing our portfolio in relation to our target markets. Our oil production is aimed almost entirely at our refineries. Our gas production caters not only to the residential sectors of the country but also the consumption of our own refineries and chemical complexes, and, to varying degrees, the gas needs of our portfolio companies such as Compañía Mega S.A. (separating and fractionating NGLs), Profertil S.A. (producer and marketer of fertilizers) and Refinor (refinery located in the northwest of the country), among others. Fuels sold in our service stations are generally produced in our refineries and are complemented by fuels imported by us whenever justified by market opportunities. We believe that this effort to meet current demand contributes to strengthening our customer base and enhances our profitability through an integrated value chain.

Substantial portfolio of oil and gas concessions

As of December 31, 2015, we held interests in 146 production concessions and exploration permits in Argentina, with 100% ownership interest in 72 of these. Many of our production concessions are among the most productive in Argentina, including concessions in the Neuquina and Golfo de San Jorge basins, which accounted for approximately 88% and 86% of our reserves of oil and gas, respectively, in 2015 in operated and non-operated concessions. Although our concessions were originally granted to us until 2017, certain concessions have already been extended until 2026, 2027, 2042 and 2048, respectively (for additional information on those concessions already extended, see “Item 4— Information on the Company—Exploration and Production Overview” in the 2015 20-F). As of December 31, 2015, only 3.3 mmbbl/d was attributed to concessions that had not yet been extended. The process of obtaining the extension of concessions continues according to the designed strategy of assets valuation, which determines the timing and extent of each case. For example, we have a portfolio of mature fields, including reservoirs under secondary recovery processes and gas reservoirs with low permeability with geologic characteristics that are similar in many respects to those in other regions (such as those in the United States) which have been successfully rejuvenated through the use of advanced oil recovery technologies to increase field recovery factors or to enhance the permeability through reservoirs stimulation mechanisms. In addition, we made several strategic acquisitions to improve our portfolio. See “—Business Strategy— Optimize the value of our asset portfolio.”

A majority of our fields have been in operation for several years and, as a result, approximately 73% of our total proved reserves of 1,226 mmbbl/d as of December 31, 2015 were classified as developed.

Extensive refining and logistics assets

We have extensive refining assets with processing capacity of almost 320 mmbbl/d as of December 31, 2015 which we believe represents more than 50% of the country’s refining capacity, according to our latest internal estimates, and have been operating at high utilization rates. Our refining system is complex, and gives us flexibility to shift some of our production resources toward higher value-added products.

Our refining assets also benefit from large scale and convenient location (e.g., our La Plata refinery is the largest in Argentina, with a capacity of 189,000 bbl/d), and they rank highly in terms of availability and maintenance.

Notwithstanding the foregoing, 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. The industrial complex is insured for damage and loss of profits caused by the incident under our insurance policy. A new Coke A facility is already under construction and is expected to be commissioned by 2016, as described below.

We operated our industrial refining complexes at 90.9% of their capacity during 2014 and 93.6% of their capacity during the year ended December 31, 2015.

In Argentina, we also operate a network of multiple pipelines for the transportation of refined products with a total length of 1,801 km. 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 cm. 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 which are wholly-owned) with a capacity of 22,500 cm, and we 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.

All of our refineries are connected to pipelines that we own or in which we have a significant ownership stake. Oil is shipped to our Luján de Cuyo refinery from Puerto Hernández by a 528 km pipeline and to our La Plata

refinery from Puerto Rosales by another 585 km pipeline. We also have a 37% stake in Oleoductos del Valle S.A. (the company operating the oil pipeline from the Neuquina basin to Puerto Rosales).

Strong marketing brand

The “YPF” brand is widely recognized in the Argentine consumer market. Our more than 1,500 YPF-branded service stations are located throughout Argentina’s urban, suburban and rural areas with the largest country market coverage, and we maintain marketing loyalty programs with approximately 1.1 million card members as of December 31, 2015. We also leverage our marketing and branding power to sell industrial products, such as lubricants, for which we held approximately 41.6% market share as of December 31, 2014 and approximately 40.1% as of December 31, 2015, according to the Secretariat of Energy.

Experienced management team strengthened with executives with broad experience in the industry at international levels

We are led by a highly regarded and experienced team of professionals. Several members of our senior management team have long tenures with us and significant experience in the Argentine energy sector. During 2012, the management team of the Company was strengthened with the addition of a new CEO and other executives with extensive international experience in world-class companies.

Business Strategy

Our strategy aims to reaffirm our commitment to creating a new model company in Argentina which aligns our objective for profitable growth that we believe creates value for our shareholders and aligns the objectives of YPF with those of the country’s energy policy. YPF seeks to become a leader in the industry, reverse the national energy imbalance and achieve hydrocarbons self-sufficiency in the long-term.

Our business strategy is based on a vision of YPF as a leader of change in the energy paradigm of Argentina, combining our strong commitment to Argentina with professionalism, competitiveness and efficiency. YPF intends to play a key role in the country so that Argentina can stop being a net importer of energy, and instead, become an exporter by being able to fully exploit its hydrocarbon resources, as well as a leader in the rejuvenation of mature fields and in the exploitation of unconventional resources.

As the largest vertically-integrated oil and gas company in Argentina, we are a company committed to the country’s growth and seek value-creation for all our shareholders. We also intend to strive to improve our operating margins and to achieve a return on invested capital in line with other similar operators in the world market. We are committed to investing to increase our portfolio size in a balanced and integrated manner, focusing on exploiting the opportunities that become available to us in a cost effective and integrated manner.

The cornerstones of our strategy are as follows:

Upstream

Promote the rejuvenation of our mature fields in order to extend their life limits and by improving the recovery factor. We will seek to expand the current limits of our fields and the systematic application of techniques such as infill drilling (i.e., seeking remaining oil in the reservoir by drilling new wells in between existing wells) and water injection, gels and polymers for secondary and tertiary recovery. Many of these techniques have been successfully employed in other comparable mature basins, whose recovery factors are around 35%. The difference between the benchmark and the recovery factor of our combined sites, which is about 20%, illustrates the magnitude of the growth potential. However, like all oil projects, its nature is uncertain and the final outcome will depend not only on investment and the effective implementation of the referred techniques but, to a large extent, on the geological and petrophysical behavior and nature of the reservoir affected.

Launch an intensive development of our unconventional resources. We are designing a pilot program to implement factory mode drilling, accessing the latest technology in drilling and well stimulation, an essential

element for the successful development of the potential of our unconventional oil and gas reserves. Unconventional resources exist in hydrocarbon accumulations, which are generally very large and typically are in the source rock. Therefore, factory mode drilling is characterized by extensive use of specialized extraction techniques on a generally large area, requiring significant capital investment. The development of a pilot program in the Vaca Muerta basin will test different designs and well spacing, to optimize the sustained development over a larger area. Another feature inherent in the economics of factory mode drilling projects is that the performance of wells tends to improve with increased knowledge of the reservoir and costs may be substantially reduced with the increase in size or scale of the factory. The history of the development of unconventional “plays” such as Eagle Ford, Hanesvielle or Bakken in America - against which Vaca Muerta compares more than favorably in terms of geology and others - demonstrates the evolution previously mentioned.

Optimize the value of our asset portfolio. We strive to optimize our portfolio of exploration and production assets through active management of several secondary reservoirs, including through potential partnerships with smaller operators in certain fields in order to improve operational efficiency. In addition, our efforts to optimize our portfolio covers our unconventional hydrocarbon assets; we farmed out a portion of the assets we acquired from Apache in Vaca Muerta to Pluspetrol (as described further below), and we also farmed out certain unconventional hydrocarbon assets in the Rincon de Magrullo area to Petrolera Pampa in 2013.

In addition, within our strategy to continue making investments that increase the value of our assets and contribute to the energy development of Argentina by means of improving production, we made the following strategic acquisitions to strengthen our core business:

- On January 31, 2014, we acquired Petrobras Argentina S.A.’s 38.45% participation in the concession contract UTE Puesto Hernández executed between both companies for the exploitation of the Puesto Hernández area. The Puesto Hernández area is an exploitation concession located in the Provinces of Neuquén and Mendoza. YPF is the holder of the concession until 2027, now owning 100% of the participation in the Puesto Hernández area and becoming the operator of the concession. As of December 2015, Puesto Hernández produced over 9,100 barrels a day of light crude oil (Medanito quality). The transaction was completed for the amount of U.S.\$40.7 million. By becoming the operator of the Puesto Hernández area, we expect we will be able to accelerate our investment plans to optimize the area’s production potential until 2027.
- On February 7, 2014, we acquired Potasio Río Colorado S.A.’s 50% interest in the joint operation contract “Segment 5 Loma La Lata - Sierra Barrosa” (known as the “Lajas” formation) signed by YPF and Potasio Río Colorado S.A. for the exploitation of the Lajas formation concession area. The Lajas formation area is an exploitation concession, located in the province of Neuquén. YPF is the holder of the concession, which expires in 2027. Exploitation of the Lajas formation area was conducted under the aforementioned joint operation contract. The terms of the joint operation contract provided that it would expire upon the earlier of the expiration of the concession or the early termination of any agreement or contract that granted the right to continue exploiting the area. As a result of the termination of the joint operation contract, YPF owns 100% of the interest in the Lajas formation area. The consideration for the transaction was U.S.\$25 million.
- On March 12, 2014, we acquired 100% of the interests of Apache Overseas Inc. and Apache International Finance II S.a.r.l. (together with their affiliates, “Apache”) in certain foreign companies that control Argentine companies that are the owners of assets located in Argentina, including 28 concessions (23 operated and 5 non-operated) in Neuquina basin (in the provinces of Neuquén and Río Negro), 7 concessions in Tierra del Fuego, and a significant conventional resource base. Pursuant to this transaction, YPF acquired control of all of the assets of the Apache Corporation in Argentina. The price paid for the transaction includes U.S.\$786 million in cash plus the assumption of approximately U.S.\$31 million of bank debt relating to the companies acquired. The primary assets included in this transaction, located in the provinces of Neuquén, Tierra del Fuego and Río Negro, have an important infrastructure of pipelines and facilities. In addition, certain assets have potential for exploration and development in the Vaca Muerta formation.

- On March 12, 2014, YPF completed a transfer of assets transaction under an agreement with Pluspetrol S.A. (“Pluspetrol”) whereby Pluspetrol transferred, in exchange for U.S.\$217 million, an interest in certain assets related to those acquired from Apache located in the province of Neuquén, with the objective of jointly exploring and developing the Vaca Muerta formation.
- During April 2014, YPF and subsidiaries of Chevron Corporation executed a new agreement with the objective of the joint exploration of unconventional hydrocarbons in the province of Neuquén, within the area Chihuido de la Sierra Negra Sudeste – Narambuena. The investment will be undertaken exclusively by, and at the sole risk of, Chevron. For more information, see Note 11.c) to the Audited Consolidated Financial Statements.
- On December 5, 2014, YPF S.A., Yacimientos del Sur S.A. (“YSUR”) and the Province of Neuquén and Gas y Petroleo del Neuquen S.A. signed a Memorandum of Investment Agreement (the “Memorandum Agreement”) pursuant to which the parties have agreed to convert the joint ventures and respective joint operating agreements relating to La Amarga Chica and Bajada de Añelo areas into unconventional hydrocarbon extraction concession agreements under Articles 27 and 35(b) of the Hydrocarbons Law (as amended by Law No. 27,007). The Memorandum Agreement was also approved by the National Executive Office and the Legislature of the Province of Neuquén. As part of the conversion of these agreements to unconventional hydrocarbon extraction concession agreements, the Company agreed to make a cash payment and assign all of its interests in the following areas: i) Puesto Cortadera, ii) Loma Negra NI, iii) Cutral Co Sur, iv) Neuquén del Medio, v) Collon Cura Bloque I and vi) Bajo Baguales. Under the Memorandum Agreement, the conditions for carrying out the pilot projects on the new La Amarga Chica and Bajada de Añelo concessions are set forth, with a term of 36 and 42 months, respectively, as required by Article 35 (b) of the Hydrocarbons Law as amended by Law No. 27,007. On December 19, 2014, the Company reported that the National Executive Office and the Legislature of the Province of Neuquén approved the Investment Agreement contemplated by the Memorandum Agreement.
- On December 10, 2014, YPF and Petronas E&P Argentina S.A. (“PEPASA”), an affiliate of Petronas E&P Overseas Ventures Sdn. Bhd. (“PEPOV”) of Malaysia have executed a Project Investment Agreement (the “Investment Agreement”) aiming to perform joint exploitation of unconventional hydrocarbons in the La Amarga Chica area in the province of Neuquén. The parties have signed the following supplementary agreements to the Investment Agreement (the “Supplemental Agreements”): a) the Assignment Agreement for 50% of the concession for the La Amarga Chica area; b) a Joint Venture Agreement; c) the Joint Operating Agreement (“Joint Operating Agreement”); d) the Guaranty Assignment Agreement; e) the Right of First Offer Agreement for the sale of crude oil and f) an Assignment Agreement for hydrocarbons export rights. The Investment Agreement provides for the joint development of a shale oil pilot project (the “Pilot Plan”) in three annual phases with a total investment of U.S.\$550 million plus VAT, of which PEPASA will provide U.S.\$475 million and YPF will provide U.S.\$75 million. YPF will assign 50% of the La Amarga Chica concession to PEPASA and will be the operator of the area. The concession rights will, in turn, be collaterally assigned by PEPASA in favor of YPF as security for, and until PEPASA has complied with all its obligations under the Investment Agreement. Additionally, PEPOV has executed a payment guaranty of certain of PEPASA’s financial obligations under the Investment Agreement. The Pilot Plan began in May 2015 once conditions precedent to the effectiveness of the Investment Agreement and the Supplemental Agreements were fulfilled, which relate primarily to the granting of the 35-year exploitation concession for the project area by the province of Neuquén and certain provisions with respect to the project’s tax structure, including promotional, tax and royalty commitments in accordance with Law No. 27,007 and the agreement executed with the province of Neuquén on December 5, 2014. When the full contributions to each of the annual phases of the Pilot Plan have been made, PEPASA will have the option to withdraw from the plan by transferring its participation in the concession and paying liabilities accrued prior to its withdrawal (without the right to 50% of the value of net production from wells drilled prior to the exercise of its right to withdraw). After the

parties' total commitments have been met during the Pilot Plan, each party will be responsible for and contribute 50% of the work program and budget to develop the area as provided for by the Joint Operating Agreement. The Investment Agreement provides that over the three phases of the Pilot Plan, the parties will be required to perform a 3D seismic acquisition and processing program covering the entire concession area, drill 35 wells targeting the Vaca Muerta formation (including vertical and horizontal wells) and install facilities to transport the hydrocarbon production from this area.

Finally, in furtherance of our activities to optimize our portfolio, we have also consolidated our positions in unconventional assets, including in the Pampa de la Yeguas, Aguada de Castro, Cerro las Minas and Amarga Chica areas. We intend to continue evaluating selective opportunities to make acquisitions in our core business as part of our growth strategies.

Improve the operational efficiency of our exploration and production. Our exploration, production and upstream services business unit is carrying out a comprehensive operational improvement and cost reduction program that we expect to continue to have a positive impact on our business. These include initiatives seeking to improve well productivity through better water management, enhancing the maintenance of our facilities, optimizing the stimulation process and reducing energy costs, among others.

Invest in onshore and offshore exploration. We plan to relaunch our conventional and unconventional exploratory activity onshore. In productive basins in Argentina, our intention is to develop exploration activities on operated assets in order to put us in a favorable position with respect to the new unexplored onshore domain, for which we plan to add drilling equipment and hire additional staff. Also, for non-productive basins or frontier areas, we intend to expand our research and, eventually, our portfolio on relatively unexplored areas that offer potential based on our Exploration Plan for Argentina. We also expect to leverage our exploratory expertise in countries where we are already present such as Chile and Uruguay, and exploring new opportunities in Bolivia and Ecuador, continually reviewing our position in light of all exploration opportunities.

Additionally, we will continue the exploration of potentially productive fields in the continental platform of Argentina ("offshore"). The offshore area of Argentina has generally not been explored and is the largest area for the development of untapped areas of the country. We intend to actively participate in offshore exploration through the incorporation of new areas. We have also incorporated offshore exploration acreage in the offshore platform of Uruguay, following a pattern set by our studies. We intend to develop this specific exploratory activity in the continental platform in Uruguay with Petroleos Brasileiros S.A. ("Petrobras"), a leading global offshore exploration company. In addition, we have partnerships with other companies with specific expertise in each of the relevant offshore exploration projects in order to diversify the risks related to this activity, enhance our knowledge and expertise in this area and increase the number of projects explored, factors that typically determine the success of a portfolio of exploration projects.

Downstream

Continue to improve production and cost efficiencies in downstream businesses. We are seeking to optimize our production process to increase the utilization of existing refining capacity and increase the processing capacity of our plants through removal of "bottlenecking" and revamping of equipment. We strive to improve their flexibility by shifting capacity among certain categories of products, adapting our refineries to sustain the current leadership in competition in product quality and developing our logistics network and assets to meet the continued growth in demand. In addition, we continue to implement various cost reduction programs through our refining and logistics assets (including internal consumption reduction and centralized purchasing), marketing network (including back-office integration, loyalty program reductions) and our chemical division (including the reduction of maintenance-related production stoppages).

During 2010, we initiated the construction of a new continuous catalytic reforming plant ("CCR") in the CIE Complex in Ensenada. Our total investment was U.S.\$453.1 million. The new CCR plant began operating in the third quarter of 2013. The new production from this plant is satisfying the growing demand of high octane gasoline in the local market, while at the same time providing hydrogen to the new hydrotreater unit in our La Plata refinery.

Furthermore, we are completing our first investments of approximately U.S.\$650 million in hydrotreatment and desulfurization units to further improve the quality of gasoline and diesel produced by our refineries in Lujan de Cuyo (Hydrotreatment Unit III and HTN II) and La Plata (Hydrotreatment Unit B and revamping of Unit A which were finished in November 2012). The La Plata refinery will take advantage of the hydrogen generated by the CCR plant. We also plan to make investments to optimize energy use and increase the power reliability and capacity of both facilities. This project is expected to be completed during the next three years. The construction of the diesel hydrotreatment unit in the La Plata refinery was completed in November 2012; our investment amounted to approximately U.S.\$278 million.

Finally, the construction of the new Coking Unit A is ongoing. The new unit will have a processing capacity of 185 cm/hour, which is a 70% increase over the damaged unit. This improvement should be reflected in an increase of approximately 196,000 cm/year of premium gasoline and 400,000 cm/year of diesel. We expect our investment in this unit will amount to at least U.S.\$1.0 billion and that it could start operations in 2016.

Increase value creation from petrochemicals. Our chemicals business unit intends to carry out a significant upgrade of its aromatics plant by migrating to state-of-the-art technology. We believe our investments will facilitate the integration of our petrochemical operations with our refining and marketing business unit through a significant increase in aromatics production, much of which will be used by our refining and marketing business unit to increase gasoline octane levels and to produce hydrogen to improve refining plant productivity.

SELECTED FINANCIAL AND OPERATING DATA

The following tables present our selected financial and operating data that is derived from our audited consolidated financial statements as of December 31, 2015 and 2014 and for the years ended December 31, 2015 (the “Audited Consolidated Financial Statements”) included in our 2015 20-F included elsewhere in this Pricing Supplement, and their respective notes.

Our Audited Consolidated Financial Statements are presented in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The adoption of such standards International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), was required by Technical Resolution No. 26 (ordered text) issued by Argentine Federation of Professional Councils in Economic Sciences (“FACPCE”) and the regulations of the CNV.

Certain figures in this Pricing Supplement have been subject to rounding adjustments. Accordingly, figures shown as totals may not sum due to rounding. The following table shows our financial position as of December 31, 2015 and December 31, 2014.

	For the year ended December 31,	
	2015	2014
	(in millions of pesos)	
Consolidated Statement of Comprehensive Income Data (1):		
Revenues (2)	156,136	141,942
Cost of sales	(119,537)	(104,492)
Gross profit	36,599	37,450
Selling expenses	(11,099)	(10,114)
Administrative expenses	(5,586)	(4,530)
Exploration expenses	(2,473)	(2,034)
Other operating results, net	(853)	(1,030)
Operating income	16,588	19,742
Income on investments in companies	318	558
Financial results, net (12)	12,157	1,772
Net income before income tax	29,063	22,072
Income tax	(24,637)	(13,223)
Net income for the year	4,426	8,849
Net income for the year attributable to:		
- Shareholders of the parent company	4,579	9,002
- Non-controlling interest	(153)	(153)
Other comprehensive income for the year	43,758	16,276
Total comprehensive income for the year	48,184	25,125
Other Consolidated Financial Data:		
Fixed assets depreciation and intangible assets amortization	27,008	20,405
Adjusted EBITDA (7)	47.556	41.412
Adjusted EBITDA margin (8)	30%	29%

	As of December 31,	
	2015	2014
	(in millions of pesos)	
Consolidated Balance Sheet Data(1):		
Cash and cash equivalents	15,387	9,758
Working capital (3)	(2,818)	(11,266)
Total assets	363,453	208,554
Total loans (4)	(105,751)	(49,305)
Total liabilities	(242,992)	(135,773)
Total shareholder's contribution (5)	10,349	10,400
Total reserves (6)	27,364	18,834
Total retained earnings	4,585	9,033
Total other comprehensive income	78,115	34,363
Non-controlling interest	48	151
Shareholders' equity attributable to the shareholders of the parent company	120,413	72,630
Total shareholders' equity	120,461	72,781
Indicators		
Current liquidity (9)	0.96	0.79
Solvency (10)	0.50	0.54
Capital immobilization (11)	0.79	0.80

- (1) The consolidated financial statements reflect the effect of the application of the functional and reporting currency. See Note 1.b.1 to the Audited Consolidated Financial Statements.
- (2) Revenues are net of payment on account of fuel transfer tax and turnover tax. Customs duties on hydrocarbon exports are disclosed in taxes, charges and contributions, as indicated in Note 6.n 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.b.15 to the Audited Consolidated Financial Statements.
- (3) Working capital consists of total current assets minus total current liabilities as of December 31, 2015, December 31, 2014.
- (4) Total loans includes non current loans of Ps. 77,934 million and Ps. 36,030 million, as of December 31, 2015, and 2014, respectively, and current loans of Ps. 27,817 million and Ps. 13,275 million as of December 31, 2015, and 2014, respectively. See "Financial Risk Management and Fair Value Measurements" in Note 6.j to the Audited Consolidated Financial Statements.
- (5) Our subscribed capital as of December 31, 2015 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. As of December 31, 2015, total shareholder's contributions included: Ps. 3,922 million of subscribed capital, Ps. 6,083 million of adjustment to contributions, Ps. 11 million of treasury shares, Ps. 18 million of adjustment to treasury shares, Ps. 67 million of share-based benefit plans, Ps. (277) million of acquisition cost of treasury shares, Ps. (115) million share trading premium and Ps. 640 million of issuance premiums. As of December 31, 2014, total shareholder's contributions included: Ps. 3,922 million of subscribed capital, Ps. 6,083 million of adjustment to contributions, Ps. 11 million of treasury shares, Ps. 18 million of adjustment to treasury shares, Ps. 51 million of share-based benefit plans, Ps. (310) million of acquisition cost of treasury shares, Ps. (15) million share trading premium and Ps. 640 million of issuance premiums.
- (6) As of December 31, 2015, total reserves were comprised of Ps. 2,007 million of legal reserve, Ps. 5 million of reserve for future dividends, Ps. 21,264 million of reserve for investments in accordance with article 70, third paragraph of the Argentine Corporations Law, Ps. 320 million of reserve for purchase of treasury shares and Ps. 3,648 million of reserve for IFRS initial adjustment. As of December 31, 2014, this reflected Ps. 2,007 million of legal reserve, Ps. 5 million of future dividends reserve and Ps. 12,854 million of reserve for investments in the terms of article 70, third paragraph of the Argentine Corporations Law, Ps. 320 million of reserve for purchase of treasury shares and Ps. 3,648 million of reserve for IFRS initial adjustment.
- (7) Adjusted EBITDA is calculated by excluding income on investments in companies, interest gains on assets, interest losses on liabilities, foreign exchange gains (net), unproductive exploratory drilling, depreciation of

fixed assets, amortization of intangible assets, impairment charges and income tax, from our net income. For a reconciliation of Adjusted EBITDA to net income, see “—Adjusted EBITDA reconciliation” in the 2015 20-F.

- (8) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by our net revenues.
- (9) Current liquidity is calculated by dividing current assets by current liabilities.
- (10) Solvency is calculated by dividing total shareholder’s equity by total liabilities.
- (11) Capital immobilization is calculated by dividing noncurrent assets by total assets.
- (12) Financial results, net is calculated by adding the interest and exchange differences on assets and liabilities.

Adjusted EBITDA reconciliation

Adjusted EBITDA is calculated by excluding income on investments in companies, interest gains on assets, interest losses on liabilities, foreign exchange gains (net), income tax, unproductive exploratory drilling, depreciation of fixed assets, amortization of intangible assets and impairment charges from our net income. Our management believes that Adjusted EBITDA is meaningful for investors because it is one of the principal measures used by our management to compare our results and efficiency with those of other similar companies in the oil and gas industry, excluding the effect on comparability of variations in depreciation and amortization resulting from differences in the maturity of their oil and gas assets. Adjusted EBITDA is also a measure commonly reported and widely used by analysts, investors and other interested parties in the oil and gas industry. Adjusted EBITDA is not a measure of financial performance under IFRS and may not be comparable to similarly titled measures used by other companies. Adjusted EBITDA should not be considered an alternative to operating income as an indicator of our operating performance, or an alternative to cash flows from operating activities as a measure of our liquidity.

The following table presents, for each of the periods indicated, our Adjusted EBITDA reconciled to our net income.

	As of December 31,		Percentage Change
	2015	2014	
	(in millions of pesos)		
Net income	4,426	8,849	(50%)
Income on investments in companies	(318)	(558)	(43%)
Interest gains on assets	(2,548)	(1,326)	92%
Interest losses on liabilities	10,605	7,336	45%
Foreign exchange gain, net	(20,214)	(7,782)	160%
Depreciation of fixed assets and amortization of intangible assets	27,008	20,405	32%
Unproductive exploratory drilling	1,425	1,265	13%
Income tax	24,637	13,223	86%
Impairment charges	2,535	–	–
Adjusted EBITDA	47,556	41,412	15%

Capitalization and indebtedness

The following table shows our debt, equity and total capitalization as of December 31, 2015 and 2014. This table should be read together with the information in this Pricing Supplement and our Audited Consolidated Financial Statements and notes thereto included in the accompanying Offering Memorandum.

	As of December 31,	
	2015	2014
	(in millions of pesos)	
Current loans	27,817	13,275
Non current loans	77,934	36,030
Total loans	105,751	49,305
Total shareholders' equity	120,461	72,781
Total capitalization	226,212	122,086

Production and other operating data

The following table presents certain information regarding our production and other operating data as of December 31, 2015 and 2014, based on our internal sources.

	As of December 31,	
	2015	2014
Average daily production for the period (1)		
Oil (mdbl)(2)	299	293
Gas (mmcf)	1,560	1,498
Total (mboe)	577	560
Refining capacity (1)		
Capacity (mdbl/d)	320	320

(1) According to our internal information.

(2) Including natural gas liquids (NGL)

RISK FACTORS

You should carefully consider the risk factors discussed under “Risk Factors” in the accompanying Offering Memorandum and “Item 3. Key Information–Risk Factors” in the 2015 20-F, before investing in the Notes. In general, investing in the securities of issuers in emerging market countries such as Argentina involves certain risks not typically associated with investing in securities of U.S. companies. The risks and uncertainties described in the accompanying Offering Memorandum and the 2015 20-F 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. This Pricing Supplement, the accompanying Offering Memorandum and the 2015 20-F also contain forward-looking statements that involve risks. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including risks faced by us described in this Pricing Supplement, the accompanying Offering Memorandum and the 2015 20-F.

EXCHANGE RATES

From April 1, 1991 until the end of 2001, the Convertibility Law (Law No. 23,928) established a fixed exchange rate under which the Central Bank was obligated to sell U.S. dollars at one peso per U.S. dollar. On January 6, 2002, the Argentine Congress enacted Law No. 25,561, the Public Emergency Law and Reform of the Exchange Rate Regime (referred hereinafter as 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, 2017 by Law No. 27,200, grants the Executive Branch of the Argentine government the power to set the exchange rate between the peso and foreign currencies and to issue regulations related to the MULC (as defined below). Following a brief period during which the Argentine government established a temporary dual exchange rate system pursuant to the Public Emergency Law, the peso has been allowed to float freely against other currencies since February 2002 although the government has the power to intervene by buying and selling foreign currency for its own account, a practice in which it engages on a regular basis.

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

	<u>Low</u>	<u>High</u>	<u>Average⁽¹⁾</u>	<u>Period End</u>
	(pesos per U.S. dollar)			
Year ended December 31,				
2011	3.97	4.30	4.15	4.30
2012	4.30	4.92	4.58	4.92
2013	4.92	6.52	5.54	6.52
2014	6.54	8.56	8.23	8.55
2015	8.73	13.76	9.39	13.01
Month				
September 2015	9.30	9.42	9.37	9.42
October 2015	9.43	9.55	9.49	9.55
November 2015	9.56	9.69	9.63	9.69
December 2015	9.70	13.76	11.43	13.01
January 2016	13.07	13.94	13.65	13.90
February 2016	14.09	15.58	14.81	15.58
March 2016 (through March 15)	14.61	15.92	15.30	14.61

Source: Central Bank

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

On March 15, 2016 the U.S. dollar exchange rate was Ps. 14.61 per U.S. dollar. 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.

USE OF PROCEEDS

We will use the proceeds from the sale of the Notes, which will be U.S.\$995,000,000 net of commissions payable to the initial purchaser and the Argentine Paying Agent, in compliance with the requirements established in Article 36 of the Negotiable Obligations Law and other applicable law, for:

- (i) investments in fixed assets located Argentina. Fixed assets include (without limitation) investments in land and buildings, mining property, wells and related equipment, distillery equipment and petrochemical plants, transportation equipment, materials and equipment in storage, exploratory drilling, fixtures and installations, and commercialization equipment; or
- (ii) working capital in Argentina. Working capital includes (without limitation) all uses that affect our assets and short-term liabilities, including purchasing inventory, payments to suppliers for our operations and activities, and compensation to employees.

Pending such uses, the proceeds from the sale of the Notes may be invested in short-term temporary investments, including (without limitation) high-quality marketable securities, fixed-term deposits and money market instruments.

CAPITALIZATION

The following table sets forth our indebtedness, shareholders' equity and total capitalization as of December 31, 2015 on an actual basis and as adjusted to give effect to this offering. You should read this table in conjunction with the information under the section entitled "Item 5 – Operating and Financial Review and Prospects," in the 2015 20-F and our Audited Consolidated Financial Statements included in the accompanying Offering Memorandum.

	As of December 31, 2015	
	Actual	As Adjusted (1)
	(in millions of pesos)	
Current loans	27,817	27,817
Non-current loans	77,934	92,694
Total shareholders' equity	120,461	120,461
Total capitalization	226,212	240,972

- (1) Amounts related to the Notes which were converted at the exchange rate published by *Banco de la Nación Argentina* on March 18, 2016 of Ps. 14.76 to U.S.\$1.00.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the purchase agreement relating to the Notes to be entered with the initial purchasers referred to below, each initial purchaser has severally agreed to purchase, and we have agreed to sell to the initial purchasers, the principal amount of the Notes set forth opposite such initial purchaser's name in the following table.

Initial Purchasers	Principal Amount
Credit Suisse Securities (USA) LLC.....	U.S.\$333,334,000
HSBC Securities (USA) Inc.....	U.S.\$333,333,000
J.P. Morgan Securities LLC.....	U.S.\$333,333,000
Total	U.S.\$1,000,000,000

In addition, pursuant to the Argentine public offering of the Notes, the local placement agent (as defined below) arranged the placement of the Notes under a local placement agreement (as defined below).

The purchase agreement provides that the obligations of the initial purchasers are subject to certain conditions precedent, including the absence of any pending or threatened litigation in connection with this offering. The initial purchasers must purchase all the Notes if they purchase any of the Notes. The initial purchasers may offer and sell the Notes through certain of their respective affiliates.

Application will be made to have the Notes listed on the Luxembourg Stock Exchange for trading on Euro MTF market and listed on the MAE. The Notes do not have an established trading market, so we cannot assure you to the liquidity, development or continuation of the trading markets for the Notes. In addition, any such market-making activity will be subject to the limits imposed by the Securities Act, the Exchange Act, Argentine Law No. 26,831 and the CNV rules. Accordingly, we cannot assure you as to the liquidity of, or the development or continuation of trading markets for, the Notes.

The initial purchasers may engage in stabilizing and similar transactions that stabilize the price of the Notes in accordance with applicable law. These transactions may consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Notes. If the initial purchasers create a short position in the Notes (that is, if it sells the Notes in an aggregate principal amount exceeding that set forth in this Pricing Supplement), such initial purchaser may reduce that short position by purchasing the Notes in the open market. In general, purchase of the Notes for the purpose of stabilization or to reduce a short position could cause the price of the Notes to be higher than it might be in the absence of such purchases. All stabilization activities shall be made in accordance with applicable laws.

The U.K. Financial Services and Markets Act 2000 (the "FSMA") permits, in connection with the issuance of the Notes, the stabilizing manager (or any agent for the stabilizing manager) to over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the stabilizing manager (or any agent of the stabilizing manager) to do this. Such stabilizing, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilizing must be in compliance with all applicable laws, regulations and rules.

Neither we nor the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described in the immediately preceding paragraphs may have on the price of the Notes. In addition, neither we nor the initial purchasers make any representation that the initial purchasers will engage in any such transactions or that such transactions, once commenced, will not be discontinued without notice.

Certain of the initial purchasers and/or its affiliates may enter into derivative and/or structured transactions with clients, at their request, in connection with the Notes and certain of the initial purchasers and/or its affiliates may also purchase some of the Notes to hedge their risk exposure in connection with such transactions. Also, certain of the initial purchasers and/or its affiliates may acquire for their own proprietary account the Notes. Such acquisitions may have an effect on demand and the price of the offering.

We have agreed to indemnify the initial purchasers and the local placement agent against certain liabilities (including, without limitation, liabilities under the Securities Act) or to contribute to payments the initial purchasers may be required to make in respect thereof. We have also agreed to reimburse the initial purchasers and the local placement agent for certain other expenses.

We expect that delivery of the Notes will be made to investors on or about March 23, 2016, which will be the third business day following the date of this Pricing Supplement (such settlement being referred to as “T+3”).

The initial purchasers and the local placement agent have, directly or indirectly, performed investment and/or commercial banking or financial advisory services for us and our affiliates, for which they have received customary fees and commissions, and they expect to provide these services to us and our affiliates in the future, for which they also expect to receive customary fees and commissions.

In addition, in the ordinary course of its business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments with us.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act.

We have been advised by the initial purchasers that the offering and sale of Notes by such initial purchaser will be made only (a) to institutions which the initial purchasers reasonably believe are qualified institutional buyers in reliance on Rule 144A under the Securities Act and (b) to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act.

With respect to Notes offered to non-U.S. persons in offshore transactions in reliance on Regulation S, the initial purchasers have acknowledged and agreed that, except as permitted by the purchase agreement, they will not offer, sell or deliver any Notes (i) as part of their distribution at any time or (ii) otherwise, until 40 days after the completion of the distribution of the Notes, within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until the expiration of the 40-day period referred to above, an offer or sale of Notes within the United States by a broker-dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Terms used in the four preceding paragraphs have the meaning given them by Regulation S and Rule 144A under the Securities Act.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) an offer to the public of the Notes may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of the Notes may be made at any time under the following exemptions under the Prospectus Directive:

- A. to any legal entity which is a qualified investor as defined in the Prospectus Directive;

- B. to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the joint bookrunners for any such offer; or
- C. in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any Brazilian placement agent of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

This European Economic Area selling restriction is in addition to any other selling restrictions set out below.

United Kingdom

This Pricing Supplement is only being distributed to and is only directed at (1) persons who are outside the United Kingdom, or (2) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or the Order or (3) high net worth entities, and other persons to whom it may lawfully be communicated, falling with Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. In addition, this communication is, in any event only directed at persons who are “qualified investors” pursuant to the Prospectus Directive. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Notice to Canadian Residents

Resale Restrictions

The distribution of the Notes in Canada is being made only in the provinces of Ontario, Quebec, Alberta and British Columbia on a private placement basis exempt from the requirement that we prepare and file a prospectus with the securities regulatory authorities in each province where trades of these securities are made. Any resale of the Notes in Canada must be made under applicable securities laws which may vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the securities.

Representations of Canadian Purchasers

By purchasing the Notes in Canada and accepting delivery of a purchase confirmation, a purchaser is representing to us and the dealer from whom the purchase confirmation is received that:

- the purchaser is entitled under applicable provincial securities laws to purchase the Notes without the benefit of a prospectus qualified under those securities laws as it is an “accredited investor” as defined under National Instrument 45-106 – *Prospectus Exemptions*,
- the purchaser is a “permitted client” as defined in National Instrument 31-103 - *Registration Requirements, Exemptions and Ongoing Registrant Obligations*,
- where required by law, the purchaser is purchasing as principal and not as agent, and
- the purchaser has reviewed the text above under Resale Restrictions.

Conflicts of Interest

Canadian purchasers are hereby notified that the initial purchasers are relying on the exemption set out in section 3A.3 or 3A.4, if applicable, of National Instrument 33-105 – *Underwriting Conflicts* from having to provide certain conflict of interest disclosure in this document.

Statutory Rights of Action

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if the offering memorandum (including any amendment thereto) such as this document contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser of these securities in Canada should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Enforcement of Legal Rights

All of our directors and officers as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon us or those persons. All or a substantial portion of our assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against us or those persons in Canada or to enforce a judgment obtained in Canadian courts against us or those persons outside of Canada.

Taxation and Eligibility for Investment

Canadian purchasers of the Notes should consult their own legal and tax advisors with respect to the tax consequences of an investment in the Notes in their particular circumstances and about the eligibility of the Notes for investment by the purchaser under relevant Canadian legislation.

Chile

The offer of the Notes will begin on March 17, 2016 and is subject to General Rule No. 336 of the Chilean Securities Commission (*Superintendencia de Valores y Seguros de Chile*, or the "SVS"). The Notes being offered are not registered in the Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the SVS and, therefore, the Notes are not subject to the supervision of the SVS. As unregistered securities, we are not required to disclose public information about the Notes in Chile. The Notes may not be publicly offered in Chile unless they are registered in the corresponding securities registry.

La oferta de los valores comienza el 17 de marzo del 2016 y está acogida a la Norma de Caracter General número 336 de fecha 27 de junio de 2012 de la Superintendencia de Valores y Seguros de Chile (la "SVS"). La oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la SVS, por lo que los valores no están sujetos a la fiscalización de dicho organismo. Por tratarse de valores no inscritos, no existe obligación por parte del emisor de entregar en Chile información pública respecto de los valores. Estos valores no pueden ser objeto de oferta pública a menos que sean inscritos en el registro de valores correspondiente.

Colombia

Neither the Notes, nor the pricing supplement, nor the Offering Memorandum have been or will be registered with or approved by the Superintendency of Finance of Colombia (*Superintendencia Financiera de Colombia*) or the Colombian Stock Exchange (*Bolsa de Valores de Colombia*). Accordingly, the Notes cannot be offered or sold in Colombia except in compliance with the applicable Colombian securities regulations.

Peru

The Notes and the information contained in this pricing supplement are not being publicly marketed or offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the Notes and therefore, the disclosure obligations set forth therein will not be applicable to the issuer or the sellers of the Notes before or after their acquisition by prospective investors. The Notes and the information contained in this pricing supplement have not been and will not be reviewed, confirmed, approved or in any way submitted to the Peruvian Superintendency of Capital Markets (*Superintendencia del Mercado de Valores*) or the SMV and the Notes have not been registered under the Securities Market Law (*Ley del Mercado de Valores*) or any other Peruvian regulations. Accordingly, the Notes cannot be offered or sold within Peruvian territory except to the extent any such offering or sale qualifies as a private offering under Peruvian regulations and complies with the provisions on private offerings set forth therein.

Japan

The Notes offered in this pricing supplement have not been registered under the Securities and Exchange Law of Japan. The Notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Singapore

This pricing supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this pricing supplement and any other document or material in connection with the offering may not be circulated or distributed, nor may the Notes be offered, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act (Chapter 289) (the “SFA”), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the Notes are subscribed for under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, then securities, debentures and units of securities and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Notes under Section 275 except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

Hong Kong

The Notes may not be offered or sold by means of any document other than (1) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (2) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (3) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder.

Switzerland

This pricing supplement does not constitute an issue prospectus pursuant to Article 652a or Article 1,156 of the Swiss Code of Obligations and the Notes will not be listed on the SIX Swiss Exchange. Therefore, this pricing supplement may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the Notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the Notes with a view to distribution. Any such investors will be individually approached by the initial purchasers from time to time.

Argentina

Placement Efforts

The Notes shall be placed in Argentina under a public offer conducted in accordance with Argentine law. In Argentina, the public offer of securities is regulated by Argentine Law 26,831 and the CNV rules, each as amended. The Notes have been authorized for public offering only in Argentina, by means of a resolution of the CNV, dated March 17, 2016. Notwithstanding the foregoing or anything to the contrary contained in this Pricing Supplement or the Offering Memorandum, outside of Argentina the Notes will be offered only in accordance with the laws of the applicable jurisdictions under exemptions to the registration or public offering requirements.

We have designated JP Morgan Chase Bank N.A., Sucursal Buenos Aires as the local placement agent (the “local placement agent”) who will act pursuant to a local placement agreement, which sets forth, *inter alia*, the rights and obligations of the parties involved and provides for the payment of fees and reimbursement of expenses incurred in relation with the selling of the Notes in Argentina. The local placement agent will arrange the primary placement of the Notes as indicated below.

The placement of the Notes in Argentina will be done through a public auction to be arranged by the local placement agent under the tender module of the SIOPEL system of the MAE, in accordance with applicable CNV tender rules. The public auction will be at least, one business day, unless extended or amended (the “Public Auction Period”), which will take place after at least one Argentine business day, unless amended (the “Public Announcement Period”). Details of the Public Announcement Period and the Public Auction Period are set forth in a subscription notice (the “Subscription Notice”) published in the Official Gazette of the *Bolsa de Comercio de Buenos Aires* (the Buenos Aires Stock Exchange or the “BCBA”), in accordance with the delegation of capacities of the MVBA set forth in Resolution No. 17,501 of the CNV, in the CNV web page under the tab “Información Financiera/Financial Information,” in the MAE web page (www.mae.com.ar), under the section “Mercado Primario” (the “MAE Web Page”) and in the Issuer web page (<http://www.ypf.com>). The Public Auction Period will commence only after the Public Announcement Period has ended.

Under the rules governing the public auction, in order for any investor to be able to purchase any Notes, including the purchase to be made by the initial purchasers pursuant to the purchase agreement, such investor, through the local placement agent or any other agent of the MAE authorized by the local placement agent to participate as agents in the public auction, must submit an irrevocable and binding purchase order, specifying the maximum price the investor is willing to pay for the Notes.

The local placement agent can only accept purchase orders from Argentine residents (in all cases, the final beneficiary owner must be an Argentine resident), except for the purchase orders received from the initial purchasers.

During the Public Announcement Period, purchase orders cannot be validly submitted or accepted.

THE RESULTS OF THE AUCTION WILL BE PUBLISHED ON THE SAME DATE THE AUCTION IS CLOSED.

INVESTORS PURCHASING IN THE INTERNATIONAL OFFERING MAY BE AGGREGATED INTO A SINGLE COMBINED ORDER TO BE PLACED BY THE INITIAL PURCHASERS.

Upon expiration of the Public Auction Period, we will publish a notice of results in the Official Gazette of the BCBA, in the CNV web page under the tab “*Informacion Financiera/Financial Information*,” on the Issuer’s website (<http://www.ypf.com>) on the same day such period is ended, and in the Electronic Bulletin of the MAE, giving notice of the results of the offering and any other relevant fact. The local placement agent will inform offerors whose orders were accepted (in full or in part) the principal amount of Notes allocated, and the price to be paid. The final result of the allocation will be published on the SIOPEL System. We cannot assure investors that they will be allocated the nominal value of the Note they offered to purchase in the event of over-subscription.

We may, as agreed upon with the initial purchasers and the local placement agent, modify, suspend, terminate, interrupt or extend any of the Public Announcement Period and/or the Public Auction Period, having communicated said circumstance to the CNV, the Buenos Aires Stock Exchange, and the MAE (in advance to the end of the corresponding period), and publishing an announcement in the Daily Bulletin (*Boletín Diario*) of the Buenos Aires Stock Exchange, on the Issuer’s website (<http://www.ypf.com>) and also in the CNV and MAE websites. Modification, suspension or termination of the periods or deadlines described above, will not entail any responsibility or obligations on behalf of the Company, the initial purchasers or the local placement agent, nor will it give investors rights to receive any compensation of any kind.

The local placement agent will receive the initial purchasers purchase orders, which will be considered as binding offers granting an identical treatment to the rest of purchases orders uploaded in the SIOPEL system, under the local placement, always observing the equal treatment among offerors. If the purchase orders exceed the aggregate principal amount of Notes offered, orders will be prorated.

Any modification to the rules of allocation will be published in the Daily Bulletin (*Boletín Diario*) of the Buenos Aires Stock Exchange and on the CNV and the MAE websites.

We, based on the advice of the local placement agent, can cancel the issuance of the Notes when: (i) no purchase orders have been received or have been rejected; (ii) the requested prices offered by the investors are lower than that expected by us; (iii) the bids represent a principal amount of the Notes, which if reasonably considered is insignificant to justify the issuance of the Notes; and/or (iv) taking into account the resulting economic equation, causes the issuance of the Notes unprofitable for the Issuer; or (v) there were adverse changes in the financial markets and/or local capital markets or in our general condition and/or of Argentina, including, for example, but not limited to, political, economic, financial conditions or the exchange rate in Argentina or our credit that could make it such that completing the transaction contemplated by this Pricing Supplement would not be advisable.

Neither we nor the local placement agent or the initial purchasers will be responsible for problems, failures, losses of the link, errors or software failures on the part of the SIOPEL System. For more information regarding the SIOPEL System, investors should consult the “User Guide—Issuers” and related documentation published on the MAE website.

The settlement of the Notes will take place on the third business day following the expiration of the Public Auction Period.

TRANSFER RESTRICTIONS

The notes will be subject to the following restrictions on transfer. Holders of notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of their notes. For further discussion of the requirements (including the presentation of transfer certificates) to effect exchanges or transfers of interest in Global Notes and certificated notes, see the “Description of the Notes—Form and Denomination” in the Offering Memorandum.

Purchasers’ Representations and Restrictions on Resale

Each purchaser of notes (other than a dealer in connection with the initial issuance and sale of notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

- (1) It is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (a) a purchaser reasonably believed to be a qualified institutional buyer and is aware that the sale to it is being made in reliance on Rule 144A, or (b) non-U.S. person that is in compliance with Regulation S under the Securities Act.
- (2) It acknowledges that the notes have not been registered under the Securities Act or with any securities regulatory authority of any jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.
- (3) It understands and agrees that notes initially offered in the United States to qualified institutional buyers will be represented by one or more global notes and that notes offered in reliance on Regulation S will also be represented by one or more global notes.
- (4) It will not resell or otherwise transfer any of such notes except (a) to us or a dealer or by, through, or in a transaction approved by a dealer, (b) within the United States to a purchaser reasonably believed to be a qualified institutional buyer in a transaction complying with Rule 144A under the Securities Act, (c) in compliance with Rule 903 or 904 under the Securities Act, (d) pursuant to the exemption from registration under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act.
- (5) It agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes.
- (6) It acknowledges that prior to any proposed transfer of notes (other than pursuant to an effective registration statement) the holder of such notes may be required to provide certifications relating to the manner of such transfer as provided in the Indenture or in the applicable pricing supplement.
- (7) It acknowledges that the Trustee for the notes will not be required to accept for registration transfer of any notes acquired by it, except upon presentation of evidence satisfactory to us and such Trustee that the restrictions set forth herein have been complied with.
- (8) It acknowledges that we, the dealers and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of the notes are no longer accurate, it will promptly notify us and the dealers. If it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations, and agreements on behalf of each account.
- (9) It acknowledges that each Restricted Global Note will bear a restrictive legend to the following effect:

“This note has not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any other U.S. securities laws and may not be resold, pledged or otherwise transferred except as permitted in the following sentences. The holder hereof, by its acceptance of this note, represents, acknowledges and agrees on its own behalf and on behalf of any investor account for which it has purchased securities for the benefit of YPF Sociedad Anónima (the

“Company”) that it will not offer, sell, pledge or otherwise transfer this note or any interest or participation herein except (i) to the Company or to any dealers appointed by the Company with respect to a particular series of notes (each, a “dealer” and collectively, the “dealers”) or by, through or in a transaction approved by a dealer, (ii) so long as this note is eligible for resale pursuant to Rule 144A under the Securities Act (“Rule 144A”), to a person who the seller reasonably believes is a qualified institutional buyer (as defined in Rule 144A) in accordance with Rule 144A, (iii) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act, (iv) pursuant to an exemption from registration under the Securities Act (if available) or (v) pursuant to an effective registration statement that has been declared effective under the Securities Act, and in each of such cases in accordance with any applicable securities laws of any state of the United States or other applicable jurisdiction. The holder hereof, by purchasing this note, represents and agrees for the benefit of the Company that it will notify any purchaser of this note from it of the resale restrictions referred to above.

The foregoing legend may only be removed from this note at the option of the issuer.”

The following is the form of restrictive legend which will appear on the face of the Regulation S Global Notes and which will be used to notify transferees of the foregoing restrictions on transfer. Additional copies of this notice may be obtained from the Trustee, if any, or any other entity appointed by the applicable pricing supplement.

“This note has not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any other U.S. securities laws. The holder hereof, by its acceptance of this note, represents, acknowledges and agrees on its own behalf and on behalf of any investor account for which it has purchased securities for the benefit of YPF Sociedad Anónima (the “Company”) that it will not offer, sell, pledge or otherwise transfer this note or any interest or participation herein in the absence of such registration unless such transaction is exempt from, or not subject to, such registration.

The foregoing legend may be removed from this note after forty (40) consecutive days beginning on and including the later of (a) the day on which the notes are offered to persons other than distributors (as defined in Regulation S under the Securities Act) and (b) the original issue date of this note.”

LISTING AND GENERAL INFORMATION

Clearing Systems

The Notes have been accepted for clearance and settlement through DTC, Euroclear, and Clearstream. The ISIN and CUSIP numbers for the Notes are as follows:

	CUSIP number	ISIN number	Common codes
Rule 144A Global Note.....	984245 AM2	US984245AM20	138772799
Regulation S Global Note.....	P989MJ BG5	USP989MJBG51	138762262

Listing

We have applied to have the Notes listed on the Luxembourg Stock Exchange for trading on the Euro MTF market and listed on the MBVA through the BCBA.

Available Information

Copies of our by-laws, the Indenture, as it may be amended or supplemented from time to time, our audited annual financial statements and quarterly interim unaudited financial statements will be available free of charge at our principal executive offices, as well as at the offices of the trustee, registrar and the Luxembourg Listing Agent, Paying Agent and Transfer agent, as such addresses are set forth in this Pricing Supplement. This document contains summaries of certain agreements that we may enter into in connection with the offering of notes under the program. The descriptions contained of these agreements do not purport to be complete and are subject to, or qualified in their entirety by reference to, the definitive agreements. Copies of the definitive agreements may be obtained on request at no cost by writing or telephoning us at the following address: Macacha Güemes 515, (C1106BKK) Ciudad Autónoma de Buenos Aires, Argentina (5411) 5441-5531.

Authorization

We have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the Notes.

No Material Adverse Change

There has been no material adverse change in our financial position or the prospects of our company and our subsidiaries taken as a whole since December 31, 2015. To the best of our knowledge and belief, having taken reasonable care, the information contained in the Pricing Supplement and the Offering Memorandum is in accordance with the facts and contains no omission likely to materially affect their import.

ISSUER

YPF Sociedad Anónima
Macacha Güemes 515,
(C1106BKK) Ciudad Autónoma de Buenos Aires,
República Argentina

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JOINT BOOKRUNNERS AND JOINT LEAD MANAGERS' COUNSEL

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As to Argentine Law
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Buenos Aires, Argentina

TRUSTEE, CO-REGISTRAR, PRINCIPAL PAYING AGENT AND TRANSFER AGENT

U.S. Bank National Association
100 Wall Street, 16th Floor
New York, New York 10005

LUXEMBOURG LISTING AGENT, PAYING AGENT AND TRANSFER AGENT

Banque Internationale à Luxembourg SA
69, route d'Esch, Office PLM -101F
L-2953 Luxembourg

REGISTRAR, PAYING AGENT AND TRANSFER AGENT

Banco Santander Río S.A.
Bartolomé Mitre 480 (C1036AAH)
Ciudad Autónoma de Buenos Aires, Argentina

REPRESENTATIVE OF THE TRUSTEE IN ARGENTINA

First Trust of New York N.A., Oficina de Representación Permanente en Argentina
Tucumán 540 Piso 19 "B"
(C1049AA) Ciudad Autónoma de Buenos Aires,

ISSUER'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte & Co. S.A.
Florida 234, Piso 5
(C1005AAF) Ciudad Autónoma de Buenos Aires,
República Argentina



YPF Sociedad Anónima

(incorporated in the Republic of Argentina)

U.S.\$8,000,000,000 Global medium-term note program

We may from time to time issue notes in one or more series under our global medium-term note program. The maximum aggregate principal amount of all notes we may have outstanding under this program at any time is limited to U.S.\$8,000,000,000 (or its equivalent in other currencies).

We will describe the specific terms and conditions of each series of notes in a pricing supplement. Subject to the terms and conditions set forth in the applicable pricing supplement, notes issued under this program may:

- be denominated in U.S. dollars or another currency or currencies;
- have maturities of no less than seven days from the date of issue;
- bear interest at a fixed or floating rate or by reference to an index or formula or be issued on a non-interest bearing basis; and
- provide for redemption at our option or at the holder's option.

We may redeem all, but not part, of a series of notes, at our option, upon the occurrence of specified Argentine tax events at a price equal to 100% of the principal amount plus accrued and unpaid interest and any additional amounts.

Unless otherwise specified in the pricing supplement applicable to a series of notes, the notes will constitute our direct, unconditional, unsecured and unsubordinated obligations and will rank at all times at least *pari passu* in right of payment with all our other existing and future unsecured and unsubordinated indebtedness (other than obligations preferred by statute or by operation of law).

We will apply to have the notes of a series listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market, or the *Mercado de Valores de Buenos Aires S.A.* (the "MVBA") for trading on the *Mercado Abierto Electrónico S.A.* (the "MAE"). Notes issued under this program may not be listed on any securities exchange, and the pricing supplement applicable to a series of notes will specify whether or not the notes of such series will be listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market, on the MVBA and the MAE or on any other securities exchange.

Investing in the notes involves significant risks. See "Risk Factors" beginning on page I-6 and "Item 3. Key Information—Risk Factors" on page 12 of our 2015 20-F, included herein. The applicable pricing supplement to any series of notes may describe additional risks you should consider.

This program has been rated "AA (arg)" in Argentina by FIX SCR S.A. Agente de Calificación. If a series of notes under this program will otherwise be rated, we will provide the ratings and information relating to such ratings in the applicable pricing supplement. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. Ratings used by Argentine rating agencies may differ in certain respects from those used by the rating agencies in the United States or other countries.

The notes issued under this program have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws. The notes may be offered only in transactions that are exempt from registration under the Securities Act and the securities laws of other jurisdictions. Accordingly, we will only offer and sell notes registered under the Securities Act or in transactions exempt from registration under the Securities Act to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) or in compliance with Regulation S under the Securities Act. For a description of certain restrictions on resale and transfer of the notes, see "Transfer Restrictions" in this offering memorandum.

We may offer the notes issued under this program directly or through one or more dealers that we may designate from time to time, who may purchase notes, as principal, from us for resale to investors and other purchasers at varying prices relating to prevailing market prices as determined by any such dealer at the time of resale or, if so agreed, at a fixed offering price. In addition, we may agree with a dealer that it may utilize its reasonable efforts to place our notes on an agency basis as specified in the applicable pricing supplement. Any such dealers will be set forth in the applicable pricing supplement. We reserve the right to withdraw, cancel or modify any offering of notes contemplated by this offering memorandum or any pricing supplement without notice. See “Plan of Distribution.” This offering memorandum may only be used for the purpose for which it has been published.

We are responsible for the information contained in this offering memorandum and the applicable pricing or other supplements. The dealers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. We have not, and the dealers, if any, have not, authorized anyone to provide you with any other information. We and the dealers, if any, shall take no responsibility for any information other than that contained in this offering memorandum and any pricing or other supplements. The information in this offering memorandum is based on information provided by us and other sources we believe to be reliable and is accurate only as of the date of this offering memorandum, regardless of the time of delivery of this offering memorandum or when any sale of the notes occurs.

In making your decision whether to invest in the notes, you must rely on your own examination of us and the terms of the offering, including the merits and risks involved. You should not construe the contents of this offering memorandum as legal, business or tax advice. You should consult your own attorney, business advisor or tax advisor.

The distribution of this offering memorandum or any part of it, including any pricing supplement, and the offering, sale and delivery of the notes in certain jurisdictions may be restricted by law. We and the dealers require persons into whose possession this offering memorandum comes to become familiar with and to observe such restrictions. This offering memorandum does not constitute a recommendation, an offer to sell or a solicitation of an offer to buy any notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation nor does this offering memorandum constitute an invitation to subscribe for or purchase any notes by us or by the dealers, if any. For a description of restrictions on offers, sales and deliveries of the notes and on the distribution of this offering memorandum and other offering material relating to the notes, see “Transfer Restrictions” and “Plan of Distribution.”

The notes have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

The notes issued under this program will qualify as “*obligaciones negociables simples no convertibles en acciones*” under Argentine Law No. 23,576, as amended (the “Negotiable Obligations Law”), and will be entitled to the benefits set forth in, and subject to the procedural requirements of, such law and Law No. 26,831 (the “Argentine Capital Markets Law”) and the regulations of the *Comisión Nacional de Valores* (“CNV”). Placement of the Notes in Argentina through a public offering shall comply with the CNV regulations. In accordance with applicable CNV regulations, a placement of notes shall be conducted through a public auction carried out through the tender offer systems and procedures managed by a market authorized by the CNV, such as the MVBA or the MAE.

The offering of the notes under this program has been authorized by the CNV pursuant to Resolution No. 15,896, dated June 5, 2008; Resolution No.16,954, dated October 25, 2012, Resolution No. 17,076, dated May 9, 2013, and Resolution No. 17,631 dated March 26, 2015. The CNV authorization means only that the information requirements of the CNV have been satisfied. The CNV has not rendered any opinion in respect of the accuracy of the information contained in this offering memorandum. In addition, in order to issue and offer any series of notes under this program, we are required to file with the CNV a pricing and/or other supplement describing the particular terms and conditions of the relevant notes, updating our financial and accounting information for each fiscal year and quarter (if we have approved financial statements for such year or quarter) and providing other information relating to any subsequent material events or developments. Offers of the notes to the public in the Republic of Argentina (“Argentina”) will be made pursuant to a prospectus dated March 17, 2016 and the corresponding pricing supplement, both in the Spanish language. The Argentine prospectus, which has been filed with and will be reviewed and authorized by the CNV, and this offering memorandum contain substantially the same information, except that the Argentine prospectus includes other non-material information required by regulation in Argentina.

TABLE OF CONTENTS

	Page
Introduction to Offering Memorandum	iii
Where You Can Find More Information.....	iii
Cautionary Statement About Forward Looking Statements.....	iv
Presentation of Financial Information.....	iv
Anti-Money Laundering Regulations	v
Exchange Rates.....	viii
Foreign Exchange Regulations	ix
PART I: INFORMATION RELATING TO OUR GLOBAL MEDIUM-TERM NOTE PROGRAM	
Summary of the Program.....	I-2
Risk Factors	I-6
Use of Proceeds	I-9
Description of the Notes	I-10
Clearing and Settlement.....	I-34
Transfer Restrictions.....	I-38
Taxation	I-40
Certain ERISA Considerations	I-52
Enforceability of Civil Liabilities	I-53
Plan of Distribution.....	I-54
Legal Matters	I-57
PART II. ADDITIONAL INFORMATION RELATING TO YPF SOCIEDAD ANÓNIMA	
Annual Report on Form 20-F for the year ended December 31, 2015, filed with the SEC on March 17, 2016	II-1

Introduction to Offering Memorandum

YPF Sociedad Anónima is a stock corporation (*sociedad anónima*) organized under the laws of Argentina. In this offering memorandum, we use the terms “YPF,” “the company,” “we,” “our” and “us” to refer to YPF Sociedad Anónima and its subsidiaries on a consolidated basis.

This offering memorandum consists of two parts. Part I principally presents the terms and conditions of our program, risk factors relating to an investment in the notes, and certain Argentine and U.S. federal income tax consequences of ownership of the notes. Part II consists of our Annual Report on Form 20-F for the year ended December 31, 2015, as filed with the U.S. Securities and Exchange Commission (the “SEC”) on March 17, 2016 (the “2015 20-F”), included herein. We may, from time to time, update, amend or supplement Part I of this offering memorandum, which updates, amendments or supplements may be included in pricing or other supplements to this offering memorandum. If there is any inconsistency between the information in this offering memorandum and a pricing or other supplement, you should rely on that supplement, which will be deemed to supersede such information in this offering memorandum. Before investing in our notes, you should carefully read Part I and Part II of this offering memorandum, together with the applicable pricing supplement and any other supplement or amendment to this offering memorandum.

NOTICE TO NEW HAMPSHIRE RESIDENTS

Neither the fact that a registration statement or an application for a license has been filed under RSA 421-B with the state of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the state of New Hampshire constitutes a finding by the secretary of state that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or transaction means that the secretary of state has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security, or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer or client, any representation inconsistent with the provisions of this paragraph.

Where You Can Find More Information

This offering memorandum contains summaries of certain agreements that we may enter into in connection with the offering of notes under the program. The descriptions contained in this offering memorandum of these agreements do not purport to be complete and are subject to, or qualified in their entirety by reference to, the definitive agreements. Copies of the definitive agreements may be obtained on request at no cost by writing or telephoning us at the following address: Macacha Güemes 515, (C1106BKK) Ciudad Autónoma de Buenos Aires, Argentina, (5411) 5441-5531.

We are subject to the periodic reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). Accordingly, we are required to file or submit reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K. You may inspect and copy reports and other information filed with the SEC at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington D.C. The public may obtain information on the operation of the SEC’s public reference facilities by calling the SEC in the United States at 1-800-SEC-0330. In addition, the SEC maintains an internet website at <http://www.sec.gov>, from which you can electronically access our filings with the SEC.

As a foreign private issuer, we are not subject to the same disclosure requirements as a domestic U.S. registrant under the Exchange Act, including the requirements to prepare and issue quarterly reports, or the proxy rules applicable to domestic U.S. registrants under Section 14 of the Exchange Act or the insider reporting and short-swing profit rules under Section 16 of the Exchange Act. However, we intend to file with the SEC annual reports containing financial statements audited by our independent auditors and to furnish to the SEC our quarterly reports containing unaudited financial data for the first three quarters of each fiscal year, as required by CNV rules and regulations. We will file annual reports on Form 20-F within the time period required by the SEC, which is currently four months from December 31, the end of our fiscal year, and will furnish reports on Form 6-K containing an English language version of any quarterly reports we file with Argentine securities regulators or stock exchange.

We also file financial statements and other periodic reports with the CNV located at 25 de Mayo 175, Ciudad Autónoma de Buenos Aires, Argentina, which are available at the CNV’s website at <http://www.cnv.gob.ar> under “Información Financiera—Emisoras—YPF S.A.” These financial statements and other periodic reports are not incorporated in and do not otherwise form part of this offering memorandum.

To permit compliance with Rule 144A in connection with resales of notes issued under our global medium-term note program, for so long as the notes remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, we have agreed to furnish upon the request of a holder of notes, or of a beneficial owner of an interest therein, to such holder or beneficial owner, or to a prospective purchaser designated by such holder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) under the Securities Act and will otherwise comply with the requirements of Rule 144A(d)(4) under the Securities Act if, at the time of such request, we are neither a reporting company under Section 13 or Section 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

Cautionary Statement About Forward Looking Statements

This offering memorandum, 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 its long-term sales commitments from future supplies available to the company, 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 dividend policies could differ materially from those expressed or implied in any such forward-looking statements. Such factors include, but are not limited to, currency fluctuations, the price of petroleum products, the ability to realize cost reductions and operating efficiencies without unduly disrupting business operations, replacement of hydrocarbon reserves, environmental, regulatory and legal considerations and general economic and business conditions in Argentina, as well as those factors, those described in “Item 3. Key Information—Risk Factors” and “Item 5. Operating and Financial Review and Prospects” in our 2015 20-F. We do not, and the dealers, if any, do 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.

Presentation of Financial Information

GENERAL

The company prepares its financial books and records and publishes its financial statements in Argentine pesos. Unless otherwise specified, references to “\$,” “U.S.\$” and “dollars” are to U.S. dollars, and references to “Ps.,” “pesos” are to Argentine pesos. Solely for the convenience of the reader, peso amounts set forth in this document have been translated into U.S. dollars at the exchange rates specified herein. The exchange rate published by the Argentine Central Bank (*Banco Central de la República Argentina*) on March 15, 2016 was Ps.14.61 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 Part II “Annual Report on Form 20-F for the year ended December 31, 2015—Item 3. Key Information—Exchange Rates” for additional information.

This offering memorandum contains: (i) our audited consolidated financial statements for the years ended December 31, 2015 and 2014 (referred hereinafter as our “Audited Annual Financial Statements”).

Our Audited Annual Financial Statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

Additionally, on March 20, 2009, the Argentine Federation of Professional Councils in Economic Sciences (“FACPCE”) approved the Technical Resolution No. 26 “Adoption of the International Financial Reporting Standards (“IFRS”)” as issued by the International Accounting Standards Board (“IASB”), subsequently modified by Technical Resolution No. 29 dated December 3, 2010. Such resolution was approved by the CNV through General Resolution No. 562/09 dated December 29, 2009 (modified by General Resolution No. 576/10 dated July 1, 2010), for certain publicly-traded entities under Law No. 26,831. Compliance with such rules was mandatory for YPF for the fiscal year which began on January 1, 2012, with transition date of January 1, 2011.

ROUNDING

Certain amounts which appear in this offering memorandum (including percentage amounts) have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them.

Anti-Money Laundering Regulations

Modifications to Argentine money laundering regulations have resulted in their application to increasing numbers and types of securities transactions.

The notion of money laundering is generally used to refer to transactions aimed at introducing funds derived from unlawful activities into the institutionalized system and therefore, transforming profits obtained from unlawful activities into assets having a presumed lawful origin.

Law No. 25,246 (as subsequently amended by Law No. 26,087, Law No. 26,119, Law No. 26,268 and Law No. 26,683) provides for an administrative criminal system and replaces several sections of the Argentine Criminal Code, incorporating, among other matters, the definition of money laundering as a type of crime committed whenever a person converts, transfers, manages, sells, charges, conceals or otherwise markets any asset derived from a criminal offense, with the possible consequence that the original assets or substitutes thereof appear to come from a lawful source, provided that the total value of the asset exceeds Ps. 300,000 regardless of whether such amount results from one act or a series of related acts.

According to Section 303 of the Argentine Criminal Code, money laundering (as defined above) shall be punished with three to ten years of imprisonment and a fine of two to ten times the amount of the transactions made. The penalty prescribed above shall be increased by one third of the maximum and one half of the minimum if: (a) the wrongdoer carries out the act on a regular basis or as a member of an association or gang organized with the purpose of continuously committing acts of a similar nature; (b) if the primary wrongdoer is a public officer who committed the infringement in the exercise of his/her duties (in such a case, the wrongdoer shall also be punished by special disqualification for three to ten years, and the same penalty shall apply to a wrongdoer who commits the offense in the service of a profession or trade requiring special qualification). The individual who receives money or other assets derived from a criminal offense with the purpose of applying them to a money laundering transaction shall be punished with imprisonment from six months to three years. If the value of the assets is not over Ps. 300,000, the wrongdoer will be punished with imprisonment from six months to three years. The provisions in this section shall apply even when the criminal offense is committed outside the geographical jurisdiction of the Argentine Criminal Code, so long as the crime is also penalized in the jurisdiction where it was committed.

Section 277 of the Argentine Criminal Code sets forth that an imprisonment of between six months and three years shall be applied (with varying minimum terms attaching depending on the particular circumstances) to any person who helps a perpetrator to avoid investigation, obscures or destroys evidence of a crime, acquires, receives, hides or alters money or other proceeds from a crime, does not report the commission of the crime or does not identify the perpetrator or participant in a crime with knowledge that such person would have been obliged to assist in the criminal prosecution of such crime and/or aids or abets the perpetrator or participant to make safe the proceeds of the crime. The minimum and maximum terms of punishment shall be doubled when: (a) the offense implies a particularly serious crime (for which minimum penalty is higher than 3 years of imprisonment); (b) the abettor acts for profit; or (c) the abettor habitually commits concealment acts.

Law No. 25,246 contemplates that the legal entity whose management collected or provided assets or money, whatever their value, knowing that such assets were to be used by a terrorist organization, may be subject to a fine between five to 20 times the value of such assets. Furthermore, whenever the management of the legal entity infringes the duty to treat the information submitted to the Financial Information Unit (*Unidad de Información Financiera*) ("UIF") as confidential, the legal entity shall be subject to a fine between Ps. 50,000 to Ps. 500,000. Additionally such regulation created the UIF as an autonomous and financially self-sufficient entity within the jurisdiction of the Argentine Ministry of Justice and Human Rights, in charge of analyzing, treating and transmitting information in order to preclude and prevent money laundering. Pursuant to this legislation, the UIF is empowered to receive and request reports, documents, background and any other information deemed useful to fulfill its duties from any public entity, whether federal, provincial or municipal, and from individuals or public or private entities, all of which entities must furnish such information in accordance with Law No. 25,246. Whenever the information furnished or analyses performed by the UIF show the existence of sufficient evidence to suspect that a money laundering or terrorist financing crime has been committed, the UIF shall transmit such evidence to the Government Attorney's Office so that it may start the relevant criminal action, and the UIF may appear as an accusing party to such proceedings. Moreover, Law No. 26,087 mandates that banking secrecy or professional privilege, or legal or contractual commitments, cannot be considered exceptions to the compliance with the obligation to submit information to the UIF in the context of an investigation of suspicious activity.

The main goal of Law No. 25,246 is to prevent money laundering. In line with internationally accepted practices, the duty to control such illegal transactions is not concentrated solely in Argentine Federal Governmental entities but also distributed among several private sector entities such as banks, brokers, brokerage firms and insurance companies. Such duties mainly consist of data collection functions, such as: (i) gathering from clients, applicants or contributors any documentation sufficient to prove their identity, legal capacity, domicile and further data as necessary on a case by case basis; (ii) reporting any suspicious fact or transaction irrespective of its amount; and (iii) abstaining from disclosing to the client or third parties any procedures being followed pursuant to law. According to Law No. 25,246 a suspicious transaction shall mean any transaction that, in accordance with standard business practices and in the experience of the entities and individuals subject to reporting obligations, is regarded as unusual, unjustified from an economic or legal standpoint, or unnecessarily complex, whether it is a one-time transaction or a series of transactions.

In February 2016, the National Executive Office issued Decree No. 360/16, under which the National Coordination Program to Combat Money Laundering and Terrorism Financing was created under the Ministry of Justice and Human Rights. The program aims to reorganize, coordinate and strengthen Argentina's anti-money laundering and combat of terrorism financing in line with international guidelines established by United Nations conventions and the Financial Action Task Force.

Resolution No. 121/2011 issued by the UIF ("Resolution 121"), amended by Resolutions No. 1/12, 2/12, 140/12, 68/13, 03/14, 195/2015 and 196/2015 is applicable to financial entities subject to Law No. 21,526, to entities subject to the Law No. 18,924, as amended, and to natural and legal entities authorized by the Argentine Central Bank to intervene in the purchase and sale of foreign currency through cash or checks issued in foreign currency or through the use of credit or payment cards, or in the transfer of funds within or outside the national territory. Resolution No. 229/2011 of the UIF ("Resolution 229"), as amended by Resolution No. 140/12, 03/14, 195/2015 and 196/2015 is applicable to brokers and brokerage firms, companies managing common investment funds, agents of the over-the-counter market, intermediaries in the purchase or leasing of securities affiliated with stock exchange entities with or without associated markets, and intermediary agents registered on forwards or option markets. Resolution 121 and Resolution 229 regulate, among other matters, the obligation to collect documentation from clients and the terms, obligations and restrictions for compliance with the reporting duty regarding suspicious money laundering and terrorism financing operations.

Resolution 121 and Resolution 229 set forth general guidelines in connection with the client's identification (including the distinction between occasional and regular clients), the information to be requested, the documentation to be archived and the procedures to detect and report suspicious transactions. Moreover, the main duties established by such resolutions are the following: a) creating a manual establishing the mechanisms and procedures to be used to prevent money laundering and terrorism financing; b) designation of a compliance officer; c) the implementation of periodic audits; d) personnel training; e) elaboration of analysis records and risk management of detected unusual operations and of those which have been reported because they were considered suspicious; f) implementation of technological tools which allow the establishment of efficient control systems and prevention of money laundering and terrorism financing; and g) implementation of measures which allow Subjects Obligated under Resolution 121 and Subjects Obligated under Resolution 229, respectively, to electronically consolidate the operations carried out with clients, and electronic tools which allow the analysis and control of different variables in order to identify certain behaviors and observe possible suspicious transactions. Entities covered by Resolution 121 must report any money laundering suspicious activity to the UIF within 150 calendar days of its occurrence (or attempt) and any terrorism financing suspicious activity before a 48 hours period has elapsed.

According to this Resolution 229 and Resolution 121, unusual transactions are those attempted or consummated transactions, on a one-time or on a regular basis, without economic or legal justification, inconsistent with the economic and financial profile of the client, and which deviate from standard market practices, based on their frequency, regularity, amount, complexity, nature or other particular features. According to Resolution 229, an unusual transaction is one that, considering the suitability of the reporter in light of the activity it carries out, and the analysis made, may be suspicious of money laundering and financing terrorism. On other hand, suspicious transactions are those attempted or consummated transactions that, having been previously identified as unusual transactions, are inconsistent with the lawful activities declared by the client or, even if related to lawful activities, give rise to suspicion that they are linked or used to finance terrorism.

Likewise, Resolution 229 and Resolution 121 provide for a list of factors which shall be specially taken into account in order to determine whether a transaction should be reported to UIF, including but not limited to: (i) clients who refuse to provide data or documents required by Resolution 229, or data provided by clients which is proved to be irregular; (ii) clients attempting to avoid compliance with the requirements set forth by Resolution 229 or other anti-money laundering regulations; (iii) indications about the illicit origin, management or destination of funds and other assets used in the transactions, in respect of which the reporting person or company does not receive a viable explanation; (iv) transactions involving countries or jurisdictions which are deemed tax heavens or identified as non-cooperative by the Financial Action Task Force; (v) the purchase or sale of securities at prices conspicuously higher or lower than those quoted at the moment the transaction is consummated; (vi) the purchase of securities at extremely high prices; (vii) transactions where the client declares assets not consistent with the size of their business, thereby implying the possibility that such client is not acting in its own name but as an agent of an anonymous third party; (viii) investment transactions with securities for

high nominal values, which are not consistent with the volume of securities historically negotiated according to the client's transactional profile; and (ix) the receipt of an electronic transfer of funds without all the required information.

For the reasons stated above, participants in the process of placement and issuance of the notes shall require information related to notes' subscribers and report it to the authorities, if the transactions appear unusual or suspicious, or whenever they lack legal or financial grounds, or whenever they are unnecessarily complex.

In addition, the CNV's Regulations, under the title "Prevention on money-laundering and terrorism financing" establish that under the terms of subsections 4, 5 and 22 of the Section 20 of Law No. 25,246, as amended, trading agents, settlement agents, distribution and placement agents and managers of collective investment products are included within the definition of "Subjects Obligated". Additionally, companies managing common investment funds, any person acting as placement agent or performing activities relating to the trading of common investment funds, any person acting as placement agent in any primary issuance of marketable securities, and any issuer with respect to capital contributions, irrevocable capital contributions for future issuances of stock or significant loans, must also comply with such regulations.

Such resolutions also contain certain requirements for the reception and delivery of checks and payments made between the individuals and entities listed above, as well as the obligation to only accept operations, when they are consummated or ordered by individuals or companies domiciled or residing in domains, jurisdictions, territories or associated states included in the list of cooperative countries included in the section 2, subsection b) of the Decree No. 589/2013, as amended (regulating mainly the jurisdictions which are considered "cooperatives for fiscal transparency purposes").

Brokers and dealers must duly know their clients and apply policies and maintain adequate structures and systems in line with a policy against money laundering and terrorist financing. Also, interested investors undertake the obligation to submit any information and documents that may be required by bookrunners in order to comply with criminal regulations and other laws and regulation in connection with money laundering, including capital markets' regulations preventing money laundering issued by the UIF and similar regulations issued by the CNV.

In order to analyze the anti-money laundering prevention system implemented in Argentina, investors may check the applicable rules on the website of the Ministry of Economy and Public Finance (<http://www.mecon.gov.ar>) or of the UIF (<http://www.uif.gov.ar>).

Exchange Rates

From April 1, 1991 until the end of 2001, the Convertibility Law (Law No. 23,928) established a fixed exchange rate under which the Central Bank was obligated to sell U.S. dollars at one peso per U.S. dollar. On January 6, 2002, the Argentine Congress enacted Law No. 25,561, the Public Emergency Law and Reform of the Exchange Rate Regime (referred hereinafter as 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, 2017 by Law No. 27,200, grants the Executive Branch of the Argentine government the power to set the exchange rate between the peso and foreign currencies and to issue regulations related to the MULC (as defined below). 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> ⁽¹⁾	<i>Period End</i>
	<i>(pesos per U.S. dollar)</i>			
Year ended December 31,				
2011	3.97	4.30	4.15	4.30
2012	4.30	4.92	4.58	4.92
2013	4.92	6.52	5.54	6.52
2014	6.54	8.56	8.23	8.55
2015	8.73	13.76	9.39	13.01
Month				
September 2015	9.30	9.42	9.37	9.42
October 2015.....	9.43	9.55	9.49	9.55
November 2015.....	9.56	9.69	9.63	9.69
December 2015	9.70	13.76	11.43	13.01
January 2016.....	13.07	13.94	13.65	13.90
February 2016.....	14.09	15.58	14.81	15.58
March 2016 ⁽²⁾	14.61	15.92	15.30	14.61

Source: Central Bank

- (1) Represents the average of the exchange rates on the last day of each month during the period.
(2) Through March 15, 2016.

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.

Foreign Exchange Regulations

In January 2002, upon enactment of Law No. 25,561, the state of public emergency was declared in terms of social, economic, administrative, financial and exchange conditions, and the Argentine Executive Branch was vested with the power to establish a system to determine the exchange rate between the Peso and foreign currencies, and to enact foreign exchange regulations. In such context, on February 8, 2002, the Argentine Executive Branch passed Decree 260/2002 which established (i) the single, floating foreign exchange market (“MULC”) where all foreign exchange transactions were to be settled, and (ii) that foreign exchange transactions are to be consummated at an exchange rate that is agreed freely, subject to the requirements and regulations imposed by the Argentine Central Bank (below is a detail of their main aspects).

On June 9, 2005, by means of Decree No. 616/2005, the Argentine Executive Branch established that (a) all inflows of funds into the domestic foreign exchange market arising from foreign debts incurred by individuals or entities of the private sector, excluding foreign trade financing and primary issuances of debt securities admitted to public offering and authorized to be listed and/or traded on self-regulatory markets; and (b) all inflows of funds of non-residents channeled through the local foreign exchange market to be applied to: holdings of local currency, acquisition of all types of financial assets or liabilities in the financial or non-financial private sector, to the exclusion of direct foreign investment and primary issuances of debt securities and shares admitted to public offering and authorized to be listed and/or traded in self-regulatory markets, and investments in Government securities acquired in secondary markets must meet the following requirements: (i) the funds entering the country may only be transferred out of the local foreign exchange market at the expiration of a term of 365 calendar days counted as from the date the funds were received in Argentina; (ii) the proceeds of the foreign exchange settlement of the funds received in Argentina must be credited to an account in the local banking system; (iii) a registered, non-transferable and non-interest bearing deposit equivalent to 30% of the amount involved in the relevant transaction is to be maintained for a term of 365 calendar days in the conditions prescribed by the regulations (the “Mandatory Deposit”); and (iv) the Mandatory Deposit is to be made in US dollars and held in a financial institution in Argentina. It shall not accrue interest nor any other type of benefits and it shall not be used to secure credit facilities of any type. It must be clarified that there are various exceptions to the requirements of Decree No. 616/2005, including, though not limited to, those detailed below.

However, Resolution No. 3/2015 issued by the Ministry of Budget and Public Finances reduced the Mandatory Deposit percentage created by Decree No. 616/2005 from 30% to 0%.

The following is a description of the main aspects of the Argentine Central Bank regulations for the purposes hereof relating to inflows and outflows of funds into and from Argentina.

For further information regarding all the current foreign exchange restrictions and control regulations, investors should seek advice from their legal advisors and read the applicable rules mentioned herein, as well as its amendments and complementary regulations, which are available at the Ministry of Economy’s website: www.mecon.gov.ar, or the Central Bank’s website: www.bcra.gov.ar, as applicable.

Inflows

Capital

New indebtedness entered into abroad by private sector financial entities, private sector non-financial entities and local governments is not subject to the requirement that the proceeds be exchanged and settled in the Argentine foreign exchange market. The settlement of proceeds in the local exchange market continues to be a necessary condition for Argentine residents to access the local exchange market to pay principal and interest. If the proceeds are deposited in local accounts denominated in foreign currency in Argentina, the Argentine resident must prove the settlement of the proceeds in the local exchange market according to Communication “A” 5850.

Any private sector issuance of debt securities (financial and non-financial) denominated in foreign currency with principal and interest services not exclusively payable in Pesos in Argentina shall be subscribed in foreign currency and the proceeds thereof shall be exchanged in the local market (Communications “A” 3820 and “A” 5265).

The obligation to receive and settle through the MULC the proceeds of any foreign financial debt may be discharged within a term of up to 30 calendar days as from the date when the funds are disbursed.

In order to use pesos to purchase bonds issued in foreign currency, issue bonds in foreign currency or exchange bonds or debt denominated in pesos, the principal and interest of the new debt issuance denominated in foreign currency must be paid entirely in pesos in Argentina. The proceeds of the settlement must be credited to an account registered by the client in an Argentine financial institution.

As regards any new foreign financial debt intended to be used in the financing of domestic businesses under public concession agreements incurred for an average period of no less than five years, including principal and interest servicing, and in so far as at least 50% of the funds is to be used in the financing of utility works under the concession contract required to be performed over more than two years, it is possible to concurrently have access to the exchange market up to the loan amount for the purchase of the foreign currency intended to be used in the acquisition of goods and services directly allocated to payments for works. For such purposes, the funds shall be deposited into a special account especially used for payment of the works.

Any new financial debt entered through the MULC and any renewal of foreign debt by financial and non-financial private sector residents shall be arranged and maintained for a minimum term of 120 calendar days and shall not be repaid before the expiration of such term, notwithstanding the repayment terms and whether or not the debt is repaid through the MULC (Communications "A" 5265 and 5850). Said minimum term shall also apply to debt renewals.

This provision shall not apply to primary issues of debt securities sold through public offering and authorized to be listed and/or traded on self-regulatory markets and correspondent account balances of authorized exchange entities, as long as such account balances do not constitute credit facilities, in which case they shall comply with the requirements applicable to entry of financial loans.

The minimum 120-calendar-day term required under the exchange regulations for renewal of financial debts after enactment of Decree No. 616/05 is to be deemed completed upon repayments of principal of notes issued to implement foreign debt refinancing agreements, in so far as the conditions set forth in Section 2.2 of Communication "A" 5265 have been fulfilled.

Outflows

Payment of Income (Interest and Profits)

Access to the local foreign exchange market is admitted for payment of interest on outstanding debts or debts that are repaid concurrently with interest repayment, to the extent that the foreign exchange regulations allow access to the local foreign exchange market for repayment of principal of such debt and in so far as all the general conditions set forth to make such principal payments are met (Communication "A" 5397, as amended by Communication "A" 5604).

Access to the MULC for payment of debt interest services shall be for the unpaid amounts accrued as from the date when the exchange rate is agreed upon for the sale of the foreign currency that gives rise to such foreign debt, or from the actual date of disbursement of the funds if they are credited to correspondent accounts in authorized entities for settlement through the MULC within 48 business hours as from the date of disbursement.

The exchange rate for the purchase of foreign currency may be agreed upon no more than ten business days before the due date of each interest installment computed in arrears.

Before proceeding to pay any interest on all types of foreign debt, the relevant institutions must verify that the borrower has duly filed, as applicable, the statement of debt required by Communication "A" 3602 as amended and the affidavit required by Communication "A" 4237 if the creditor is from the same group of companies.

Principal Repayment

The amortization of principal in financial debts to foreign creditors incurred by financial sector and private, non-financial sector Argentine residents (except in the case of amortizations of primary issuances of debt securities that are admitted to public offering and authorized to be listed and/or traded on securities exchange markets, made on and after June 10, 2005) may only take place through the MULC after the lapse of 365 calendar days as from the date when the foreign currency was settled on such market or from the last renewal.

PART I: INFORMATION RELATING TO OUR GLOBAL MEDIUM-TERM NOTE PROGRAM

Summary of the Program

This summary highlights information contained elsewhere in this offering memorandum regarding this program. This summary does not contain all of the information you should consider before investing in the notes. You should read this offering memorandum in its entirety, as amended or supplemented, including the information set forth in “Risk Factors,” our Audited Annual Financial Statements and the notes thereto and the pricing supplement before making an investment decision. Also, see our 2015 20-F “Item 3. Key Information—Risk Factors.” To the extent that the following description of additional terms and conditions of the Notes is inconsistent with that set forth in the pricing supplement, the description set forth in the pricing supplement supersedes the following description.

In this offering memorandum, references to “notes” are to any notes that we may issue under this program, unless the context otherwise requires.

Issuer	YPF Sociedad Anónima.
Program Size	We may issue up to U.S.\$8,000,000,000 aggregate principal amount of notes (or the equivalent in other currencies) outstanding at any time; <i>provided</i> that, subject to the prior approval of the CNV, we may amend the program to increase the aggregate principal amount of notes issuable under the program at any time without the consent of holders of notes.
Program Duration	Five years, commencing on October 25, 2012, the date of the CNV’s latest authorization of the program (which was originally authorized by the CNV on June 5, 2008).
Issuance in Series	<p>We will issue notes in series. Within each series, we may issue tranches of notes, subject to terms identical to those of other tranches in that series, except that the issue date, the issue price and the initial interest payment date may vary.</p> <p>We will set out the specific terms of each series or tranche in a pricing supplement to this offering memorandum.</p>
Status and Ranking	<p>The notes issued under this program will qualify as “<i>obligaciones negociables simples no convertibles en acciones</i>” under Argentine law and will be issued pursuant to, and in compliance with, all of the requirements of the Negotiable Obligations Law and any other applicable Argentine laws and regulations.</p> <p>Unless otherwise specified in the applicable pricing supplement, the notes will constitute our direct, unconditional, unsecured and unsubordinated obligations and will rank at all times at least <i>pari passu</i> in right of payment with all our other existing and future unsecured and unsubordinated indebtedness (other than obligations preferred by statute or by operation of law).</p> <p>If so specified in the applicable pricing supplement, we may issue notes that are secured by an assignment, lien or other security arrangement with respect to property specified therein and will rank senior, to the extent of the security, to all our existing and future unsecured and unsubordinated indebtedness (other than obligations preferred by statute or by operation of law).</p> <p>If so specified in the applicable pricing supplement, we may issue subordinated notes that will rank at all times junior in right of payment to our secured indebtedness and, to the extent set forth therein, certain of our unsecured and unsubordinated indebtedness (as well as obligations preferred by statute or by operation of law).</p>

Issue Price	We may issue notes at their principal amount or at a discount or premium to their principal amount as specified in the applicable pricing supplement. The Issue Price of the notes will be agreed between us and the relevant dealer(s) at the time of the issuance as set forth in the applicable pricing supplement.
Currencies	We may issue notes in any currency as specified in the applicable pricing supplement. We may also issue notes with principal and interest payable, to the extent permitted by Argentine law, in one or more currencies different from the currency in which such notes are denominated.
Maturities	The applicable pricing supplement will provide the maturity for each series of notes, which shall be no less than seven days from the date of issue, or the minimum term required under CNV regulations.
Interest	Notes may bear interest at a fixed rate or at a margin above or below a floating rate based on LIBOR, U.S. Treasury rates or any other base rate, or by reference to an index or formula, as we will specify in the applicable pricing supplement. We may also issue notes on a non-interest bearing basis, as may be specified in the applicable pricing supplement.
Redemption	The applicable pricing supplement may provide that the notes of a series will be redeemable at our option and/or the option of the holders, in whole or part, at a price or prices as set forth in the applicable pricing supplement. Partial redemption will be made on a pro rata basis.
Redemption for Taxation Reasons	Notes may be redeemed by us, in whole but not in part, at a price equal to 100% of the principal amount plus accrued and unpaid interest and any additional amounts upon the occurrence of specified Argentine tax events. See “Description of the Notes—Redemption and Repurchase—Redemption for taxation reasons.”
Repurchase Offer	The applicable pricing supplement may provide that, upon the occurrence of certain events described therein, we will be required to make an offer to repurchase notes of a series at a price and in accordance with the conditions set forth in the applicable pricing supplement.
Covenants	The program contemplates that the notes will contain certain covenants that, subject to significant exceptions, limit our ability to incur certain liens or enter into certain sale and lease-back transactions and that, unless we comply with certain requirements, limit our ability to merge, consolidate or transfer all or substantially all our assets. See “Description of the Notes—Covenants.”
Proceeds	We will use the net proceeds from the issuance of notes under this program for any one or more of the following purposes, all in compliance with the requirements of Article 36 of the Negotiable Obligations Law, and other applicable regulations, as specified in the applicable pricing supplement: (i) working capital and investments in tangible assets located in Argentina, (ii) to refinance our outstanding debt since October 25, 2012, and (iii) capital contributions to controlled or affiliated companies, provided that such corporations use the contributions for the purposes set forth in (i) above in Argentina. See “Use of Proceeds.”
Withholding Taxes; Additional Amounts	We will make our payments in respect of notes without withholding or deduction for any Taxes (as defined herein) imposed by Argentina, or any political subdivision or any taxing authority thereof. In the event that such withholdings or deductions are required by law, we will, subject to certain exceptions, pay such Additional Amounts (as defined herein) as are necessary to ensure that the holders receive the same amount as the holders would otherwise have received in respect

of payments on the notes in the absence of such withholdings or deductions. See “Description of the Notes—Payments of Additional Amounts.”

Denominations

We will issue notes in denominations specified in the applicable pricing supplement, subject to applicable laws and CNV regulations.

Form

Unless otherwise specified in the applicable pricing supplement, notes offered in the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act will be represented by one or more Rule 144A global notes, and notes offered in reliance on Regulation S will be represented by one or more Regulation S global notes.

Transfer Restrictions

We have not registered the notes under the Securities Act, and the notes may not be transferred except in compliance with the transfer restrictions set forth under “Transfer Restrictions.”

Registration Rights

If so specified in the applicable pricing supplement, we may provide holders of a series of notes registration rights.

Pursuant to a Registration Rights Agreement, if any, we may agree to file with the SEC and use our commercially reasonable efforts to cause to become effective a registration statement with respect to an offer to exchange the relevant notes for notes (“Exchange Notes”) with substantially identical terms (but without transfer restrictions and certain other terms concerning increased interest, as described below).

Upon the registration statement becoming effective, we would offer to holders of such notes who are able to make certain representations the opportunity to exchange their notes for an equal principal amount of Exchange Notes. Under certain circumstances, we may instead be required to file a registration statement to cover resales of notes by the holders. Failure to file or cause the exchange offer registration statement to become effective or to consummate the exchange offer, or, if required, failure to file or cause the resale registration statement to become and remain effective, within time periods specified in the applicable pricing supplement, will result in an increase in the interest rate borne by the relevant notes. See “Description of the Notes—Registration Rights.”

Listing

We will apply to have the notes of a series listed on the Official list of the Luxembourg Stock Exchange for trading on the Euro MTF market and listed on the MVBA and the MAE or any other stock exchange. Notes may be issued under this program that will not be listed on any securities exchange, and the pricing supplement applicable to a series of notes will specify whether or not the notes of such series have been listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market, the MVBA and the MAE or on any other securities exchange.

Governing Law

The Negotiable Obligations Law establishes the requirements for the notes to qualify as “*obligaciones negociables*” thereunder, and Argentine laws and regulations will govern certain matters related to meetings of the holders and our capacity and corporate authorization to establish this program, offer the notes in Argentina, and execute and deliver the notes. All other matters with respect to the notes of a series will be governed by, and construed in accordance with the law specified in the applicable pricing supplement.

Placement of the Notes in Argentina

Notes to be issued under this program may be offered to the public in Argentina in

accordance with the Argentine Capital Markets Law and the CNV regulations. A Spanish language prospectus will be available to the general public in Argentina. Under the CNV regulations, a placement of notes shall be conducted through a public auction carried out through the tender offer systems and procedures managed by a market authorized by the CNV, such as the MVBA and the MAE. The pricing supplements will detail the rules applicable to the public auctions to be conducted in connection with the placement of the notes of the relevant series as well as the placement efforts to be undertaken in accordance with applicable CNV regulations.

Ratings

This program has been rated “AA (arg)” in Argentina by FIX SCR S.A. Agente de Calificación de Riesgo. If a series of notes under this program will be rated, we will provide the ratings and information relating to such ratings in the applicable pricing supplement. A security rating is not a recommendation to buy, sell or hold securities and may be subject revision or withdrawal at any time by the assigning rating agency. Ratings used by Argentine rating agencies may differ in certain respects from those used by the rating agencies in the United States or other countries.

Risk Factors

See “Risk Factors” in page I-6 of this offering memorandum for a description of the principal risks involved in making an investment in the notes. Also, see 2015 20-F “Item 3. Key Information—Risk Factors.”

Risk Factors

An investment in the notes issued under this program involves significant risks. You should carefully consider the risks described below, those described in the applicable pricing supplement, if any, and those described in “Item 3. Key Information—Risk Factors” in the 2015 20-F before making an investment decision. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. The trading price of the notes issued under this program could decline due to any of these risks, and you may lose all or part of your investment. The risks described below and in the applicable pricing supplement, if any, are those known to us and that we currently believe may materially affect us or investors in the notes issued under this program. Additional risks not presently known to us or that we currently consider immaterial may also impair our business.

The operations and results of operations of YPF are subject to risks as a result of changes in the competitive, economic, political, legal, regulatory, social, industrial, and financial conditions. Investors should carefully consider these risks.

RISKS RELATED TO THE OFFERING

Any unsecured notes we issue will be effectively subordinated to our secured indebtedness.

Unless otherwise specified in the applicable pricing supplement, the notes will rank at least *pari passu* in right of payment with all of our existing and future unsecured and unsubordinated indebtedness, other than obligations preferred by statute or by operation of law, including, without limitation, tax and labor-related claims. Unless otherwise specified in the applicable pricing supplement, the Indenture (as defined herein) will not prohibit us from incurring additional indebtedness and will contain significant exceptions to the restriction on our ability to incur secured debt. If we become insolvent or are liquidated, secured lenders will have priority over claims for payment on the notes to the extent of the assets that constitute their collateral. If any assets remain after payment of secured lenders, those assets may be insufficient to satisfy the claims of the holders of the notes and other unsecured debt as well as of other general creditors entitled to participate ratably with holders of the notes.

If so specified in the applicable pricing supplement, we may also issue subordinated notes. In that case, in addition to the priority of certain other creditors described in the preceding paragraphs, subordinated notes will also rank at all times junior in right of payment to certain of our unsecured and unsubordinated indebtedness, as described in the applicable pricing supplement.

An active trading market for the notes may not develop or be sustained.

The notes under this program are new securities for which there is currently no active trading market. We will apply to have the notes of a series listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market and on the MVBA, the MAE or any other securities exchange. If the notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and our financial performance.

We cannot assure you that an active trading market for the notes of any series will develop, or, if one does develop, that it will be maintained. If an active trading market for the notes does not develop or is not maintained, the market price and liquidity of the notes may be adversely affected.

The notes will be subject to transfer restrictions which could limit your ability to resell your notes.

The notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the notes may be offered and sold only (a) to “Qualified Institutional Buyers” (as defined in Rule 144A under the Securities Act) in compliance with Rule 144A; (b) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act; (c) pursuant to another exemption from registration under the Securities Act; or (d) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. These restrictions could impair your ability to resell notes you purchase. See “Transfer Restrictions.”

We may redeem the notes prior to maturity.

Any series of notes is redeemable by us (i) in the event of certain changes in Argentine taxes or (ii) if the applicable pricing supplement so specifies, at our option for any other reason. We may choose to redeem those notes at times when prevailing interest rates may be relatively low. Accordingly, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the notes.

See additionally “Item 3. Key Information—Risk Factors” in the 2015 20-F.

The terms of the Notes Indenture provide only limited protection against significant events that could adversely impact your investment in the notes.

Upon the occurrence of a Change of Control you will have the right to require us to repurchase the notes as provided in the Notes Indenture, and on the terms set forth in the notes. However, the Change of Control provisions will not afford you protection in the event of certain highly leveraged transactions that may adversely affect you. For example, any leveraged recapitalization, refinancing, restructuring or acquisition initiated by us generally will not constitute a Change of Control (as defined in the Notes Indenture). As a result, we could enter into any such transaction even though the transaction could increase the total amount of our outstanding indebtedness, adversely affect our capital structure or credit rating or otherwise adversely affect the holders of the notes. If any such transaction were to occur, the value of your notes could decline. In addition, the Notes Indenture contains only limited financial covenants.

The price at which holders will be able to sell their Notes prior to maturity will depend on a number of factors and may be substantially less than the amount holders originally invested.

The market value of the Notes at any time may be affected by changes in the level risks perceived in connection with the Company or the market. For example, an increase in the level of the risk perceived could cause a decrease in the market value of the Notes. Conversely, a decrease in the level of risk perceived may cause an increase in the market value of the Notes.

The level of risk perceived will be influenced by complex and interrelated political, economic, financial and other factors that can affect the money markets generally and / or the market in which the Company operates. Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the perception of the risk varies, the market value of the Notes may change. See additionally “Item 3. Key Information—Risk Factors” on page 12 of our 2015 20-F, included herein.

Holders of Notes may find it difficult to enforce civil liabilities against us or our directors, officers and controlling persons.

We are organized under the laws of Argentina and our principal place of business (*domicilio social*) is in the City of Buenos Aires, Argentina. Our directors, officers and controlling persons reside outside the United States. In addition, a substantial portion of our assets and their assets is located outside the United States. As a result, it may be difficult for holders of Notes to effect service of process within the United States on such persons or to enforce judgments against them, including in any action based on civil liabilities under the U.S. federal securities laws. In addition, under Argentine law, enforcement of foreign judgments would be recognized, provided that the requirements of Articles 517 through 519 of the National Code of Civil and Commercial Procedure are complied with, including the requirement that the judgment does not violate principles of public policy of Argentine law, as determined by the Argentine court. We cannot assure you that an Argentine court would not deem the enforcement of foreign judgments, requiring us to make a payment under the Notes in foreign currency outside of Argentina, to be contrary to Argentine public policy, if at that time there are legal restrictions prohibiting Argentine debtors from transferring foreign currency outside of Argentina to cancel indebtedness. Based on the opinion of our Argentine counsel, there is doubt as to the enforceability against our directors, officers and controlling persons in Argentina, in original actions, of liabilities based solely on the U.S. federal securities laws. Our Argentine counsel has also advised us that the enforcement in an Argentine court of judgments of U.S. courts in respect of liabilities based solely on the U.S. federal securities laws shall be subject to compliance with the above described requirements of the National Code of Civil and Commercial Procedure.

Certain of our assets may not be attached or foreclosed on.

Pursuant to Argentine law, assets that are essential to the provision of a public service may not be attached, whether preliminarily or in aid of execution. As a result, Argentine courts may not order enforceability of judgments against any of our assets that are found by a court of law to be essential to the provision of a public service.

We cannot assure you that the credit ratings for the Notes will not be lowered, suspended or withdrawn by the Rating Agencies.

The credit ratings of the Notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the Notes, but rather reflect only the views of the Rating Agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the Rating Agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the Rating Agencies, if, in the judgment of such Rating Agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and trading of the Notes.

Payments of judgments against us on the notes could be in pesos.

In the event that proceedings are brought against us in Argentina, either to enforce a judgment or as a result of an original action brought in Argentina, we may not be required to discharge those obligations in a currency other than pesos or the then applicable Argentine currency. As a result, investors may suffer a U.S. dollar shortfall if they obtain a judgment or a distribution in bankruptcy in Argentina if the investors are not able to acquire in the Argentine foreign exchange market the equivalent U.S. dollars at the prevailing exchange rate. Under existing exchange control regulations, foreign investors are allowed to acquire U.S. dollars in the official exchange markets with the proceeds of the collection of pesos received (whether from the debtor or through the enforcement of claims against the assets of the debtor) in payment of interest or principal of debt, including notes such as the notes contemplated herein, which complies with certain requirements, including that the proceeds of the borrowings were liquidated in the Argentine official exchange market. However, these exchange regulations may be eliminated, suspended or materially amended.

We may be unable to repurchase the notes upon a change of control.

Upon the occurrence of a Change of Control (as defined in the Notes Indenture), we will be required to offer to repurchase all outstanding notes at a price of 101% of their principal amount plus accrued and unpaid interest. Our source of funds for any such purchase of the notes will be available cash, cash generated from our subsidiaries or other sources, including borrowings, sales of assets or sales of equity. The sources of cash may not be adequate to permit us to repurchase the notes upon a Change of Control. Any failure on our part to offer to repurchase the notes, or to repurchase notes tendered following a Change of Control, may result in a default under the Notes Indenture and may be an event of default under the agreements governing our other indebtedness. For further information, see “Description of Notes—Repurchase of Notes upon a Change of Control.”

Risks Relating To Argentina, The Argentine Oil And Gas Business And Our Business

Prospective investors in the notes should carefully consider the additional risks factors discussed under “Part II—Annual Report on Form 20-F for the year ended December 31, 2015—Item 3. Key Information—Risk Factors,” beginning on page 12 as well as the risk factors discussed in the applicable pricing supplement, if any.

Use of Proceeds

We will use the net proceeds from the issuance of notes under this program for any one or more of the following purposes, all in compliance with the requirements of Article 36 of the Negotiable Obligations Law, and other applicable regulations, as specified in the applicable pricing supplement:

- working capital and investments in tangible assets located in Argentina;
- since October 25, 2012 to refinance our outstanding debt; or
- capital contributions to controlled or affiliated companies, provided that such companies use the contributions in Argentina and for the purposes set forth above.

Pending their application, proceeds, if any, may be invested in government securities and short-term investments, or as specified in the applicable pricing supplement.

Description of the Notes

GENERAL

Unless otherwise specified in the applicable pricing supplement, the notes will be issued under an Indenture (the “Indenture”) to be entered into by and among us and a financial institution or entity, as trustee (in such capacity, the “Trustee”). Such Trustee, or any other entity which we may appoint to such effect, will act as co-registrar (in such capacity, the “Co-Registrar”), principal paying agent (in such capacity, the “Principal Paying Agent,” and together with any other paying agents under the Indenture, the “Paying Agents”) and transfer agent (in such capacity, a “Transfer Agent,” and together with any other transfer agents under the Indenture, the “Transfer Agents”). In such Indenture we will also appoint a registrar (in such capacity, the “Registrar”), which may also be Paying Agent, Transfer Agent and representative of the Trustee in Argentina (in such capacity, the “Representative of the Trustee in Argentina”). The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”), except upon effectiveness of any registration statement or shelf registration statement. However, by its terms, the Indenture will incorporate by reference certain provisions of the Trust Indenture Act and, upon consummation of an exchange offer or effectiveness of a shelf registration statement, if any, the Indenture will be governed by, and subject to, the Trust Indenture Act.

Notes may be issued from time to time in one or more series or tranches. The notes of all series outstanding at any one time under this program are limited to an aggregate principal amount of U.S.\$8,000,000,000 (or its equivalent in other currencies); *provided*, that, subject to the prior approval of the CNV, we may amend the program to increase the aggregate principal amount of notes issuable under the program at any time without the consent of holders of notes. The particular terms of each issue of notes, including, without limitation, the date of issue, issue price, principal amount, currency of denomination and payment, maturity, interest rate or interest rate formula, if any, and, if applicable, redemption, repayment and index provisions, will be set forth for each such issue in the notes, as described in the applicable pricing supplement. With respect to any particular note, the description of the notes herein is qualified in its entirety by reference to, and to the extent inconsistent therewith is superseded by, such note and the applicable pricing supplement.

The notes will qualify as “*obligaciones negociables simples no convertibles en acciones*” under the Negotiable Obligations Law and will be entitled to the benefits set forth therein and subject to the procedural requirements thereof. Unless otherwise specified in the applicable pricing supplement, the notes will constitute our direct, unconditional, unsecured and unsubordinated obligations and will rank at all times at least *pari passu* in right of payment with all our other existing and future unsecured and unsubordinated indebtedness (other than obligations preferred by statute or by operation of law). If so specified in the applicable pricing supplement, we may issue, under a supplemental indenture or a separate indenture, notes that are secured by an assignment, lien or other security arrangement with respect to property specified therein and will rank senior, to the extent of the security, to all our existing and future unsecured indebtedness (other than obligations preferred by statute or by operation of law). If so specified in the applicable pricing supplement, we may issue, under a supplemental indenture or a separate indenture, subordinated notes that will rank at all times junior in right of payment to our secured indebtedness and, to the extent set forth therein, certain of our unsecured and unsubordinated indebtedness (as well as obligations preferred by statute or by operation of law). See “—Status and Ranking.”

Unless previously redeemed, a note will mature on the date specified in the applicable pricing supplement (the “Stated Maturity”) which shall be no less than seven days from its date of issue, or the minimum term required under CNV regulations.

Each note may be denominated in any currency (a “Specified Currency”) as shall be specified in the applicable pricing supplement. Unless otherwise specified in the applicable pricing supplement, payments on each note will be made in the applicable Specified Currency; *provided* that in certain circumstances, as may be described in the applicable pricing supplement, payments on any such note may, to the extent permitted by Argentine law, be made in a currency other than the Specified Currency of denomination. Each note will bear interest, if any, at the interest rate or interest rate formula set forth in the applicable pricing supplement. Unless otherwise indicated in the applicable pricing supplement, each note may bear interest at a fixed rate (a “Fixed Rate Note”) or at a rate determined by reference to an interest rate basis or other interest rate formula (a “Floating Rate Note”) or may bear no interest (a “Zero Coupon Note”). See “—Interest Rate.”

The notes may also be issued with principal and/or interest payable, to the extent permitted by Argentine law, in one or more currencies different from the currency in which such notes are denominated (“Dual Currency Notes”) or linked to an index and/or a formula (“Indexed Notes”). Dual Currency Notes and Indexed Notes may be issued to bear interest on a fixed or floating rate basis or on a non-interest bearing basis or a combination of such bases, in which case provisions relating to Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or a combination thereof, respectively, shall, where the context so admits, apply to such Dual Currency or Indexed Notes. References herein to notes denominated in a Specified Currency shall, unless the context otherwise requires, include Dual Currency Notes payable in such Specified Currency.

The notes may be issued as Discount Notes. A “Discount Note,” including any Zero Coupon Note, is a note which is issued at a price lower than the principal amount thereof, and which provides that upon acceleration, redemption or repurchase, the amount payable to the holder of such note will be determined in accordance with the terms of such note, and will be an amount that is less than the amount payable on the Stated Maturity of such note. See “—Redemption and Repurchase —Redemption of Discount Notes.”

Unless otherwise specified in the applicable pricing supplement, the notes will not be subject to any sinking fund and will not be redeemable by us prior to their Stated Maturity, except in the event of certain changes involving Argentine taxes. See “—Redemption and Repurchase.”

If specified in the applicable pricing supplement with respect to a series of notes, we may from time to time, without the consent of holders of notes outstanding, create and issue additional notes of such series provided that such additional notes have the same terms and conditions as the notes of that series in all respects (except for the date of issue, the issue price and, if applicable, the first payment of interest) and the additional notes will ultimately form a single series with the previously outstanding notes of the relevant series.

FORM AND DENOMINATION

General

Unless otherwise permitted by applicable law and specified in the applicable pricing supplement, notes will be issued in registered form without interest coupons (“Registered Notes”). Pursuant to Argentine Law No. 24,587 and Decree No. 259/96, Argentine companies may not issue securities in bearer form or in registered endorsable form. Accordingly, as long as the provisions of such laws are in effect and applicable to us, we will only issue notes under this program in registered non-endorsable form. The Registrar and Co-Registrar will maintain the register (the “Register”) in which names and addresses of holders of any notes, the note numbers and other details with respect to the issuance, transfer and exchange of the notes will be recorded, unless otherwise stated in the applicable pricing supplement. No service charge will be made for any registration of transfer or exchange of the notes, but the Trustee, Registrar, Co-Registrar or any Transfer Agent may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The applicable pricing supplement will specify the minimum denominations and any other denominations for the notes, subject to applicable laws and CNV regulations.

Registered Notes will be issued in the forms described below, unless otherwise specified in the applicable pricing supplement.

Registered Notes of the same tranche and tenor initially sold in compliance with Regulation S will be represented by one or more Registered Notes in global form (collectively, a “Regulation S Global Note”) which will be (a) deposited with the Trustee in New York City as custodian for The Depository Trust Company (“DTC”) and will be registered in the name of a nominee of DTC, for its direct and indirect participants (including Euroclear and Clearstream), or (b) deposited with a common depository for Euroclear and Clearstream, and registered in the name of such common depository or its nominee, for the accounts of Euroclear and Clearstream (DTC or such other depository, a “Depository”).

Registered Notes of the same tranche or tenor initially sold within the United States and eligible for resale in reliance on Rule 144A will be represented by one or more Registered Notes in global form (collectively, a “Restricted Global Note” and, together with the Regulation S Global Note, the “Global Notes”) which will be deposited upon issuance with the Trustee in New York City as custodian for DTC and will be registered in the name of DTC or a nominee of DTC for credit to an account of a direct or indirect participant in DTC as described below. The Restricted Global Notes (and any Certificated Notes (as defined herein) issued in exchange therefor) will be subject to certain restrictions on transfer set forth under “Transfer Restrictions.”

On or prior to the 40th day after the completion of the distribution (as certified to the Trustee by the dealer specified in the applicable pricing supplement) of all notes of an identifiable tranche (the “Distribution Compliance Period”), a beneficial interest in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in a Restricted Global Note of the same tranche and like tenor, but only upon receipt by the Trustee of a written certification from the transferor (in the form provided in the Indenture) to the effect that such transfer is being made to a person whom the transferor reasonably believes is purchasing for its own account or accounts as to which it exercises sole investment discretion and that such person and each such account is a qualified institutional buyer within the meaning of Rule 144A, in each case in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the United States (a “Restricted Global Note Certification”). After the last day of the Distribution Compliance Period, such certification requirement will no longer apply to such transfers. Beneficial interests in a Restricted Global Note may be transferred to a person in the form of an interest in a Regulation S Global Note of the

same tranche and of like tenor, whether before, on or after the end of the Distribution Compliance Period, but only upon receipt by the Trustee of a written certification from the transferor (in the form(s) provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or (if available) Rule 144 under the Securities Act (a “Regulation S Global Note Certification”). Any beneficial interest in a Global Note that is transferred to a person who takes delivery in the form of an interest in another Global Note of the same tranche and of like tenor will, upon transfer, cease to be an interest in such Global Note and become an interest in such other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

Global Notes

A Global Note may not be transferred except as a whole by its Depository to a nominee of such Depository or by a nominee of such Depository to such Depository or another nominee of such Depository or by such Depository or any such nominee to a successor of such Depository or a nominee of such successor.

Upon the issuance of a Global Note, DTC, Euroclear or Clearstream, as the case may be, will credit, on its book-entry registration and transfer system, the respective principal amounts of the notes represented by such Global Note to the accounts of institutions that have accounts with DTC, Euroclear or Clearstream, as the case may be (“participants”). The accounts to be credited shall be designated by the dealers of such notes or by us, if such notes are offered and sold directly by us. Ownership of beneficial interests in a Global Note will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests in such Global Note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC, Euroclear or Clearstream, as the case may be (with respect to interests of participants), or by participants or persons that hold through participants (with respect to interests of persons other than participants). The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a Global Note.

So long as a Depository, or its nominee, is the holder of a Global Note, such Depository or its nominee, as the case may be, will be considered the sole registered owner or holder of the notes represented by such Global Note for all purposes under the Indenture. Except as set forth below under “—Certificated Notes,” owners of beneficial interests in a Global Note will not be entitled to have notes represented by such Global Note registered in their names, will not receive or be entitled to receive physical delivery of notes of such tranche in definitive form and will not be considered the owners or holders thereof under the Indenture.

Payments of principal of and premium (if any) and interest on notes registered in the name of or held by a Depository or its nominee will be made to such Depository or its nominee, as the case may be, as the registered owner or the holder of the Global Note representing such notes. Neither we nor the Trustee or any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

We expect that DTC, Euroclear or Clearstream, as the case may be, upon receipt of any payment of principal of or premium (if any) or interest in respect of a Global Note, will credit immediately participants’ accounts with payments in amounts proportionate to their respective beneficial ownership interests in the principal amount of such Global Note as shown on the records of DTC, Euroclear or Clearstream, as the case may be. We also expect that payments by participants to owners of beneficial interests in such Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such participants.

Certificated Notes

Interests in a Global Note deposited with DTC or Euroclear and/or Clearstream, will be exchanged for Certificated Notes only if (i) in the case of a Global Note deposited with DTC, DTC notifies us and the Trustee that it is unwilling or unable to continue as depository for such Global Note or at any time DTC ceases to be a clearing agency registered under the U.S. Exchange Act of 1934, as amended (the “Exchange Act), and a successor depository so registered is not appointed by us within 90 days of such notice, (ii) in the case of a Global Note deposited with Euroclear and/or Clearstream, the clearing system(s) through which it is cleared and settled is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to cease business permanently or does in fact do so, (iii) an Event of Default has occurred and is continuing with respect to the tranche of notes represented by such Global Note or (iv) we in our sole discretion notify the Trustee in writing that Certificated Notes will be delivered in exchange for such Global Note with respect to the tranche of notes represented by such Global Note. In the case of Certificated Notes issued in exchange for a Restricted Global Note, such certificates will bear, and be subject to, the legends referred to under “Transfer Restrictions.”

None of the Trustee, the Registrar, the Co- Registrar, the Transfer Agent, or any other entity appointed by the applicable pricing supplement, will be required to register the transfer or exchange of any Certificated Notes for a period of 15 days preceding any interest payment date, or for a period of 30 days preceding any date established for the payment of principal, or register the transfer or exchange of any Certificated Notes previously called for redemption or tendered for repurchase.

Certificated Notes may be presented for registration of transfer or for exchange for new Certificated Notes of authorized denominations, at the corporate trust office of the Trustee in the Borough of Manhattan, New York City, or at the office of any Transfer Agent, or other entity appointed by the applicable pricing supplement. Upon the transfer, exchange or replacement of Certificated Notes bearing a restrictive legend, or upon specific request for removal of such legend, we will deliver only Certificated Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to us such satisfactory evidence, which may include an opinion of New York counsel, as may reasonably be required by us, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act. In the case of a transfer of less than the principal amount of any Certificated Note, a new Certificated Note will be issued to the transferee in respect of the amount transferred and another Certificated Note will be issued to the transferor in respect of the portion not transferred. Such new notes will be available within three Business Days at the corporate trust office of the Trustee in New York City or at the office of any Transfer Agent.

No service charge will be made for any registration of transfer or exchange of notes, but we or the Trustee may require payment of a sum sufficient to cover any stamp tax or other governmental duty payable in connection therewith.

Replacement of Notes

Notes that become mutilated, destroyed, stolen or lost will be replaced upon delivery to the Trustee of the notes, or delivery to us and the Trustee of evidence of the loss, theft or destruction thereof satisfactory to us and the Trustee. In the case of a lost, stolen or destroyed note, an indemnity satisfactory to us and the Trustee may be required at the expense of the holder of such note before a replacement note will be issued. Upon the issuance of any new note, we may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and the expenses of the Trustee, its counsel and its agents) connected therewith.

STATUS AND RANKING

The notes will qualify as “*obligaciones negociables simples no convertibles en acciones*” under the Negotiable Obligations Law and will be entitled to the benefits set forth therein and subject to the procedural requirements thereof. In particular, pursuant to Article 29 of the Negotiable Obligations Law, in the event of a default by us in the payment of any amount due under a note of any series, the holder of such note will be entitled to institute summary judicial proceedings (*juicio ejecutivo*) in Argentina to recover payment of any such amount.

Unless otherwise specified in the applicable pricing supplement, the notes will constitute our direct, unconditional, unsecured and unsubordinated obligations and will rank at all times at least *pari passu* in right of payment with all our other existing and future unsecured and unsubordinated indebtedness (other than obligations preferred by statute or by operation of law, including, without limitation, tax and labor related claims).

If so specified in the applicable pricing supplement, we may issue, under a supplemental indenture or a separate indenture, notes that are secured by an assignment, lien or other security arrangement with respect to property specified therein and will rank senior, to the extent of the security, to all our existing and future unsecured indebtedness (other than obligations preferred by statute or by operation of law).

If so specified in the applicable pricing supplement, we may issue, under a supplemental indenture or a separate indenture, subordinated notes. In addition to the priority of certain other creditors described in the preceding paragraphs, subordinated notes will rank at all times junior in right of payment to our secured indebtedness and, to the extent set forth therein, certain of our unsecured and unsubordinated indebtedness (as well as obligations preferred by statute or by operation of law).

INTEREST RATE

General

Unless otherwise specified in the applicable pricing supplement, each Fixed Rate Note or Floating Rate Note will bear interest from (and including) the issue date or such other date (the “Interest Commencement Date”) specified in the applicable pricing supplement or from the most recent Interest Payment Date (or, if such note is a Floating Rate Note and the Interest Reset Period is daily or weekly, from the day following the most recent Regular Record Date) (as each such term is defined below) to which interest on such note has been paid or duly provided for at the fixed rate per annum, or at the rate per annum determined pursuant to the interest rate formula, stated in the applicable pricing supplement, until the principal thereof is paid or made available for payment. Interest will be payable on the date or dates specified in the applicable pricing supplement (an “Interest Payment Date”) and at Stated Maturity or upon acceleration, redemption or repurchase as specified under “—Payment of principal and interest” below.

Each note bearing interest will bear interest at either (a) a fixed rate or (b) a variable rate determined by reference to an interest rate basis (including LIBOR (a “LIBOR Note”), the Treasury Rate (a “Treasury Rate Note”) or such other interest rate basis as is set forth in the applicable pricing supplement), which may be adjusted by adding or subtracting the Spread and/or multiplying by the Spread Multiplier. The “Spread” is the number of basis points specified in the applicable pricing supplement as being applicable to the interest rate for such note, and the “Spread Multiplier” is the percentage specified in the applicable pricing supplement as being applicable to the interest rate for such note. A Floating Rate Note may also have either or both of the following as specified in the applicable pricing supplement: (a) a maximum numerical interest rate limitation, or ceiling, on the rate of interest which may accrue during any interest period (a “Maximum Rate”) and (b) a minimum numerical interest rate limitation, or floor, on the rate of interest which may accrue during any interest period (a “Minimum Rate”).

We use the following general definitions throughout this section:

“*Business Day*” means, unless otherwise defined in the applicable pricing supplement, any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in New York City or the City of Buenos Aires; *provided, however*, that, with respect to notes denominated in a Specified Currency other than U.S. dollars, it is also not a day on which commercial banks are authorized or required by law, regulation or executive order to close in the principal financial center of the country issuing the Specified Currency, or, if the Specified Currency is the Euro, such day is also a day on which the Trans-European Automated Real Time Gross Settlement Express Transfer (“TARGET”) System is open (a “TARGET Settlement Date”); *provided further* that, with respect to a LIBOR Note, it is also a London Banking Day.

“*London Banking Day*” means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

“*Index Maturity*” means, with respect to a Floating Rate Note, the period to maturity of the instrument or obligation on which the interest rate formula is based, as specified in the applicable pricing supplement.

“*Calculation Agent*” means, with respect to any applicable series of notes, the person designated as calculation agent in the applicable pricing supplement for such series of notes.

Fixed Rate Notes

Fixed Rate Notes will bear interest from (and including) the Interest Commencement Date specified in the applicable pricing supplement at the rate or rates per annum so specified (the “Fixed Rate(s) of Interest”) payable in arrears on the Interest Payment Date(s) in each year and on the Stated Maturity or upon redemption, repurchase or acceleration. The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date and, if the period from the Interest Commencement Date to the Interest Payment Date differs from the period between subsequent Interest Payment Dates, will equal the “Initial Broken Amount” specified in the applicable pricing supplement. If the Stated Maturity is not an Interest Payment Date, interest from and including the preceding Interest Payment Date (or the Interest Commencement Date, as the case may be) to (but excluding) the Stated Maturity will equal the “Final Broken Amount” specified in the applicable pricing supplement.

FLOATING RATE NOTES

General

The applicable pricing supplement relating to a Floating Rate Note will designate an interest rate basis (the “Interest Rate Basis”) for such Floating Rate Note. The Interest Rate Basis for each Floating Rate Note will be: (a) LIBOR, in which case such note will be a

LIBOR Note; (b) the Treasury Rate, in which case such note will be a Treasury Rate Note; or (c) such other interest rate basis as is set forth in such pricing supplement. The pricing supplement for a Floating Rate Note will also specify, if applicable, the Calculation Agent, the Index Maturity, the Spread and/or Spread Multiplier, the Maximum Rate, the Minimum Rate, the Regular Record Dates and the Initial Interest Rate, the Interest Payment Dates, the Calculation Dates, the Interest Determination Dates, the Interest Reset Period and the Interest Reset Dates (each as defined below) with respect to such note.

The rate of interest on each Floating Rate Note will be reset and become effective daily, weekly, monthly, quarterly, semiannually or annually or otherwise, as specified in the applicable pricing supplement (each an "Interest Reset Period"); *provided, however*, that (a) the interest rate in effect from the date of issue to the first Interest Reset Date with respect to a Floating Rate Note will be the initial interest rate as set forth in the applicable pricing supplement (the "Initial Interest Rate") and (b) unless otherwise specified in the applicable pricing supplement, the interest rate in effect for the ten days immediately prior to Stated Maturity of a note will be that in effect on the tenth day preceding such Stated Maturity. The dates on which the rate of interest will be reset (each an "Interest Reset Date") will be specified in the applicable pricing supplement. If any Interest Reset Date for any Floating Rate Note would otherwise be a day that is not a Business Day with respect to such Floating Rate Note, the Interest Reset Date for such Floating Rate Note will be postponed to the next day that is a Business Day with respect to such Floating Rate Note, except that, in the case of a LIBOR Note, if such Business Day is in the next succeeding calendar month, such Interest Reset Date will be the next preceding Business Day.

Unless otherwise specified in the applicable pricing supplement, "Interest Determination Dates" will be as set forth below. The Interest Determination Date pertaining to an Interest Reset Date for a LIBOR Note (the "LIBOR Interest Determination Date") will be the second Business Day preceding such Interest Reset Date. The Interest Determination Date pertaining to an Interest Reset Date for a Treasury Rate Note (the "Treasury Interest Determination Date") will be the day of the week in which such Interest Reset Date falls and on which Treasury bills would normally be auctioned. Treasury bills are usually sold at auction on the Monday of each week, unless that day is a legal holiday, in which case the auction is usually held on the following Tuesday, except that such auction may be on the preceding Friday. If, as the result of a legal holiday, an auction is so held on the preceding Friday, such Friday will be the Treasury Interest Determination Date pertaining to the Interest Reset Date occurring in the next succeeding week. If an auction date falls on any Interest Reset Date for a Treasury Rate Note, then such Interest Reset Date will instead be the first Business Day immediately following such auction date.

All percentages resulting from any calculations referred to in this offering memorandum will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward (e.g., 9.876545% (or 0.09876545) being rounded to 9.87655% (or 0.0987655)), and all Specified Currency amounts used in or resulting from such calculations will be rounded to the nearest cent (with one-half cent rounded upward) or nearest equivalent in Specified Currencies other than U.S. dollars.

In addition to any Maximum Rate which may be applicable to any Floating Rate Note pursuant to the above provisions, the interest rate on Floating Rate Notes will in no event be higher than the maximum interest rate permitted by applicable law.

Upon the request of the holder of any Floating Rate Note, the Calculation Agent will provide the interest rate then in effect, and, if determined, the interest rate which will become effective on the next Interest Reset Date with respect to such Floating Rate Note. The Calculation Agent's determination of any interest rate will be final and binding in the absence of manifest error.

The Calculation Agent will cause notice of the rate of interest and the amount of interest for each interest period and the relevant Interest Payment Date to be given to us and the Trustee as soon as possible after their determination but in no event later than the fourth Business Day thereafter and, in the case of notes listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market, no later than the first date of the relevant Interest Reset Period. Such notice will be in accordance with the provisions of the notes relating to notices to holders of notes. See "—Notices." The amount of interest and the Interest Payment Date may subsequently be amended (or appropriate alternative arrangements as may be made by way of adjustment) without notice in the event of an extension or shortening of the Interest Reset Period.

The manner in which the interest rate for any Floating Rate Note that is not a LIBOR Note or a Treasury Rate Note will be determined as set forth in the applicable pricing supplement.

LIBOR Notes

LIBOR Notes will bear interest at the interest rates (calculated with reference to LIBOR and the Spread and/or Spread Multiplier, if any, subject to the Maximum Rate or the Minimum Rate, if any), and will be payable on the dates, specified on the face of the LIBOR Note and in the applicable pricing supplement.

Unless otherwise indicated in the applicable pricing supplement, LIBOR with respect to any Interest Reset Date will be determined by the Calculation Agent, or any other entity appointed by the applicable pricing supplement, in accordance with the following provisions. On the relevant LIBOR Interest Determination Date, LIBOR will be determined on the basis of either of the following or otherwise, as specified in the applicable pricing supplement:

(a) the offered rates for deposits in the Specified Currency having the specified Index Maturity, commencing on the next succeeding Interest Reset Date, which appear on the display designated as page “LIBOR01” or “LIBOR02,” as applicable, on the Reuters Monitor Money Rates Service (or such other page as may replace such pages on that service for the purpose of displaying London interbank offered rates of major banks for deposits in the Specified Currency) (each a “Reuters Screen LIBOR Page”) as of 11:00 A.M., London time, on such LIBOR Interest Determination Date. If at least two such offered rates appear on the applicable Reuters Screen LIBOR Page, LIBOR with respect to such Interest Reset Date will be the arithmetic mean of such offered rates as determined by the Calculation Agent. If fewer than two offered rates appear, LIBOR with respect to such Interest Reset Date will be determined as described in (c) below; or

(b) the offered rates for deposits in the Specified Currency having the specified Index Maturity, commencing on the next succeeding Interest Reset Date, which appear on the display designated as page “BBAM1” on the Bloomberg Service (or such other page as may replace any such page on that service for the purpose of displaying London interbank offered rates of major banks for deposits in the Specified Currency) (“Bloomberg Page”) as of 11:00 A.M., London time, on such LIBOR Interest Determination Date. If no such offered rate appears, LIBOR with respect to such Interest Reset Date will be determined as described in (c) below.

If neither a Reuters Screen LIBOR Page nor Bloomberg Page is specified in the applicable pricing supplement, LIBOR will be determined as if a Reuters Screen LIBOR Page had been so specified.

(c) With respect to a LIBOR Interest Determination Date on which fewer than two offered rates for the applicable Index Maturity appear on a Reuters Screen LIBOR Page as described in (a) above, or on which no rate appears on the Bloomberg Page as described in (b) above, as applicable, LIBOR will be determined on the basis of the rates at approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date at which deposits in the Specified Currency having the specified Index Maturity are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Calculation Agent (after consultation with us) commencing on the second Business Day immediately following such LIBOR Interest Determination Date and in a principal amount equal to an amount of not less than U.S.\$1,000,000 (or its approximate equivalent in a Specified Currency other than U.S. dollars) that in our judgment is representative for a single transaction in such market at such time (a “Representative Amount”). The Calculation Agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, LIBOR with respect to such Interest Reset Date will be the arithmetic mean of such quotations. If fewer than two quotations are provided, LIBOR with respect to such Interest Reset Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., New York City time, on such LIBOR Interest Determination Date by three major banks in New York City, selected by the Calculation Agent (after consultation with us), for loans in the Specified Currency to leading European banks having the specified Index Maturity commencing on the Interest Reset Date and in a Representative Amount; provided, that if fewer than three banks selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, LIBOR with respect to such Interest Reset Date will be LIBOR in effect on such LIBOR Interest Determination Date.

Treasury Rate Notes

Treasury Rate Notes will bear interest at the interest rates (calculated with reference to the Treasury Rate and the Spread and/or Spread Multiplier, if any, subject to the Maximum Rate or Minimum Rate, if any) and will be payable on the dates specified in the applicable pricing supplement. Unless otherwise specified in the applicable pricing supplement, the “Calculation Date” with respect to a Treasury Interest Determination Date will be the tenth day after such Treasury Interest Determination Date or, if any such day is not a Business Day, the next succeeding Business Day.

Unless otherwise indicated in the applicable pricing supplement, “Treasury Rate” means, with respect to any Interest Reset Date, the rate for the auction on the relevant Treasury Interest Determination Date of direct obligations of the United States (“Treasury Bills”) having the Index Maturity specified in the applicable pricing supplement, as such rate appears on the display of (i) Reuters Monitor Money Rates Service (or any successor service) on page “RTRTSY1” or “RTRTY2,” as applicable (or any other pages as may replace such pages), or (ii) Bloomberg Services (or any successor service) on page “BTMM” or “PX1,” as applicable (or any other pages as may replace such pages). In the event that such rate does not appear on any such pages by 3:00 P.M., New York City time, on the Calculation Date pertaining to such Treasury Interest Determination Date, then the Treasury Rate for such Interest Reset Date shall be the rate on such date as published in H.15 Daily Update under the heading “U.S. government securities—Treasury bills—Auction high.” In the event that the foregoing rates do not so appear or are not so published by 3:00 P.M., New York City time, on the

Calculation Date pertaining to such Treasury Interest Determination Date, then the Treasury Rate for such Interest Reset Date shall be the “Investment Rate” (expressed as a bond equivalent yield, on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) as announced by the United States Department of the Treasury for the auction held on such Treasury Interest Determination Date, currently available on the worldwide web at: www.treasurydirect.gov/RI/OFBills. In the event that the results of the auction of Treasury Bills having the Index Maturity specified in the applicable pricing supplement are not published or reported as provided above by 3:00 P.M., New York City time, on such Calculation Date or if no such auction is held on such Treasury Interest Determination Date, then the Treasury Rate shall be calculated by the Calculation Agent and shall be the rate for such Treasury Interest Determination Date for the issue of Treasury Bills with a remaining maturity closest to the specified Index Maturity (expressed as a bond equivalent yield, on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) as published in H.15(519) under the heading “U.S. government securities—Treasury bills (secondary market).” In the event that the foregoing rates do not so appear or are not so published by 3:00 P.M., New York City time, on the Calculation Date pertaining to such Treasury Interest Determination Date, then the Treasury Rate for such Interest Reset Date shall be the rate for such Treasury Interest Determination Date for the issue of Treasury Bills with a remaining maturity closest to the specified Index Maturity, as published in H.15 Daily Update or another recognized electronic source used for the purpose of displaying such rate under the heading “U.S. government securities—Treasury bills (secondary market).” In the event that the foregoing rates do not so appear or are not so published by 3:00 P.M., New York City time, on the Calculation Date pertaining to such Treasury Interest Determination Date, then the Treasury Rate shall be calculated by the Calculation Agent and shall be a yield to maturity (expressed as a bond equivalent yield, on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates, at approximately 3:30 P.M., New York City time, on such Treasury Interest Determination Date, quoted by three leading primary United States government securities dealers selected by the Calculation Agent with our approval (such approval not to be unreasonably withheld) for the issue of Treasury Bills with a remaining maturity closest to the specified Index Maturity; *provided* that if the dealers selected as aforesaid by the Calculation Agent with our approval (such approval not to be unreasonably withheld) are not quoting as mentioned in this sentence, the Treasury Rate for such Interest Reset Date shall be the Treasury Rate in effect on such Treasury Interest Determination Date.

PAYMENT OF PRINCIPAL AND INTEREST

General

Interest (and principal, premium and Additional Amounts, if any, payable other than at Stated Maturity or upon acceleration, redemption or repurchase) will be payable in immediately available funds to the person in whose name a note is registered at the close of business on the Regular Record Date next preceding each Interest Payment Date notwithstanding the cancellation of such notes upon any transfer or exchange thereof subsequent to such Record Date and prior to such Interest Payment Date; *provided, however*, that interest payable at Stated Maturity or upon acceleration, redemption or repurchase will be payable to the person to whom principal will be payable; *provided further* that if and to the extent we default in the payment of the interest (and Additional Amounts, if any) due on such Interest Payment Date, such defaulted interest (and Additional Amounts, if any) will be paid to the person in whose names such notes are registered at the end of a subsequent record date established by us by notice given by mail by or on behalf of us to the holders of the notes not less than 15 days preceding such subsequent record date, such record date to be not less than 15 days preceding the date of payment in respect of such defaulted interest. If so specified in the applicable pricing supplement, interest (and Additional Amounts, if any) may also be payable in kind by issuance of additional notes or otherwise. Unless otherwise specified in the applicable pricing supplement, the first payment of interest on any note originally issued between a Regular Record Date and an Interest Payment Date will be made on the Interest Payment Date following the next succeeding Regular Record Date to the registered owner at the close of business on such next succeeding Regular Record Date. Unless otherwise indicated in the applicable pricing supplement and note, the “Regular Record Date” with respect to any note will be the date 15 calendar days prior to each Interest Payment Date, whether or not such date will be a Business Day.

Payment of the principal of and any premium, interest, Additional Amounts and other amounts on or in respect of any Registered Note at Stated Maturity or upon acceleration, redemption or repurchase will be made in immediately available funds to the person in whose name such note is registered upon surrender of such note at the corporate trust office of the Trustee in the Borough of Manhattan, New York City, the office of the Paying Agent located in the City of Buenos Aires, or at the specified office of any other Paying Agent, *provided* that the Registered Note is presented to the Paying Agent in time for the Paying Agent to make such payments in such funds in accordance with its normal procedures. Payments of the principal of and any premium, interest, Additional Amounts and other amounts on or in respect of Registered Notes to be made other than at Stated Maturity or upon redemption or repurchase will be made by check mailed on or before the due date for such payments to the address of the person entitled thereto as it appears in the Register; *provided* that (a) the applicable Depository, as holder of the Global Notes, shall be entitled to receive payments of interest by wire transfer of immediately available funds, (b) a holder of U.S.\$1,000,000 (or the approximate equivalent thereof in a Specified Currency other than U.S. dollars) in aggregate principal or face amount of notes of the same series shall be entitled to receive payments of interest by wire transfer of immediately available funds to an account maintained by such holder at a bank located in the United States

or Argentina as may have been appropriately designated by such person to the Trustee in writing no later than 15 days prior to such Interest Payment Date is due and (c) to the extent that the holder of a Registered Note issued and denominated in a Specified Currency other than U.S. dollars elects to receive payment of principal and interest at Stated Maturity or upon redemption or repurchase in such Specified Currency, such payment, except in circumstances described in the applicable pricing supplement, shall be made by wire transfer of immediately available funds to an account specified in writing not less than 15 days prior to Stated Maturity by the holder to the Trustee. Unless such designation is revoked in writing, any such designation made by such holder with respect to such notes shall remain in effect with respect to any future payments with respect to such notes payable to such holder.

Payments of interest on any Fixed Rate Note or Floating Rate Note with respect to any Interest Payment Date will include interest accrued to but excluding such Interest Payment Date; *provided, however*, that, unless otherwise specified in the applicable pricing supplement, if the Interest Reset Dates with respect to any Floating Rate note are daily or weekly, interest payable on such note on any Interest Payment Date, other than interest payable on the date on which principal on any such note is payable, will include interest accrued to but excluding the day following the next preceding Regular Record Date.

With respect to a Floating Rate Note, accrued interest from the date of issue or from the last date to which interest has been paid is calculated by multiplying the principal or face amount of such Floating Rate Note by an accrued interest factor. Such accrued interest factor is computed by adding the interest factor calculated for each day from the date of issue, or from the last date to which interest has been paid, to but excluding the date for which accrued interest is being calculated. Unless otherwise specified in the applicable pricing supplement and note, the interest factor (expressed as a decimal) for each such day is computed by dividing the interest rate (expressed as a decimal) applicable to such date by 360, in the case of LIBOR notes, or by the actual number of days in the year, in the case of Treasury Rate Notes.

Unless otherwise specified in the applicable pricing supplement, interest on Fixed Rate Notes will be calculated on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

Unless otherwise specified in the applicable pricing supplement, if any Interest Payment Date (other than the Stated Maturity) for any Floating Rate Note would otherwise be a day that is not a Business Day in the relevant locations specified in the pricing supplement and the place of payment, such Interest Payment Date will be the next Business Day succeeding such Business Day (except that, in the case of a LIBOR Note, if such Business Day is in the next succeeding calendar month, such Interest Payment Date will be the next Business Day preceding such Business Day). If the Stated Maturity for any Fixed Rate Note or Floating Rate Note or the Interest Payment Date for any Fixed Rate Note falls on a day which is not a Business Day in the relevant locations specified in the pricing supplement and the place of payment, payment of principal (and premium, if any) and interest with respect to such note will be made on the next succeeding Business Day in the place of payment with the same force and effect as if made on the due date and no interest on such payment will accrue from and after such due date.

Foreign exchange restrictions

In the event that, on any payment date in respect of any series of notes denominated in a Specified Currency other than the Argentine peso, any restrictions or prohibition of access to the Argentine foreign exchange market exists, we will seek to pay all amounts payable under such series of notes in the Specified Currency either (i) by purchasing at market price securities of any series of U.S. dollar denominated Argentine sovereign bonds or any other securities or private or public bonds issued in Argentina, and transferring and selling such instruments outside Argentina for the Specified Currency, to the extent permitted by applicable law, or (ii) by means of any other reasonable means permitted by law in Argentina, in each case, on such payment date. All costs and taxes payable in connection with the procedures referred to in (i) and (ii) above shall be borne by us.

If the principal of or any premium, interest, Additional Amounts or other amounts on any series of notes are payable in a Specified Currency other than U.S. dollars and such Specified Currency is not available due to the imposition of exchange controls or other circumstances beyond our control, or is no longer used by the government of the country issuing such currency or for settlement of transactions by public institutions of or within the international banking community, we will be entitled, to the extent permitted by Argentine law, to satisfy our obligations to the holders of such notes by making such payment in U.S. dollars. The amount of U.S. dollars to be received by holders of such notes will be based on the average firm bid quotation expressed in U.S. dollars, for the foreign or composite currency in which such note is denominated, received by the Exchange Rate Agent, at approximately 11:00 A.M. New York City time on the second Business Day preceding the applicable payment date, from three recognized foreign exchange dealers in New York City, selected by the Exchange Rate Agent and approved by us, for the purchase by the quoting dealer, for settlement on such payment date, of the aggregate amount of the Specified Currency payable on such payment date in respect of such notes. All currency exchange costs will be borne by the holders of such notes by deduction from such payments. In the event that the exchange rate quotation is not available on the second Business Day next preceding the applicable payment date, the rate at which the amounts due shall be converted into U.S. dollars shall be on the basis of the most recently available market exchange rate quotations. Any payment made under such circumstances in U.S. dollars where the required payment is due in a Specified Currency other than

U.S. dollars will not constitute an Event of Default (as defined below) under the notes. The exchange rate agent (the “Exchange Rate Agent”) with respect to notes denominated in a Specified Currency other than U.S. dollars shall be the person designated as the Exchange Rate Agent in the applicable pricing supplement.

REDEMPTION AND REPURCHASE

Redemption for taxation reasons

In addition to any redemption provisions that may be specified in the applicable pricing supplement relating to the notes of any series, if at any time subsequent to the issuance of the notes of any series as a result of any change in, or amendment to, the laws or regulations of Argentina or of any political subdivision thereof or of any authority therein or thereof having power to tax or as a result of any change in the application or official interpretation of such laws or regulations, we become obligated to pay any Additional Amounts as provided or referred to below under “—Payments of Additional Amounts” and we determine in good faith that such obligation cannot be avoided by taking reasonable measures available to us, then the notes of such series will be redeemable as a whole (but not in part), at our option, at any time upon not less than 30 nor more than 60 days’ notice given to the holders of such series of notes as provided in the Indenture at their principal amount (or, in the case of Discount Notes, at their Amortized Face Amount) together with accrued interest thereon to the date fixed for redemption (the “Redemption Date”). We will also pay to the holders of the notes of such series on the Redemption Date any Additional Amounts which are then payable. In order to effect a redemption of the notes of any series under this paragraph, we will be required to deliver to the Trustee at least 45 days prior to the Redemption Date (i) a certificate signed by two members of our Board of Directors stating that the obligation to pay such Additional Amounts cannot be avoided by us taking reasonable measures available to us and (ii) an opinion of independent legal counsel of recognized standing to the effect that we have or will become obligated to pay such Additional Amounts as a result of such change or amendment. No notice of redemption may be given earlier than 60 days prior to the earliest date on which we would be obligated to pay such Additional Amounts were a payment in respect of the notes of such series then due.

Redemption at our option

If so specified in the applicable pricing supplement, we may, subject to compliance with all relevant laws and regulations, having given (unless otherwise specified in the applicable pricing supplement) not more than 60 nor less than 30 days’ notice to the holders of the notes in accordance with the provisions governing the giving of notices set forth below (which notice will be irrevocable) and to the Trustee and, if applicable, the CNV, redeem all or only some of the notes then outstanding on the dates (the “Optional Redemption Date(s)”) and at the amounts (the “Optional Redemption Amount(s)”) specified in, or determined in the manner specified in, the applicable pricing supplement together with accrued interest (if any) to the date fixed for redemption (which date, in the case of Floating Rate Notes, must be an Interest Payment Date). In the event of a redemption of only some of the notes of a series, such redemption must be of a principal amount being the “Minimum Redemption Amount” or a “Higher Redemption Amount,” in each case if so indicated in the applicable pricing supplement. In the case of a partial redemption of Certificated Notes, such notes to be redeemed will be determined on a pro rata basis not more than 60 days prior to the date fixed for redemption and a list of the notes called for redemption will be notified, in accordance with the provisions governing the giving of notices set forth in the Indenture, not less than 30 days prior to such date. In the case of a partial redemption of notes which are represented by a Global Note, the relevant notes will be selected in accordance with the rules of the relevant clearing system or systems, as the case may be. If the notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market or any other, any securities exchange and the rules of Luxembourg Stock Exchange such securities exchange so require, we will, once in each year in which there has been a partial redemption of the notes, cause to be published in a leading newspaper of Luxembourg as specified by such other securities exchanges a notice specifying the aggregate principal amount of notes outstanding and a list of the notes drawn for redemption but not surrendered.

Redemption at the option of the holder

If so specified in the applicable pricing supplement, upon the holder of any note giving to us (unless otherwise specified in the applicable pricing supplement) not more than 60 nor less than 30 days’ notice in accordance with the provisions governing the giving of notices set forth below, which notice will be irrevocable, we will, subject to compliance with all relevant laws and regulations, upon the expiry of such notice, redeem such note, subject to, and in accordance with, the terms specified in the applicable pricing supplement on the Optional Redemption Date and at the Optional Redemption Amount specified in or determined in the manner specified in the applicable pricing supplement, in whole but not in part, together with accrued interest (if any) to the date fixed for redemption.

Only the registered holder of a Global Note can exercise a right to repayment in respect thereof. In order to ensure that such entity will timely exercise a right to repayment with respect to a particular note, the beneficial owners of such notes must instruct the broker or

other direct or indirect participant through which it holds an interest in such note to notify DTC, Euroclear or Clearstream, as the case may be, of its desire to exercise a right to repayment. Different firms have different deadlines for accepting instructions from their customers and, accordingly, each beneficial owner should consult the broker or other direct or indirect participant through which it holds an interest in a note in order to ascertain the deadline by which such an instruction must be given in order for timely notice to be delivered to DTC, Euroclear or Clearstream, as the case may be.

Redemption of Discount Notes

Unless otherwise specified in the applicable pricing supplement, in the event of acceleration of maturity or redemption prior to maturity of an Discount Note, the amount payable thereon in lieu of the principal amount due at the Stated Maturity will be the amount (the “Amortized Face Amount”) equal to the sum of (i) the issue price (as defined in “Taxation—U.S. Federal Income Taxation”) of such note and (ii) the product of the accrual yield specified in the applicable pricing supplement (compounded annually) and the issue price from (and including) the issue date to (but excluding) the Optional Redemption Date (or, in the case of an early redemption for taxation reasons, the date fixed for redemption) and computed in accordance with generally accepted United States bond yield computation principles, but in no event will the Amortized Face Amount exceed the principal amount of such note due at Stated Maturity thereof.

Procedure for payment upon redemption

If notice of redemption has been given in the manner set forth herein and in the applicable pricing supplement, the notes of a series to be redeemed will become due and payable on the redemption date specified in such notice, and upon presentation and surrender of the notes at the place or places specified in such notice, the notes will be paid and redeemed by us at the places and in the manner and currency therein specified and at the redemption price therein specified together with accrued interest and Additional Amounts, if any, to the redemption date. From and after the redemption date, if monies for the redemption of notes called for redemption will have been made available at the corporate trust office of the Trustee for redemption on the redemption date, the notes called for redemption will cease to bear interest (and, in the case of Discount Notes, cease to increase the Amortized Face Amount payable in respect thereof), and the only right of the holders of such notes will be to receive payment of the redemption price together with accrued interest and Additional Amounts, if any, to the redemption date as aforesaid.

Cancellation

Any notes redeemed in full by us will be immediately canceled and may not be reissued or resold.

Repurchase offer

The applicable pricing supplement may provide that, upon the occurrence of certain events described therein, we will be required to make an offer to repurchase notes of a series at a price and in accordance with the conditions set forth in the applicable pricing supplement.

Purchase of notes

We and our Subsidiaries and Affiliates may at any time purchase or otherwise acquire any note, by purchase or private agreement, in the open market or otherwise, at any price and may resell or otherwise dispose of such note at any time, taking into account that, in order to determine at any time whether or not the holders of the required principal amount of the outstanding notes have made a request, demand, authorization, instruction, notice, consent or waiver under the terms of the applicable pricing supplement or the Indenture, if any, the notes held by us or any of our Subsidiaries and Affiliates will not be counted and will not be considered outstanding.

PAYMENTS OF ADDITIONAL AMOUNTS

All payments in respect of the notes, including, without limitation, payments of principal and interest, will be made by us without withholding or deduction for or on account of any present or future taxes, duties, levies, or other governmental charges of whatever nature (“Taxes”) in effect on the date of the applicable indenture or imposed or established in the future by or on behalf of Argentina or any political subdivision or taxing authority thereof, unless we are compelled by law to deduct or withhold such Taxes. In the event any such Taxes are so imposed or established, we will pay such additional amounts (“Additional Amounts”) as may be necessary in order that the net amounts receivable by the holders of the notes of each series after any withholding or deduction in respect of such Taxes shall equal the respective amounts of principal and interest which would have been receivable in respect of the notes of such series in the absence of such withholding or deduction; except that no such Additional Amounts will be payable with respect to any

withholding or deduction on any note to, or to a third party on behalf of, a holder of the notes of such series for or on account of (a) any such Taxes that have been imposed by reason of the holder of such notes being a resident of Argentina or having some connection with Argentina other than the mere holding of such notes or the receipt of principal and interest in respect thereof; or (b) any such Taxes that have been imposed by reason of the presentation by the holder of a note for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later, except to the extent that such holder would have been entitled to such Additional Amounts on presenting such note for payment on the last date of such period of 30 days; or (c) any Taxes that would not have been imposed but for the failure of the holder or beneficial owner of such notes to comply with any certification, information, documentation or other reporting requirements if such compliance (i) is required at any time subsequent to the issuance of the notes of any series as a result of a change in applicable law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes, and (ii) is not more onerous to the holder or beneficial owner than comparable certification, information, documentation or other reporting requirements imposed under U.S. tax law, regulation and administrative practice (such as IRS Forms W-8 and W-9 or any comparable successor forms); or (d) any estate, inheritance, gift, sales, transfer, personal assets or similar Taxes; or (e) Taxes payable otherwise than by withholding from payment of principal of, premium, if any, or interest on the notes; or (f) any combination of items (a) to (e) above. Furthermore, no Additional Amounts shall be paid with respect to any payment on a note to a holder that is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent that a beneficiary or settlor with respect to such fiduciary or a member of such partnership or beneficial owner would not have been entitled to receive the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the holder. Any reference herein or in the notes to principal, premium and/or interest shall be deemed also to refer to any Additional Amounts which may be payable under the undertakings described in this paragraph.

In addition, we will pay any stamp, issue, registration, documentary or other similar taxes and duties, including interest and penalties, in respect of the creation, issue and offering of the notes, excluding any such taxes and duties imposed by any jurisdiction outside Argentina, except those resulting from, or required to be paid in connection with, the enforcement of such notes after the occurrence and during the continuance of an Event of Default with respect to the notes in default. We will also pay and indemnify the holders and the Trustee from and against all court taxes or other taxes and duties, including interest and penalties, paid by any of them in any jurisdiction in connection with any action permitted to be taken by the holders or the Trustee to enforce our obligations under the notes.

In the event that we pay any personal asset tax in respect of outstanding notes, we have agreed to waive any right we may have under Argentine law to seek reimbursement from the holders or direct owners of the notes of any such amounts paid. See “Taxation—Argentine Tax Considerations.”

COVENANTS

Unless otherwise indicated in the applicable pricing supplement, under the terms of the notes of each series, we will, and to the extent specified below will cause our Subsidiaries to, covenant and agree that as long as the notes of such series remain outstanding:

Payment of principal and interest

We will duly and punctually pay the principal of and interest and premium and Additional Amounts, if any, on the notes of such series in accordance with the terms of the notes of such series and the Indenture.

Maintenance of office or agency

We will maintain in each of the City of Buenos Aires and in each place of payment specified for a series of notes, an office or agency (including for such purposes the office of a Paying Agent or Transfer Agent, to the extent applicable) where the notes of that series may be presented or surrendered for payment, where the notes of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon us in respect of the notes of that series and the Indenture may be served.

Maintenance of existence

We will, and will cause each of our Significant Subsidiaries to, (a) maintain in effect its corporate existence and all registrations necessary therefor and (b) take all reasonable actions to maintain all rights, privileges, titles to property, franchises and similar entitlements necessary or desirable in the normal conduct of our and our Significant Subsidiaries’ business, activities or operations; *provided, however*, that this covenant shall not prohibit any transaction by us or any of our Significant Subsidiaries otherwise permitted under the covenant described in “—Mergers, Consolidations, Sales, Leases” and this covenant will not require us to

maintain any such right, privilege, title to property, franchise or similar entitlement, or to preserve the corporate existence of any Significant Subsidiary, if our Board of Directors determines in good faith that (i) the maintenance or preservation thereof is no longer necessary or desirable in the conduct of our and our Subsidiaries' business taken as a whole and (ii) the loss thereof is not, and will not be, adverse in any material respect to the holders of notes of such series.

Maintenance of Properties

We will, and will cause each of our Significant Subsidiaries to, cause all tangible Properties used or useful in the conduct of our and our Significant Subsidiaries' business to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements and improvements thereof, all as in our judgment may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; *provided* that this covenant will not prevent us from discontinuing the operation or maintenance of any such Properties if such discontinuance is, as determined by our Board of Directors in good faith, necessary or desirable in the conduct of our and our Subsidiaries' business taken as a whole and not adverse in any material respect to the holders of notes of such series.

Payment of taxes and other claims

We will, and will cause each of our Significant Subsidiaries to, pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (i) all taxes, assessments and governmental charges levied or imposed upon us or any of our Significant Subsidiaries, and (ii) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a Lien upon our Property or the Property of any of our Significant Subsidiaries; *provided* that we will not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claims whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

Maintenance of insurance

We will, and will cause each of our Significant Subsidiaries to, keep at all times all of our and its Properties which are of an insurable nature insured against loss or damage with insurers believed by us to be responsible to the extent that Property of similar characteristics is usually so insured by corporations similarly situated and owning like Properties in accordance with good business practice.

Negative pledge

We will not, and will not permit any of our Significant Subsidiaries and Affiliates to, directly or indirectly, create, incur, assume or suffer to exist any Lien on any of our or its present or future Property to secure Indebtedness unless, at the same time or prior thereto, all of the notes are equally and ratably secured therewith, except for:

(a) any Lien existing on the date of the issuance of the applicable series;

(b) any landlord's, workmen's, carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business (excluding, for the avoidance of doubt, Liens in connection with any Indebtedness for borrowed money) that are not overdue for a period of more than 30 days or that are being contested in good faith by appropriate proceedings;

(c) any Lien on any Property securing Indebtedness incurred or assumed solely for the purpose of financing all or any part of the cost of acquisition, construction, development or improvement of such Property, which Lien attached to such Property concurrently with or within 120 days after the acquisition or the completion of the construction, development or improvement thereof;

(d) any Lien on any property existing thereon at the time of acquisition of such property and not created in connection with such acquisition;

(e) any Lien on any Property owned by a corporation or other Person, which Lien exists at the time of the acquisition of such corporation or other Person by us or any of our Significant Subsidiaries and which Lien is not created in connection with such acquisition;

(f) any Lien on cash, cash equivalents or marketable securities created to secure our Hedging Obligations or of any of our Significant Subsidiaries;

(g) any Lien securing any Project Financing or any guarantee thereof by any direct or indirect parent of the applicable Project Financing Subsidiary; provided that such Lien does not apply to any Property or our assets or of any of our Significant

Subsidiaries other than the Property of the applicable Project Financing Subsidiary related to the relevant project and equity interests in the applicable Project Financing Subsidiary that holds no significant assets other than those related to the relevant project or in any direct or indirect parent thereof that holds no significant assets other than direct or indirect ownership interests in such Project Financing Subsidiary;

(h) any Lien on any Property securing an extension, renewal or refunding of Indebtedness secured by a Lien referred to in (a), (c), (d), (e), (f) or (g) above, provided that such new Lien is limited to the Property which was subject to the prior Lien immediately before such extension, renewal or refunding and *provided* that the principal amount of Indebtedness secured by the prior Lien immediately before such extension, renewal or refunding is not increased;

(i) any Lien for taxes, assessments, governmental charges or claims or other statutory Lien, in each case relating to amounts that are not yet payable or that are being contested in good faith and for which any reserves required by Argentine GAAP or IFRS, as applicable have been established;

(j) Liens incurred or deposits made to secure the performance of tenders, bids, trades, contracts, leases, statutory obligations, surety and appeal bonds, performance bonds, advance payment bonds, purchase, construction or sales contracts and other obligations of a like nature, in each case in the ordinary course of business;

(k) leases or subleases granted to others, easements, rights of way, servitudes or zoning or building restrictions and other minor encumbrances on real Property and irregularities in the title to such Property which do not in the aggregate materially impair the use or value of such Property or risk the loss or forfeiture of title thereto;

(l) judgment Liens, the judgments underlying which do not give rise to an Event of Default, and for which any reserves required by Argentine GAAP or IFRS, as applicable have been established and with respect to which any appropriate legal proceedings have been duly initiated for the review of such judgment and have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(m) Liens incurred or deposits made in connection with workers' compensation, unemployment insurance and other types of social security benefits or obligations or other obligations of a like nature, in each case in the ordinary course of business;

(n) Liens securing the notes or any of our other securities for the purposes of defeasance thereof in accordance with the terms of the Indenture or any indenture under which such other securities have been issued;

(o) Liens arising under Section 9.343 of the Texas Uniform Commercial Code, or similar statutes of states other than Texas, in connection with the purchase by us or any of our Subsidiaries' of oil and/or gas extracted from such state; and

(p) any other Lien on our Properties or those of any of our Significant Subsidiaries, provided that, on the date of creation or assumption of such Lien, the Indebtedness secured thereby, together with all our and our Significant Subsidiaries' other Indebtedness secured by any Lien in reliance on this clause (p), has an aggregate outstanding amount no greater than 15% of our total consolidated assets as set forth in our most recent consolidated financial statements prepared in accordance with Argentine GAAP or IFRS, as applicable and filed with the CNV.

Limitations on sale and lease-back transactions

We will not enter into, renew or extend, or permit any of our Significant Subsidiaries to enter into, renew or extend, any transaction or series of related transactions pursuant to which we or any of our Significant Subsidiaries sell or transfer any Property in connection with the leasing, or the release against installment payments, or as part of an arrangement involving the leasing or resale against installment payments, of such Property to the seller or transferor (a "Sale and Leaseback Transaction") except a Sale and Leaseback Transaction that, had such Sale and Leaseback Transaction been structured as a secured loan in an amount equal to the Attributable Debt with respect to such Sale and Leaseback Transaction, we or our Significant Subsidiaries would have been permitted to enter into such transaction pursuant to the terms of the covenant described under the caption "—Negative Pledge."

Reports to Trustee

We will furnish to the Trustee:

(1) as soon as available but in any event within 120 days after the end of each of our fiscal years (or, if later, the date on which we are required to deliver to the CNV financial statements for the relevant fiscal period), a copy of our audited consolidated balance sheet as of the end of such year and our consolidated statements of income and statements of shareholders' equity and statements of cash flows for such fiscal year, prepared in accordance with IFRS applied consistently throughout the periods reflected therein (except as otherwise expressly noted therein) and delivered in both the English and Spanish languages;

(2) as soon as available but in any event within 90 days after the end of the first three fiscal quarters of each of our fiscal years (or, if later, the date on which we are required to deliver to the CNV financial statements for the relevant fiscal period), a

copy of our unaudited consolidated balance sheet as of the end of each such quarter and our unaudited consolidated statements of income and statements of shareholders' equity and statements of cash flows for such quarter, prepared in accordance with IFRS applied consistently throughout the periods reflected therein (except as otherwise expressly noted therein) and delivered in both the English and Spanish languages; and

(3) as soon as available but in any event within 15 days of filing the same with the SEC, an English language version of our annual audited consolidated financial statements prepared in accordance with U.S. GAAP or IFRS (or, if we are not preparing consolidated financial statements in accordance with U.S. GAAP or IFRS, a reconciliation of our financial statements described in clause (1) above to U.S. GAAP or IFRS, together with a "management's discussion and analysis" thereof, in form and substance to the effect generally required of foreign private issuers subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act;

provided that any document required to be furnished to the Trustee (or otherwise be made available) pursuant to (1), (2) or (3) above which is filed with the SEC and publicly available on its EDGAR system will be deemed furnished to the Trustee (or otherwise be made available).

Compliance with law and other agreements

We will, and will cause each of our Subsidiaries to, comply with all applicable laws, rules, regulations, orders and directions of any Government Agency having jurisdiction over us or our Subsidiary or our Subsidiary's business and all of the covenants and obligations contained in any agreements to which we or any of our Subsidiaries is a party, unless contested in good faith by us and except where the failure to so comply would not have a material adverse effect on our and our Subsidiaries' condition, financial or otherwise, earnings, operations or business, taken as a whole.

Maintenance of books and records

We will, and will cause each of our Subsidiaries located in Argentina to, maintain books, accounts and records in accordance with applicable Argentine GAAP or IFRS, as applicable to each company.

Mergers, consolidations, sales, leases

We will not, and will not permit any of our Significant Subsidiaries to, merge or consolidate with or into, or convey, transfer or lease our or its Properties substantially as an entirety, whether in one transaction or a series of transactions, to any Person, unless immediately after giving effect to such transaction, (a) no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, (b) any Person formed by any such merger or consolidation or the Person which acquires by conveyance or transfer, or which leases such properties and assets (the "Successor Person") expressly assumes, by a supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, the due and punctual payment of principal, interest and premiums, if any, and Additional Amounts, if any, that may result due to withholding by any authority having the power to tax to which the Successor Person is or may be subject, on all of the notes of such series according to their terms, and the due and punctual performance of all of our other covenants and obligations under the notes of such series and the Indenture, (c) the Successor Person agrees to indemnify each holder against any tax, assessment or governmental charge thereafter imposed on such holder by a Government Agency solely as a consequence of such merger or consolidation, conveyance, transfer or lease with respect to the payment of principal, interest or premium, if any, on the notes of such series, and (d) the Successor Person (except in the case of leases), if any, succeeds to and becomes substituted for us with the same effect as if it had been named in the notes of such series and the Indenture as us.

Notice of default

We will give written notice to the holders or Trustee, if one has been appointed, promptly, and in any event within 10 days after we become aware thereof, of the occurrence and continuance of any Event of Default, accompanied by an officer's certificate, if applicable, setting forth the details of such Event of Default and stating what action we propose to take with respect thereto.

Ranking

We will ensure that the notes of such series will constitute "*obligaciones negociables simples no convertibles en acciones*" under the Negotiable Obligations Law, and will at all times (a) be entitled to the benefits set forth therein and subject to the procedural requirements thereof and (b) unless otherwise indicated in the applicable pricing supplement, constitute our general, unsecured and

unsubordinated obligations and rank *pari passu*, without any preferences among themselves, with all our other present and future unsecured and unsubordinated indebtedness (other than obligations preferred by statute or by operation of law).

Further actions

We will use our commercially reasonable efforts to take any action, satisfy any condition or do any thing (including the obtaining or effecting of any necessary consent, approval, authorization, exemption, filing, license, order, recording or registration) at any time required in accordance with the applicable laws and regulations to be taken, fulfilled or done in order (a) to enable us lawfully to enter into, exercise our rights and perform and comply with our payment obligations under the notes of such series and the Indenture, as the case may be, (b) to ensure that those obligations are legally binding and enforceable, and (c) to make the notes of such series and the Indenture admissible in evidence in the courts of Argentina.

CERTAIN DEFINITIONS

For the purposes of the covenants and the Events of Default:

“*Affiliate*” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“*Argentine GAAP*” means generally accepted accounting principles in the Republic of Argentina in effect from time to time, as applicable to non public companies in Argentina for our subsidiaries, including our non public subsidiaries in Argentina.

“*Attributable Debt*” means, in respect of a Sale and Leaseback Transaction the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction (as determined in accordance with Argentine GAAP or IFRS, as applicable), of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

“*Authorized Person*” means any of our officers duly authorized in writing to take actions under the Indenture on our behalf.

“*Capital Stock*” means, with respect to any Person, any and all shares, interests, participations, warrants, options, rights or other equivalents of or interests in (however designated and whether voting or non-voting) corporate stock of a corporation and any and all equivalent ownership interests in a Person (other than a corporation), in each case whether now outstanding or hereafter issued, including any preferred stock.

“*Government Agency*” means any public legal entity or public agency, created by federal, state or local government, or any other legal entity now existing or hereafter created, or now or hereafter owned or controlled, directly or indirectly, by any public legal entity or public agency. YPF is not a government agency pursuant to Law No. 26,741.

“*Hedging Obligations*” means, with respect to any Person, the obligations of such Person pursuant to any interest rate swap agreement, foreign currency exchange agreement, interest rate collar agreement, option or futures contract or other similar agreement or arrangement designed to protect such Person against changes in interest rates, foreign exchange rates or the prices of commodities, to the extent recorded as a liability on our most recent consolidated balance sheet prepared under Argentine GAAP or IFRS, as applicable and filed with the CNV.

“*IFRS*” means the English language version of the International Financial Reporting Standards, as published by the International Accounting Standards Board, and as adopted by the Argentine Federation of Professional Councils in Economic Sciences (“FACPCE”) and by the CNV for public companies.

“*Indebtedness*” means, with respect to any Person, without duplication, (a) any liability of such Person (1) for borrowed money, or (2) evidenced by a bond, note, debenture or similar instrument issued in connection with the acquisition of any businesses, properties or assets of any kind (other than a trade payable or a current liability arising in the ordinary course of business), or (3) for the payment of money relating to any obligations under any capital lease of real or personal property which has been recorded as a capitalized lease obligation pursuant to Argentine GAAP or IFRS, as applicable; (b) all obligations of such Person issued or assumed as the deferred purchase price of property or services, all conditional sale obligations and all obligations under any title retention agreement (but excluding trade accounts payable and other accrued liabilities arising in the ordinary course of business); (c) all letters of credit, banker’s acceptances or similar credit transactions, including reimbursement obligations in respect thereof; (d) all Redeemable Stock issued by such Person (the amount of Indebtedness therefrom deemed to equal any involuntary liquidation preference plus accrued and

unpaid dividends); (e) all obligations due and payable under Hedging Obligations of such Person; and (f) guarantees and other contingent obligations of such Person in respect of Indebtedness referred to in clauses (a) through (e) above. For purposes of determining any particular amount of Indebtedness under this definition, guarantees of (or obligation with respect to letters of credit supporting) Indebtedness otherwise included in the determination of such amount shall not also be included. For avoidance of doubt, Indebtedness shall not include any obligations not specified above, including trade payables in the ordinary course of business.

“*Lien*” means any mortgage, pledge, encumbrance, security interest, charge or other encumbrance or preferential arrangement having the effect of constituting a security interest, including, without limitation, the equivalent created or arising under the laws of any country where we or any of our Subsidiaries own Property.

“*Person*” means any individual, corporation (including a business trust), limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or other entity, or government or any agency or political subdivision thereof.

“*Project Financing*” means Indebtedness or a sale leaseback of Property of a Subsidiary the proceeds of which are applied to fund new acquisition, exploration, development or expansion by, or upgrades of the Property of, such Subsidiary that is secured by the Property of such Subsidiary.

“*Project Financing Subsidiary*” means, with respect to any Project Financing, the Subsidiary that is the primary obligor in respect of such Project Financing.

“*Property*” means any asset, revenue or any other property, whether tangible or intangible, real or personal, including, without limitation, any right to receive income.

“*Redeemable Stock*” means any class or series of Capital Stock that by its terms or otherwise is required to be redeemed prior to the Stated Maturity of the notes of the applicable series, or is redeemable at the option of the holder thereof at any time prior to the Stated Maturity of the notes of the applicable series.

“*Significant Subsidiary*” means, at any relevant time, any of our Subsidiaries which is a “significant subsidiary” of ours within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC, as in effect on the date of this Offering Memorandum.

“*Subsidiary*” means, with respect to any Person, any corporation, association or other business entity of which more than 50% of the voting power of the Capital Stock thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof.

“*Total Shareholder’s Equity*” means our consolidated total shareholder’s equity, determined in accordance with Argentine GAAP or IFRS, as applicable, as set forth in our most recent balance sheet filed with the CNV.

EVENTS OF DEFAULT

As long as any of the notes of any series remain outstanding, if any of the following events (each an “Event of Default”) with respect to the notes of such series shall occur and be continuing:

- (i) default by us in the payment of any principal or premium due on the notes of such series; or
- (ii) default by us in the payment of any interest or any Additional Amounts due on any note of such series and such default continues for a period of 30 days; or
- (iii) default by us in the performance or observance of any term, covenant or obligation in the Indenture described in “— Merger, Consolidation, Sale or Conveyance”; or
- (iv) default in the performance or observance by us of any other term, covenant or obligation under the notes of such series or the Indenture not otherwise described in subparagraphs (i), (ii) or (iii) above, for a period of more than 30 days after there has been given to us by the Trustee or by holders of not less than 25% in aggregate principal amount of the outstanding notes of such series a written notice specifying such default and requiring it to be remedied; or
- (v) we or any of our Significant Subsidiaries shall (a) default in the payment of principal of or interest on Indebtedness in an aggregate principal amount equal to or in excess of the greater of (i) U.S.\$50,000,000 (or the then-equivalent thereof) or (ii) 1% of our Total Shareholder’s Equity, other than the notes of such series, when and as such Indebtedness shall become due and payable, if such default continues for more than the period of grace, if any, originally applicable thereto and the time for payment of such amount has not been expressly extended or (b) default in the observance of any other terms and conditions

relating to Indebtedness in an aggregate principal amount equal to or in excess of the greater of (i) U.S.\$50,000,000 (or the then-equivalent thereof) or (ii) 1% of our Total Shareholder's Equity, other than the notes of such series, if in the case or either (a) or (b) the effect of such default is to cause the aggregate principal amount of such Indebtedness to become due prior to its stated maturity; or

(vi) it becomes unlawful for us to perform any of our obligations under the Indenture or the notes of such series, or any payment obligations of our thereunder ceases to be valid, binding or enforceable; or

(vii) the Indenture for any reason ceases to be in full force and effect in accordance with its terms or the binding effect or enforceability thereof shall be contested by us, or we shall deny that we have any further liability or obligation thereunder or in respect thereof; or

(viii) a resolution is passed or adopted by our Board of Directors or shareholders, or a ruling or judgment of a governmental entity or court of competent jurisdiction is made, that we be wound up or dissolved, other than pursuant to a merger, consolidation or other transaction otherwise permitted in accordance with the terms of Indenture as described in "—Mergers, Consolidations, Sales and Leases," and, in the case of any such ruling or judgment, remains undismissed for 30 days; or

(ix) one or more final judgments or orders from a court or an arbitration tribunal which are not subject to appeal or nullity (*recurso de nulidad*) for the payment of money in excess of U.S.\$50,000,000 (or the then-equivalent thereof) in the aggregate are rendered against us or any of our Significant Subsidiaries and are not paid or otherwise discharged and, in the case of each such judgment or order, either (a) an enforcement proceeding has been commenced by any creditor upon such judgment or order and there is a period of 30 days following such commencement during which such proceeding is not dismissed or stayed, or (b) there is a period of 60 days following such judgment during which such judgment or order is not discharged, waived or the execution thereof stayed; or

(x) a court having jurisdiction enters a decree or order for (a) relief in respect of us or any of our Significant Subsidiaries in an involuntary case under Argentine Law No. 24,522, as amended (the "Bankruptcy Law"), or any other applicable bankruptcy, insolvency or other similar law now or hereafter in effect or (b) appointment of an administrator, receiver, trustee or intervenor for us or any of our Significant Subsidiaries for all or substantially all of our or any of our Significant Subsidiaries' Property and, in each case, such decree or order remains unstayed and in effect for a period of 30 consecutive days; or

(xi) we or any of our Significant Subsidiaries (a) commence a voluntary case under the Bankruptcy Law or any other applicable bankruptcy, insolvency or other similar law now or hereafter in effect including, without limitation, any *acuerdo preventivo extrajudicial*, (b) consent to the appointment of or taking possession by an administrator, receiver, trustee or intervenor for us or any of our Significant Subsidiaries for all or substantially all of our or any of our Significant Subsidiaries' Properties or (c) effect any general assignment for the benefit of creditors; or

(xii) a moratorium is agreed or declared in respect of any of our or any of our Significant Subsidiary's Indebtedness; or

(xiii) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in subparagraph (x) or (xi) above; or

(xiv) any other Event of Default provided with respect to notes of such series;

then, if such an Event of Default (other than an Event of Default specified in subparagraphs (x), (xi), (xii) or (xiii) above) occurs and is continuing with respect to any series of notes, the Trustee or the holders of not less than 25% in aggregate principal amount of the outstanding notes of such series may declare the principal amount of all the notes of such series to be due and payable immediately, by a notice in writing to us (and to the Trustee if given by the holders), and upon any such declaration such principal amount and any accrued interest and Additional Amounts shall become immediately due and payable. If an Event of Default specified in subparagraphs (x), (xi), (xii) or (xiii) above occurs, the principal and any accrued interest and Additional Amounts on all the notes of such series then outstanding shall become immediately due and payable; *provided, however*, that after such acceleration, an affirmative vote of the holders of not less than 66.66% in aggregate principal amount of the notes of such series at the time outstanding present or represented at a meeting of such holders at which a quorum is present may, under certain circumstances and, to the extent permitted by the Bankruptcy Law or any other applicable bankruptcy, insolvency or other similar law, rescind and annul such acceleration if all Events of Default, other than the nonpayment of the accelerated principal, have been cured or waived as provided in the Indenture.

LISTING

We will apply to have the notes of a series listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market and listed on the MVBA and the MAE. Notes issued under this program that may not be listed on any securities exchange, and the pricing supplement applicable to a series of notes will specify whether or not the notes of such series have been listed on the

Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market, the MVBA, the MAE or on any other securities exchange.

REGISTRATION RIGHTS

If so specified in the applicable pricing supplement, we may enter into a registration rights agreement (a “Registration Rights Agreement”) with the relevant dealers with respect to a series of notes. In that agreement, we will agree for the benefit of the holders of such notes to file with the SEC and use our commercially reasonable efforts to cause to become effective a registration statement relating to an offer to exchange the notes for an issue of SEC-registered notes with terms identical to the notes (except that the exchange notes will not be subject to restrictions on transfer in the United States or to any increase in the interest rate as described below) (the “Exchange Notes”).

After the SEC declares the exchange offer registration statement effective, we will offer the Exchange Notes in exchange for the notes. The exchange offer will remain open for the number of days specified in the applicable pricing supplement after the date we mail the notice of the exchange offer to holders of the notes. For each note surrendered to us under the exchange offer, the holder will receive an Exchange Note of equal principal amount. Interest on each Exchange Note will accrue from the last Interest Payment Date on which interest was paid on the notes or, if no interest has been paid on the notes, from the issue date of the notes.

If applicable interpretations of the staff of the SEC do not permit us to effect the exchange offer, we will use our commercially reasonable efforts to cause to become effective a shelf registration statement relating to the resales of the notes and to keep that shelf registration statement effective until all notes covered by the shelf registration statement have been sold. We will, in the event of such registration statement, provide to each holder of notes copies of a prospectus, notify each holder of notes when the shelf registration statement has become effective and take certain other actions to permit resales of the notes. A holder of the notes that sells notes under the shelf registration statement generally will be required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with those sales and will be bound by the provisions of the Registration Rights Agreement that are applicable to such a holder (including certain indemnification obligations).

If (i) the exchange offer registration statement is not filed with the SEC on or prior to the day set forth in the applicable pricing supplement, (ii) the exchange offer is not declared effective on or prior to the day set forth in the applicable pricing supplement, (iii) the exchange offer is not consummated on or prior to the day set forth in the applicable pricing supplement, or (iv) if required under the Registration Rights Agreement, a shelf registration statement relating to the resales of the notes is not declared effective on or prior to the day set forth in the applicable pricing supplement or ceases to be effective or usable in the term specified therein, then upon the occurrence of each of the events referred to in points (i) to (iv) above the interest rate borne by the affected notes will be increased as specified in the applicable pricing supplement.

If we effect an exchange offer, we will be entitled to close the respective exchange offer on the date specified in the applicable pricing supplement, *provided* that we have accepted all notes validly surrendered in accordance with the terms of the exchange offer. Notes not tendered in the exchange offer shall continue to be subject to all the terms and conditions specified in the applicable pricing supplement, including transfer restrictions.

This is a summary of the provisions that a Registration Rights Agreement may include; it does not purport to be a complete description of the provisions thereof and is qualified in its entirety by reference to such Registration Rights Agreement.

If the notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market, the relevant exchange offer will be conducted in accordance with the requirements thereof. If required, the Luxembourg Stock Exchange will be informed and notice will be published in a Luxembourg newspaper having general circulation in the event of any change in the rate of interest payable on the notes and to announce the beginning of, and the results of, the exchange offer. For so long as the notes are listed on the Official List of the Luxembourg Stock Exchange for trading in the Euro MTF market, documents prepared and all services provided for the exchange offer will be available at and through the offices of the Luxembourg listing agent.

MEETINGS, MODIFICATION AND WAIVER

We and the Trustee, if any, may, without the vote or consent of any holder of notes of a series, modify or amend the Indenture or the notes of a series, provided that such modifications or amendments shall not adversely affect the interest of the holders of the notes of such series for the purpose of:

- adding to our covenants such further covenants, restrictions, conditions or provisions as are for the benefit of the holders of such notes;

- surrendering any right or power conferred upon us;
- securing the notes of any series pursuant to the requirements thereof or otherwise;
- evidencing the succession of another person to us and the assumption by any such successor of our covenants and obligations in the notes and in the Indenture pursuant to any merger, consolidation or sale of assets;
- establishing the form or terms of any new series of notes as permitted under the Indenture;
- complying with any requirement of the CNV in order to effect and maintain the qualification of the Indenture;
- complying with any requirements of the SEC in order to qualify the Indenture under the Trust Indenture Act;
- making any modification which is of a minor or technical nature or correcting or supplementing any ambiguous, inconsistent or defective provision contained in the Indenture or in such notes: making any other modification, or granting any waiver or authorization of any breach or proposed breach, of any of the terms and conditions of such notes or any other provisions of the Indenture in any manner which does not adversely affect the interest of the holders of the notes of such series in any material respect; or
- making modifications or amendments in order to increase the size of the program.

Modifications to and amendments of the Indenture and the notes of a series may be made, and future compliance or past default by us may be waived, by us and the Trustee, if any, by the adoption of a resolution at a meeting of holders of a series of notes as set forth below, but no such modification or amendment and no such waiver may, without the unanimous consent of the holders of all notes of a series adversely affected thereby,

- extend the due date for the payment of principal of, premium, if any, or any installment of interest on any such note;
- reduce the principal amount of, the portion of such principal amount which is payable upon acceleration of the maturity of, the rate of interest on or the premium payable upon redemption or repurchase of any such note;
- reduce our obligation to pay Additional Amounts on any such note;
- shorten the period during which we are not permitted to redeem any such note, or permit us to redeem any such note if, prior to such action, we are not permitted to do so;
- amend the circumstances under which the notes of such series may be redeemed;
- change the Specified Currency in which or the required places at which any such note or the premium or interest thereon is payable;
- reduce the percentage of the aggregate principal amount of such notes necessary to modify, amend or supplement the Indenture or such notes, or for waiver of compliance with certain provisions thereof or for waiver of certain defaults;
- reduce the percentage of aggregate principal amount of outstanding notes required for the adoption of a resolution or the quorum required at any meeting of holders of such notes at which a resolution is adopted;
- modify any provisions of the Indenture relating to meetings of holders of such notes, modifications or waivers as described above, except to increase any such percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each note adversely affected thereby;
- modify the subordination provisions relating to any such subordinated notes in any manner adverse to the holders of notes;
- modify the security provisions relating to any such secured notes in any manner adverse to holders of notes; or
- impair the right to sue for enforcement of any payment in respect of any such notes.

A meeting of the holders of notes of a series may be called by our Board of Directors, our Supervisory Committee, the Trustee, if any, or upon the request of the holders of at least 5% in principal amount of the outstanding notes of such series. If a meeting is held pursuant to the written request of holders of notes, such meeting will be convened within 40 days from the date such written request is received by us.

Meetings may be ordinary meetings or extraordinary meetings. Any proposed amendment to the terms and conditions of any series of notes shall be dealt with at extraordinary meeting. Any such meeting will be held simultaneously in the City of Buenos Aires and New York City by means of telecommunications which permit the participants to hear and speak to each other. Notice of any meeting of holders of notes (which will include the date, place and time of the meeting, the agenda therefor and the requirements for attendance)

will be given as set forth under “—Notices” not less than 10 nor more than 30 days prior to the date fixed for the meeting and will be published at our expense for five business days in Argentina in the Official Gazette of Argentina (*Boletín Oficial*), in a newspaper of general circulation in Argentina and in the Bulletin of the *Bolsa de Comercio de Buenos Aires* (the “BCBA”), in accordance with the delegation of powers of the MVBA set forth in Resolution No. 17,501 of the CNV (as long as the notes are listed on the MVBA), or such other informative systems of the markets in which the notes are listed as is applicable. Meetings of holders may be simultaneously convened for two dates, in case the initial meeting were to be adjourned for lack of quorum. However, for meetings that include in the agenda items requiring unanimous approval by the holders or the amendment of any of the terms and conditions of the notes, notice of a new meeting resulting from adjournment of the initial meeting for lack of quorum will be given not less than eight days prior to the date fixed for such new meeting and will be published for three business days in the Official Gazette of Argentina, a newspaper of general circulation in Argentina and the Bulletin of the BCBA (as long as the notes are listed on the MVBA) or such other informative systems of the markets in which the notes are listed, as is applicable.

To be entitled to vote at a meeting of holders, a person shall be (i) a holder of one or more notes as of the relevant record date or (ii) a person appointed by an instrument in writing as proxy by such a holder of one or more notes.

The quorum at any ordinary meeting called to adopt a resolution will be persons holding or representing a majority in aggregate principal amount of the outstanding notes of a series and at any reconvened adjourned ordinary meetings will be any person(s) present at such reconvened adjourned meeting. The quorum at any extraordinary meeting called to adopt a resolution will be persons holding or representing at least 60% in aggregate principal amount of the outstanding notes of a series and at any reconvened adjourned extraordinary meeting will be persons holding or representing at least 30% in aggregate principal amount of the outstanding notes. At a meeting or a reconvened adjourned meeting duly convened and at which a quorum is present, any resolution to modify or amend, or to waive compliance with, any provision of the notes of any series (other than the provisions referred to in the fourth preceding paragraph) will be validly passed and decided if approved by the persons entitled to vote a majority in aggregate principal amount of the notes of such series then outstanding represented and voting at the meeting. Any instrument given by or on behalf of any holder of a note in connection with any consent to any such modification, amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent holders of such note. Any modifications, amendments or waivers to the Indenture or to the notes of a series will be conclusive and binding upon all holders of notes of such series whether or not they have given such consent or were present at any meeting, and on all notes of such series.

We will designate or, in the case of any series of notes issued under the Indenture, the Trustee will designate the record date for determining the holders of notes of any series entitled to vote at any meeting and we will provide notice to holders of notes of such series in the manner set forth herein or, in the case of any series of notes issued under the Indenture, in the Indenture. The holder of a note may, at any meeting of holders of a series of notes at which such holder is entitled to vote, cast one vote for each U.S. dollar in principal amount of the notes held by such holder in which such notes are denominated. Notwithstanding the foregoing, at any meeting of holders of more than one series of notes, a holder of a note which does not specify regular payments of interest, including, without limitation, Discount Notes, will be entitled to one vote at any such meeting for each U.S. dollar of the redemption value of such note calculated as of the date of such meeting. Where notes are denominated in one or more Specified Currencies other than U.S. dollars, the U.S. dollar equivalent of such notes will be calculated at the Exchange Rates on the date of such meeting or, in the case of written consents or notices, on such dates as we designate for such purpose.

For purposes of the above, any note authenticated and delivered pursuant to the Indenture will, as of any date of determination, be deemed to be “outstanding,” except:

- (i) notes theretofore canceled by the Trustee or by the entity appointed to such effect in the applicable pricing supplement or delivered to us, the Trustee or the entity appointed to such effect in the applicable pricing supplement for cancellation;
- (ii) notes that have been called for redemption or tendered for repurchase in accordance with their terms or which have become due and payable at maturity or otherwise and with respect to which monies sufficient to pay the principal thereof and any premium, interest, Additional Amounts or other amount thereon have been deposited with us or with the Trustee; or
- (iii) notes in lieu of or in substitution for which other notes have been authenticated and delivered;

provided, however, that in determining whether the holders of the requisite principal amount of outstanding notes of a series are present at a meeting of holders of notes of such series for quorum purposes or have consented to or voted in favor of any notice, consent, waiver, amendment, modification or supplement under the Indenture, notes of such series owned directly or indirectly by us or any of our Affiliates, including any Subsidiary, will be disregarded and deemed not to be outstanding.

Promptly after the execution by us and the Trustee of any supplement or amendment to the Indenture, we will give notice thereof to the holders of the notes of any series issued under the Indenture and, if applicable, to the CNV, setting forth in general terms the

substance of such supplement or amendment. If we fail to give such notice to the holders of the notes within 15 days after the execution of such supplement or amendment, the Trustee will give notice to the holders at our expense. Any failure by us or the Trustee to give such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such supplement or amendment.

In the event that a series of notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market or listed on any other securities exchange, such meetings of holders and notices thereof will also comply with the applicable rules of the Luxembourg Stock Exchange or such securities exchange, as applicable.

ENFORCEMENT BY HOLDERS OF NOTES

Except as described in the next paragraph, no holder of a note of a series issued under the Indenture will have any right by virtue of or by availing itself of any provision of the Indenture or such note to institute any suit, action or proceeding in equity or at law upon or under or with respect to the Indenture or the notes of such series or for the appointment of a receiver or trustee, or for any other remedy thereunder, unless (i) such holder previously has given to the Trustee written notice of a default with respect to the notes, (ii) holders of not less than 25% in aggregate principal amount of the notes of such series have made written request upon the Trustee to institute such action, suit or proceeding in its own name as trustee under the Indenture and have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby and (iii) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such action, suit or proceeding and no direction inconsistent with such written request has been given to the Trustee pursuant to the Indenture.

Notwithstanding any other provision in the Indenture and any provision of any note issued under the Indenture, the right of any holder of notes to receive payment of the principal, any premium, and interest on such note (and Additional Amounts, if any) on or after the respective due dates expressed in such note, or to institute suit, including a summary proceeding (*acción ejecutiva individual*) pursuant to Article 29 of the Negotiable Obligations Law, for the enforcement of any such payment on or after such respective dates, will not be impaired or affected without the consent of such holder.

Any beneficial owner of notes issued under the Indenture represented by a Global Note will be able to obtain from the relevant depositary, upon request and subject to certain limitations set forth in the Indenture, a certificate representing its interest in the relevant Global Note in accordance with the Argentine Capital Markets Law. This certificate will enable such beneficial owner to initiate legal action before any competent court in Argentina, including a summary proceeding, to obtain overdue amounts under the notes.

DEFEASANCE

Unless otherwise specified in the applicable pricing supplement with respect to U.S. dollar denominated Fixed Rate Notes issued under the Indenture, we may, at our option, elect to terminate (1) all of our obligations with respect to the notes ("legal defeasance"), except for certain obligations, including those regarding any trust established for defeasance and obligations relating to the transfer and exchange of the notes, the replacement of mutilated, destroyed, lost or stolen notes and the maintenance of agencies with respect to the notes or (2) our obligations under certain of the covenants in the Indenture or in the applicable pricing supplement, so that any failure to comply with such obligations will not constitute an event of default ("covenant defeasance"). In order to exercise either legal defeasance or covenant defeasance, we must irrevocably deposit with the Trustee money or U.S. government obligations, or any combination thereof, in such amounts as will be sufficient to pay the principal, premium, if any, and interest (and Additional Amounts, if any) in respect of the notes then outstanding on the Stated Maturity of the notes, and comply with certain other conditions, including, without limitation, the delivery to the Trustee, or to the entity appointed to such effect in the applicable pricing supplement, of an opinion of a nationally recognized counsel in the United States (and, if so specified in the applicable pricing supplement, in Argentina) experienced in such tax matters to the effect that the deposit and related defeasance would not cause the holders of the notes to recognize income, gain or loss under the tax laws of the applicable jurisdictions as well as other relevant matters.

REPAYMENT OF MONIES; PRESCRIPTION

Any monies deposited with or paid to the Trustee or any Paying Agent or any person designated to such effect in the applicable pricing supplement, for the payment of the principal of or interest or any other amounts payable on or in respect of any note (and Additional Amounts, if any) and not applied but remaining unclaimed for two years after the date upon which such principal or interest or other amounts have become due and payable will, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property law, be repaid to us by the Trustee or such Paying Agent or any person designated to such effect in the applicable pricing supplement, and the holder of such note will, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property laws, thereafter look only to us for any payment that such holder may be entitled to collect, and all liability of the Trustee or any Paying Agent with respect to such monies will thereupon cease.

All claims against us for the payment of principal of or interest or any other amounts payable on or in respect of any note (and Additional Amounts, if any) will prescribe unless made within five years for principal and two years for interest from the date on which such payment first became due, or a shorter period if provided by applicable law.

NOTICES

Notices to holders of notes will be deemed to be validly given (i) if sent by first class mail to them (or, in the case of joint holders, to the first-named in the Register) at their respective addresses as recorded in the Register, and will be deemed to have been validly given on the fourth Business Day after the date of such mailing, and for notices mailed to holders of notes located in Argentina, upon receipt, and (ii) for as long as such notes are listed on the MVBA and MAE, upon publication in the City of Buenos Aires as indicated by the MVBA in the Bulletin of the BCBA, the bulletin of the MAE and in a widely circulated newspaper in Argentina and (iii) for as long as such notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market, upon publication in a leading daily newspaper of general circulation in Luxembourg (however, if such publication is not practicable, notice will be considered to be validly given if otherwise made in accordance with the rules of the Luxembourg Stock Exchange). It is expected that notices in Luxembourg will be published in the *Luxemburger Wort* and notices in the City of Buenos Aires will be published in *La Nación* or *El Cronista Comercial*. Any such notice will be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the last date on which publication is required and made as so required. In the case of Global Notes, notices will be sent to DTC, Euroclear or Clearstream, as the case may be, or their nominees (or any successors), as the holder thereof, and such clearing agency or agencies will communicate such notices to their participants in accordance with their standard procedures.

In addition, we will be required to cause all such other publications of such notices as may be required from time to time by applicable Argentine law. Neither the failure to give notice nor any defect in any notice given to any particular holder of a note will affect the sufficiency of any notice with respect to any other notes.

JUDGMENT CURRENCY INDEMNITY

If a judgment or order given or made by any court for the payment of any amount in respect of any note is expressed in a currency (the “judgment currency”) other than the currency (the “denomination currency”) in which such notes are denominated or in which such amount is payable, we will indemnify the relevant holder against any deficiency arising or resulting from any variation in rates of exchange between the date as of which the amount in the denomination currency is notionally converted into the amount in the judgment currency for the purposes of such judgment or order and the date of actual payment thereof. This indemnity will constitute a separate and independent obligation from the other obligations contained in the terms and conditions of the notes, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted from time to time and will continue in full force and effect notwithstanding any judgment or order for a liquidated sum or sums in respect of amounts due in respect of the relevant note or under any such judgment or order.

GOVERNING LAW, JUDGMENTS, JURISDICTION, SERVICE OF PROCESS, WAIVER OF IMMUNITIES

The Indenture and the notes shall be governed by, and construed in accordance with, the laws of the jurisdiction specified in the applicable pricing supplement; *provided, however*, that all matters relating to the due authorization, execution, issuance and delivery of the notes by us, all matters relating to the legal requirements necessary in order for the notes to qualify as “*obligaciones negociables*” under Argentine law, and certain matters related to meetings of holders, including quorums, majorities, and requirements for convocation, will be governed by the Negotiable Obligations Law together with Argentine General Companies Law No. 19,550, as amended and/or other applicable Argentine laws and regulations.

Under the Judiciary Law of the State of New York, a judgment or decree in an action based upon an obligation denominated in a currency other than U.S. dollars will be rendered in the foreign currency of the underlying obligation and converted into U.S. dollars at a rate of exchange prevailing on the date of the entry of the judgment or decree.

If so stated in the pricing supplement corresponding to any series of notes, we will irrevocably submit to the non-exclusive jurisdiction of any state or federal court sitting in the Borough of Manhattan, City and State of New York, any Argentine court sitting in the City of Buenos Aires, including the ordinary courts for commercial matters and the *Tribunal de Arbitraje General de la Bolsa de Comercio de Buenos Aires* (Permanent Arbitral Tribunal of the Buenos Aires Stock Exchange), by virtue of the delegation of powers granted by the MVBA to the BCBA, in accordance with the Resolution 17,501 of the CNV, or the permanent arbitral tribunal corresponding to the market in which the notes are listed, under the provisions of Article 46 of the Argentine Capital Markets Law, and any competent court in the place of our corporate domicile for purposes of any action or proceeding arising out of or related to the Indenture or the

notes. We will irrevocably waive, to the fullest extent permitted by law, any objection which we may have to the laying of the venue of any such action or proceeding brought in such a court and any claim that any such action or proceeding brought in such a court has been brought in an inconvenient forum. We have also agreed that final judgment in any such action or proceeding brought in such court will be conclusive and binding upon us and may be enforced in any court in the jurisdiction to which we are subject by a suit upon such judgment; *provided, however*, that service of process is effected upon us in the manner specified in the following paragraph or as otherwise permitted by law.

If so stated in the pricing supplement corresponding to any series of notes, as long as any note remains outstanding, we will at all times have an authorized agent in the Borough of Manhattan in the City and State of New York upon whom process may be served in any legal action or proceeding arising out of or relating to the notes or the Indenture. Service of process upon such agent and written notice of such service mailed or delivered to the party being joined in such action or proceeding will, to the extent permitted by law, be deemed in every respect effective service of process upon such party in any such legal action or proceeding. If so stated in the pricing supplement corresponding to any series of notes, we may appoint National Corporate Research, 10 East 40th Street, 10th Floor, New York, New York 10016 as our agent for service of process in any proceedings in the Borough of Manhattan, City and State of New York.

TRUSTEE

Unless otherwise stated in the applicable pricing supplement, the notes will be issued in accordance with the Indenture. The Indenture contains provisions relating to the duties and responsibilities of the Trustee and its obligations to the holders of the notes.

The Trustee may resign at any time and the holders of a majority in aggregate principal amount of the notes may remove the Trustee at any time. If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign in accordance with the Trust Indenture Act. We may remove the Trustee if the Trustee becomes ineligible to serve as Trustee under the terms of the Indenture, becomes incapable of acting as Trustee, or is adjudged insolvent or bankrupt. If the Trustee resigns or is removed, a successor Trustee will be appointed in accordance with the terms of the Indenture. We will give notice of any resignation, termination or appointment of the Trustee to the holders of the notes and to the CNV.

In the Indenture, we will covenant to indemnify and defend the Trustee for, and to hold it harmless against, any loss, liability or documented expense (including the reasonable costs and documented expenses of its counsel up to the cap agreed between the parties thereto) arising out of or in connection with the acceptance or administration of the Indenture or the trusts thereunder and the performance of its duties and the exercise of its rights thereunder, including in each of its capacities hereunder as Co-Registrar, Principal Paying Agent and Transfer Agent, except to the extent such loss, liability or expense is due to its own negligence or willful misconduct.

The Indenture will provide that the Trustee or any affiliate or agent of the Trustee may become the owner or pledgee of securities with the same rights it would have if it were not the Trustee or any agent of the Trustee and may otherwise deal with us and receive, collect, hold and retain collections from us with the same rights it would have if it were not the Trustee or an affiliate or agent. The Trustee and its affiliates and agents are entitled to enter into business transactions with us or any of our affiliates without accounting for any profit resulting from such transactions.

PAYING AGENTS; TRANSFER AGENTS; REGISTRARS

The Registrars, Paying Agents and Transfer Agents, if any, appointed by us for each series of notes, will be listed at the back of the applicable pricing supplement. We may at any time appoint additional or other Registrars, Paying Agents and Transfer Agents and terminate the appointment thereof; *provided, however*, that (i) while notes of any series issued under the Indenture are outstanding, we will maintain a Registrar, a Paying Agent and a Transfer Agent in New York City; (ii) as long as the notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Luxembourg Stock Exchange and the rules of the Euro MTF market so require, at least one Paying Agent and transfer agent will be located in Luxembourg; and (iii) as long as it is required by Argentine law or by the CNV, we will maintain a Registrar, a Paying Agent and a Transfer Agent in the City of Buenos Aires. In the event required by the Indenture, notice of any resignation, termination or appointment of any Registrar, Paying Agent or Transfer Agent, and of any change in the office through which any Registrar, Paying Agent or Transfer Agent will act, will be promptly given to the holders of the notes in the manner described under “—Notices” above and to the CNV.

The Trustee, the Paying Agents, the Transfer Agents, Registrar and Co-Registrar will make no representation regarding this offering memorandum, any pricing supplement or the matters contained herein or therein.

Clearing and Settlement

Arrangements will be made with each of DTC, Euroclear and Clearstream to facilitate initial issuance of Global Notes (i) deposited with, or on behalf of, DTC (“DTC Global Notes”) or (ii) deposited with a common depositary on behalf of Euroclear and Clearstream (the “Euroclear/Clearstream Global Notes”). See “Description of the Notes—Form and Denomination.” Transfers within DTC, Euroclear and Clearstream will be made in accordance with the usual rules and operating procedures of the relevant system. Cross-market transfers between investors who hold or who will hold DTC Global Notes through DTC and investors who hold or will hold DTC Global Notes through Euroclear and/or Clearstream will be effected in DTC through the respective depositaries of Euroclear and Clearstream. Each Regulation S Global Note and each Restricted Global Note deposited with DTC will have a different CUSIP or ISIN number.

Although DTC, Euroclear and Clearstream have agreed to the following procedures in order to facilitate transfers of notes among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither we nor the Trustee, the Registrar, the Co-Registrar or any Paying Agent or Transfer Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

DTC

DTC has advised us as follows: DTC is a limited-purpose trust company organized under the laws of the State of New York, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participating organizations (“DTC Participants”) and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (“Indirect DTC Participants”).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “Rules”), DTC is required to make book-entry transfers between DTC Participants on whose behalf it acts with respect to the notes and is required to receive and transmit distributions of principal of and interest on the notes. DTC Participants and Indirect DTC Participants with which investors have accounts with respect to the notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective investors.

Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of Indirect DTC Participants and certain banks, the ability of a person having a beneficial interest in a note held in DTC to transfer or pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate of such interest. The laws of some states of the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in a note held in DTC to such persons may be limited.

DTC has advised us that it will take any action permitted to be taken by a holder of notes (including, without limitation, the presentation of notes for exchange as described above) only at the direction of one or more participants to whose account with DTC interests in the relevant notes are credited, and only in respect of such portion of the aggregate principal amount of the notes as to which such participant or participants has or have given such direction. However, in certain circumstances, DTC will exchange the DTC Global Notes held by it for Certificated Notes, which it will distribute to its participants and which, if representing interests in the Restricted Global Note, will be legended as set forth under “Transfer Restrictions.” See “Description of the Notes—Certificated Notes.”

EUROCLEAR

Euroclear was created in 1968 to hold securities for participants of Euroclear and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thus eliminating the need for physical movement of certificates and risk from lack of simultaneous transfers of securities and cash. Transactions may now be settled in many currencies, including United States dollars and Japanese yen. Euroclear provides various other services, including securities lending and

borrowing and interfaces with domestic markets in several countries generally similar to the arrangements for cross-market transfers with DTC described below.

Euroclear is operated by Euroclear Bank S.A./N.V. (the “Euroclear Operator”), under contract with Euroclear Clearance System plc, a U.K. corporation (“Euroclear”). The Euroclear Operator conducts all operations, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not Euroclear. The Euroclear Operator establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants (“Euroclear Participants”) include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the dealers. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Euroclear is an indirect participant in DTC.

The Euroclear Operator is a Belgian bank. The Belgian Banking Commission and the National Bank of Belgium regulate and examine the Euroclear Operator.

The Terms and Conditions Governing Use of Euroclear (the “Euroclear Terms and Conditions”) and the related Operating Procedures of Euroclear and applicable Belgian law govern securities clearance accounts and cash accounts with the Euroclear Operator. Specifically, these terms and conditions govern:

- transfers of securities and cash within Euroclear;
- withdrawal of securities and cash from Euroclear; and
- receipts of payments with respect to securities in Euroclear.

All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the terms and conditions only on behalf of Euroclear Participants and has no record of or relationship with persons holding securities through Euroclear Participants.

Distributions with respect to notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Euroclear Terms and Conditions, to the extent received by the Euroclear Operator and by Euroclear.

CLEARSTREAM, LUXEMBOURG

Clearstream Banking, société anonyme (“Clearstream”), was incorporated as a limited liability company under Luxembourg law. Clearstream is owned by Cedel International, société anonyme, and Deutsche Börse AG. The shareholders of these two entities are banks, securities dealers and financial institutions.

Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream customers through electronic book-entry changes in accounts of Clearstream customers, thus eliminating the need for physical movement of certificates. Clearstream provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities, securities lending and borrowing and collateral management. Clearstream interfaces with domestic markets in a number of countries. Clearstream has established an electronic bridge with the Euroclear Operator to facilitate settlement of trades between Clearstream and Euroclear.

As a registered bank in Luxembourg, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector. Clearstream customers (“Clearstream Participants”) are recognized financial institutions around the world, including agents, securities brokers and dealers, banks, trust companies and clearing corporations. In the United States, Clearstream customers are limited to securities brokers and dealers and banks, and may include the dealers for the notes. Other institutions that maintain a custodial relationship with a Clearstream customer may obtain indirect access to Clearstream. Clearstream is an indirect participant in DTC.

Distributions with respect to the notes held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures, to the extent received by Clearstream.

INITIAL SETTLEMENT IN RELATION TO DTC GLOBAL NOTES

Upon the issuance of a DTC Global Note, DTC or its custodian will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such DTC Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant dealer or us, in the case of a note sold directly by us.

Ownership of beneficial interests in a DTC Global Note will be limited to DTC Participants, including Euroclear and Clearstream, or Indirect DTC Participants. Ownership of beneficial interests in DTC Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC Participants) and the records of DTC Participants (with respect to interests of Indirect DTC Participants).

Euroclear and Clearstream will hold omnibus positions on behalf of their participants through customers' securities accounts for Euroclear and Clearstream on the books of their respective depositories, which in turn will hold such positions in customers' securities accounts in such depositories' names on the books of DTC.

Investors that hold their interests in a DTC Global Note through DTC will follow the settlement practices applicable to global bond issues. Investors' securities custody accounts will be credited with their holdings against payment in same-day funds on the settlement date.

Investors that hold their interests in a DTC Global Note through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional eurobonds in registered form. The interests will be credited to the securities custody accounts for value on the settlement date against payment in same-day funds.

SECONDARY MARKET TRADING IN RELATION TO DTC GLOBAL NOTES

Since the purchaser determines the place of delivery, it is important to establish at the time of the trade where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Trading between DTC Participants

Secondary market trading between DTC Participants will be settled using the procedures applicable to global bond issues in same-day funds.

Trading between Euroclear and/or Clearstream Participants

Secondary market trading between Euroclear Participants and/or Clearstream Participants will be settled using the procedures applicable to conventional eurobonds in same-day funds.

Trading between DTC Sellers and Euroclear or Clearstream Purchasers

When interests are to be transferred from the account of a DTC Participant to the account of a Euroclear Participant or a Clearstream Participant, the purchaser will send instructions to Euroclear or Clearstream through a Euroclear Participant or a Clearstream Participant, as the case may be, at least one business day prior to settlement. The Euroclear Operator or Clearstream will instruct its respective depository to receive such interest against payment. Payment will then be made by the depository to the DTC Participant's account against delivery of the interest in the relevant DTC Global Note. After settlement has been completed, the interest will be credited to the respective clearing system, and by the clearing system, in accordance with its usual procedures, to the Euroclear Participant's or Clearstream Participant's account. The securities credit will appear the next day (European time), and the cash debit will be back-valued to, and the interest on the DTC Global Note will accrue from, the value date (which would be the preceding day, when settlement occurred in New York). If settlement is not completed on the intended value date (i.e., the trade fails), the Euroclear or Clearstream cash debit will be valued instead as of the actual settlement date.

Euroclear Participants and Clearstream Participants will need to make available to the relevant clearing system the funds necessary to process same-day funds settlement. The most direct means of doing so is to preposition funds for settlement, either from cash on-hand or existing lines of credit, as such Participants would for any settlement occurring with Euroclear or Clearstream. Under this approach, such Participants may take on credit exposure to the Euroclear Operator or Clearstream until the interests in the relevant DTC Global Note are credited to their accounts one day later.

As an alternative, if the Euroclear Operator or Clearstream has extended a line of credit to a Euroclear Participant or a Clearstream Participant, as the case may be, such Participant may elect not to preposition funds and allow the credit line to be drawn upon to finance settlement. Under this procedure, Euroclear Participants or Clearstream Participants purchasing interests in a DTC Global Note would incur overdraft charges for one day, assuming they cleared the overdraft when the interests in the relevant DTC Global Note were credited to their accounts. However, interest on the relevant DTC Global Note would accrue from the value date. Therefore, in many cases the investment income on the interest in the relevant DTC Global Note earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each Participant's particular cost of funds.

Since settlement takes place during New York business hours, DTC Participants can employ their usual procedures for transferring global bonds to the respective depositaries of Euroclear or Clearstream for the benefit of Euroclear Participants or Clearstream Participants. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to DTC Participants, a cross-market sale transaction will settle no differently from a trade between two DTC Participants.

Trading between Euroclear or Clearstream Sellers and DTC Purchasers

Due to time zone differences in their favor, Euroclear Participants and Clearstream Participants may employ their customary procedures for transactions in which interests in a DTC Global Note are to be transferred by the relevant clearing system, through its respective depository, to a DTC Participant at least one business day prior to settlement. In these cases, Euroclear or Clearstream will instruct its respective depository to deliver the interest in the relevant DTC Global Note to the DTC Participant's account against payment. The payment will then be reflected in the account of the Euroclear Participant or Clearstream Participant the following day, and receipt of the cash proceeds in the Euroclear Participant's or Clearstream Participant's account would be back-valued to the value date (which would be the preceding day, when settlement occurred in New York City). Should the Euroclear Participant or Clearstream Participant have a line of credit in its respective clearing system and elect to be in debt in anticipation of receipt of the sale proceeds in its account, the back-valuation will extinguish any overdraft charges incurred over that one-day period. If settlement is not completed on the intended value date (i.e., the trade fails), receipt of the cash proceeds in the Euroclear Participant's or Clearstream Participant's account would instead be valued as of the actual settlement date.

Finally, day traders that use Euroclear or Clearstream to purchase interests in a DTC Global Note from DTC Participants for delivery to Euroclear Participants or Clearstream Participants should note that these trades will automatically fail on the sale side unless affirmative action is taken. At least three techniques should be readily available to eliminate this potential problem:

- borrowing through Euroclear or Clearstream for one day (until the purchase side of the day trade is reflected in their Euroclear or Clearstream accounts) in accordance with the clearing system's customary procedures;
- borrowing the interests in the DTC Global Note in the United States from a DTC Participant no later than one day prior to settlement, which would give sufficient time for the notes to be reflected in their Euroclear or Clearstream account in order to settle the sale side of the trade; or
- staggering the value date for the buy and sell sides of the trade so that the value date for the purchase from the DTC Participant is at least one day prior to the value date for the sale to the Euroclear Participant or Clearstream Participant.

INITIAL SETTLEMENT AND SECONDARY MARKET TRADING IN RELATION TO GLOBAL NOTES DEPOSITED WITH THE COMMON DEPOSITARY

Initial settlement in Euroclear and Clearstream and secondary market trading between Euroclear Participants and/or Clearstream Participants will be settled using the procedures applicable to conventional eurobonds.

Transfer Restrictions

The notes will be subject to the following restrictions on transfer. Holders of notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of their notes. For further discussion of the requirements (including the presentation of transfer certificates) to effect exchanges or transfers of interest in Global Notes and certificated notes, see the “Description of the Notes—Form and Denomination.”

Purchasers’ Representations and Restrictions on Resale

Each purchaser of notes (other than a dealer in connection with the initial issuance and sale of notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

(1) It is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (a) a purchaser reasonably believed to be a qualified institutional buyer and is aware that the sale to it is being made in reliance on Rule 144A, or (b) non-U.S. person that is in compliance with Regulation S under the Securities Act.

(2) It acknowledges that the notes have not been registered under the Securities Act or with any securities regulatory authority of any jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.

(3) It understands and agrees that notes initially offered in the United States to qualified institutional buyers will be represented by one or more global notes and that notes offered in reliance on Regulation S will also be represented by one or more global notes.

(4) It will not resell or otherwise transfer any of such notes except (a) to us or a dealer or by, through, or in a transaction approved by a dealer, (b) within the United States to a purchaser reasonably believed to be a qualified institutional buyer in a transaction complying with Rule 144A under the Securities Act, (c) in compliance with Rule 903 or 904 under the Securities Act, (d) pursuant to the exemption from registration under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act.

(5) It agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes.

(6) It acknowledges that prior to any proposed transfer of notes (other than pursuant to an effective registration statement) the holder of such notes may be required to provide certifications relating to the manner of such transfer as provided in the Indenture or in the applicable pricing supplement.

(7) It acknowledges that the Trustee for the notes will not be required to accept for registration transfer of any notes acquired by it, except upon presentation of evidence satisfactory to us and such Trustee that the restrictions set forth herein have been complied with.

(8) It acknowledges that we, the dealers and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of the notes are no longer accurate, it will promptly notify us and the dealers. If it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations, and agreements on behalf of each account.

(9) It acknowledges that each Restricted Global Note will bear a restrictive legend to the following effect:

“This note has not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any other U.S. securities laws and may not be resold, pledged or otherwise transferred except as permitted in the following sentences. The holder hereof, by its acceptance of this note, represents, acknowledges and agrees on its own behalf and on behalf of any investor account for which it has purchased securities for the benefit of YPF Sociedad Anónima (the “Company”) that it will not offer, sell, pledge or otherwise transfer this note or any interest or participation herein except (i) to the Company or to any dealers appointed by the Company with respect to a particular series of notes (each, a “dealer” and collectively, the “dealers”) or by, through or in a transaction approved by a dealer, (ii) so long as this note is eligible for resale pursuant to Rule 144A under the Securities Act (“Rule 144A”), to a person who the seller reasonably believes is a qualified institutional buyer (as defined in Rule 144A) in accordance with Rule 144A, (iii) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act, (iv) pursuant to an exemption from registration under the Securities Act afforded by Rule 144 under the Securities Act (if available) or (v) pursuant to an effective registration statement that has been declared effective under the Securities

Act, and in each of such cases in accordance with any applicable securities laws of any state of the United States or other applicable jurisdiction. The holder hereof, by purchasing this note, represents and agrees for the benefit of the Company that it will notify any purchaser of this note from it of the resale restrictions referred to above.

The foregoing legend may only be removed from this note on satisfaction of the conditions specified in the indenture referred to herein.”

The following is the form of restrictive legend which will appear on the face of the Regulation S Global Notes and which will be used to notify transferees of the foregoing restrictions on transfer. Additional copies of this notice may be obtained from the Trustee, if any, or any other entity appointed by the applicable pricing supplement.

“This note has not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any other U.S. securities laws. The holder hereof, by its acceptance of this note, represents, acknowledges and agrees on its own behalf and on behalf of any investor account for which it has purchased securities for the benefit of YPF Sociedad Anónima (the “Company”) that it will not offer, sell, pledge or otherwise transfer this note or any interest or participation herein in the absence of such registration unless such transaction is exempt from, or not subject to, such registration.

The foregoing legend may be removed from this note after forty (40) consecutive days beginning on and including the later of (a) the day on which the notes are offered to persons other than distributors (as defined in Regulation S under the Securities Act) and (b) the original issue date of this note.”

Taxation

The following discussion summarizes certain Argentine tax and U.S. federal income tax considerations that may be relevant to you if you purchase, own or sell notes issued under this program. This summary is based on laws, regulations, rulings and decisions now in effect in each of these jurisdictions, including any relevant tax treaties. Any change could apply retroactively and could affect the continued validity of this summary. This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules.

ARGENTINE TAX CONSIDERATIONS

The following is a general summary of certain Argentine income tax consequences resulting from the beneficial ownership of notes by certain persons. While this description is considered to be a correct interpretation of existing Argentine laws and regulations in force as at the date of this offering memorandum, no assurance can be given that the courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes to such laws will not occur, which may also have retroactive effects.

Withholding tax on interest payments

Except as described below in respect of Argentine taxpayers subject to adjustment for inflation rules, interest payments on the notes (which, for the purposes of this section, shall include original issue discount) will be exempt from Argentine income tax provided that the notes are issued in accordance with the Argentine Negotiable Obligations Law and qualify for tax-exempt treatment under Article 36 of such Law, as amended. Under this Article, interest on the notes will be exempt if the following conditions (the “Article 36 Conditions”) are satisfied:

- (a) the notes must be placed through a public offering authorized by the CNV;
- (b) the proceeds of the placement must be used by us for (i) working capital in Argentina, (ii) investments in tangible assets located in Argentina, (iii) refinancing of debt, and/or (iv) contributions to the capital of a controlled or affiliated corporation, provided that the latter uses the proceeds of such contribution for the purposes specified in this paragraph (b); and
- (c) we must provide evidence to the CNV in the time and manner prescribed by regulations that the proceeds of the placement have been used for any one or more of the purposes described in paragraph (b) above.

Each series of notes shall be issued and placed in compliance with all of the Article 36 Conditions and the CNV has authorized the establishment of the program and the public offering of each series of notes to be issued thereunder, pursuant to Resolution No. 15,896, dated June 5, 2008, Resolution No. 17,076, dated May 9, 2013, and Resolution No. 17,631, dated March 26, 2015. Within five business days of the issue of each series of notes, we will file with the CNV the documents required by Title II Chapter V, Section 51 of the CNV Regulations. Upon approval by the CNV of such filing, the notes will qualify for the tax-exempt treatment set forth under Article 36 of the Argentine Negotiable Obligations Law.

Interest payments to Argentine taxpayers subject to the tax adjustment for inflation rules in Argentina (these taxpayers are, in general, companies created or incorporated according to Argentine law, local branches of foreign companies, sole proprietorships and individuals who conduct certain commercial activities in Argentina) (the “Title VI Holders”), except for financial entities regulated by Law 21,526, will be subject to a 35% withholding tax, which will be considered as a payment on account of Argentine federal income tax to be paid by such holder.

The company shall comply with the Argentine Capital Markets Law in order to fulfill the “public offer” requirements from the Article 36 Conditions.

If we do not comply with the Article 36 Conditions, Article 38 of the Argentine Negotiable Obligations Law provides that we shall be responsible for the payment of any taxes on interest received by the holders. In any event, the holders shall receive the full amount of interest provided for in the notes as though no withholding tax had been required.

The exemption described in the first paragraph above will be applicable for foreign beneficiaries (included in Chapter V of the Argentine Income Tax Law) even if the application of such exemption results in a benefit for a foreign tax authority.

Income tax—Capital gains

If the conditions under Article 36 of the Argentine Negotiable Obligations Law are fully complied with, and pursuant to Article 36 bis of the Argentine Negotiable Obligations Law, resident and nonresident individuals and foreign entities not having a permanent establishment in Argentina are not subject to taxation on capital gains derived from the sale or other disposition of the notes.

The exemption described above will be applicable for foreign beneficiaries (included in Chapter V of the Argentine Income Tax Law) even if the application of such exemption results in a benefit for a foreign tax authority.

Value added tax

Financial transactions and services related to the issuance, subscription, placement, transfer, repayment, payment of interest and repayment of a note will be exempt from the value added tax as long as such notes satisfy the Article 36 Conditions set forth above under “—Withholding tax on interest payments”. Additionally, the sale or transfer of notes shall be exempted from this tax pursuant to Section 7(b) of the Value Added Tax Law.

Personal asset tax

Individuals and undivided estates of individuals domiciled or located in Argentina or abroad that are deemed to be the “direct owners” of notes will be subject to a personal assets tax on the market value (or acquisition cost plus accrued and unpaid interest, in the case of unlisted notes) of their holdings of such notes as of December 31 of each year. If the individual is an Argentine resident, the tax rate shall range from 0.5% to 1.25% on the total value of the assets, depending on the amount of the assets held, when this amount exceeds Ps. 305,000. If the individual and/or undivided estate is not an Argentine resident, the tax rate shall be 1.25% in any case. Although the notes owned by individuals domiciled or undivided estates situated outside Argentina are technically levied with the personal asset tax, the relevant law (Law No. 23,966 in its relevant part, as amended) and its regulatory decree (Decree No. 127/96 as amended, “Decree No. 127/96”) have not established any procedure for collection of such tax when the assets are owned directly by such individuals or undivided estates. Foreign individuals and undivided estates are not required to pay the personal asset tax if the amount of such tax is equal or less than Ps. 255.75.

Corporations and other entities organized or incorporated in Argentina and Argentine branches and permanent establishments in Argentina of foreign corporations and other foreign entities generally will not be subject to the personal asset tax with respect to their holdings of notes.

Notes held as of December 31 of each year by corporations and other entities which are not organized or incorporated in Argentina (other than the Argentine branches and permanent establishments thereof) will generally be conclusively presumed to be indirectly owned by individuals or undivided estates located in Argentina and, accordingly, subject to the personal asset tax. However, such a non-Argentine corporation or other foreign entity will not be subject to the personal asset tax if (i) the notes held by such corporation or other entity are authorized by the CNV for public offering in Argentina and “traded” in one or more Argentine or non-Argentine securities markets, or (ii) the capital stock of such corporation or other entity is not in bearer form, or (iii) the principal activity of such corporation or other entity does not consist of investing outside its jurisdiction of organization or incorporation and such corporation or other entity is not generally restricted from doing business in the jurisdiction of organization or incorporation, or (iv) such corporation or other entity is an exempt entity (i.e., insurance company, pension fund, mutual fund or bank or financial institution organized in a country in which the relevant central bank applies the standards approved by the Basel Convention). In the case of non-Argentine corporations and other foreign entities presumed to be Argentine individuals as described above that are subject to the personal asset tax, the tax will be applied at a tax rate of 2.5% of the acquisition cost plus accrued and unpaid interest and we will be responsible as a substitute obligor for paying such tax. In the event that a non-Argentine corporation or other entity holding notes is exempt from the personal asset tax for any reason other than the fact that the notes are authorized by the CNV for public offering in Argentina and traded in one or more Argentine or non-Argentine securities markets, we will nevertheless be responsible for paying the tax in case the public offering exemption is not available, unless we actually obtain on a timely basis certifications as to the non-taxable or exempt status of such corporation or other entity.

The personal asset tax law and related regulations have not yet been extensively interpreted or applied by the Argentine tax authorities or courts, and, accordingly, certain aspects of such law remain unsettled. It remains unclear, for example, whether the references to “direct” ownership refer only to record ownership (including ownership by a depository) or extend to beneficial ownership. In addition, the concept of “trading”, as used in the law in relation to non-Argentine corporations and other entities, has not developed, leaving it unclear whether such term refers to actual and ongoing trading, periodic trading or merely consummation of an offering of notes within or outside Argentina. There can be no assurance concerning interpretation or application of these and other provisions of the law and related regulations by the tax authorities and courts.

The Argentine tax authorities have not implemented any mechanism to collect the personal asset tax from individuals or undivided estates which are not resident in Argentina. The tax authorities have, in effect, imposed on certain Argentine substitute obligors (in this case, the company) the responsibility to pay the tax payable with respect to Argentine securities (in this case, the notes) owned by non-Argentine corporations and other foreign entities presumed to be Argentine individuals. Although we could seek reimbursement (by means of withholding against payments on notes or otherwise) from such non-Argentine corporations and other entities for any personal asset tax paid by us, we will, to the extent provided in respect of the notes of a series (and indicated in the applicable pricing supplement), not seek such reimbursement and pay and indemnify the holders from and against any such tax imposed or paid in respect of the holders.

In the event we are compelled by law to deduct or withhold Argentine taxes or duties, we have undertaken to make payment of Additional Amounts, subject to certain limitations, as described in “Description of the Notes—Payments of Additional Amounts.”

Presumed minimum income tax

The presumed minimum income tax is levied on the total value of assets held at the end of the fiscal year by Argentine corporations, local branches of foreign companies and sole proprietorships conducting certain commercial activities, among others. In the case of institutions governed by the Financial Institutions Law and insurance companies subject to the control of the Argentine Superintendence of Insurance, the taxable base for MPIT purposes shall be 20% of the value of their taxable assets. This tax rate is 1%. There is an exemption for taxpayers whose total amount of assets does not exceed Ps. 200,000. When there are assets abroad subject to this tax, the exemption amount shall be increased by a percentage equal to the percentage those assets represent over the total taxable assets. If the assets value exceeds the sum of Ps. 200,000 or exceeds the sum to be calculated according to the abovementioned procedure, if applicable, the full value of the taxable assets will be subject to the presumed minimum income tax. The notes are included in the tax base of this tax at their market value at closing on the last business day of each fiscal year.

This tax will only be payable if the income tax determined for any fiscal year does not equal or exceed the amount payable under the presumed minimum income tax. In such case, only the difference between the presumed minimum income tax determined for such fiscal year and the income tax determined for same fiscal year shall be paid under this tax. Any presumed minimum income tax paid will be applied as a credit toward income tax owed in the immediately following ten fiscal years.

Argentine individuals and undivided estates in general and foreign individuals and legal entities without a permanent establishment in Argentina are exempt from the presumed minimum income tax.

Tax on credits and debits on bank accounts

Money amounts paid through bank checking accounts in Argentine banks are subject to a 0.6% tax levied on credits, and a 0.6% tax levied on debits. In certain cases, an increased rate of 1.2% and a reduced rate of 0.075% may apply. Any payments deposited in saving accounts are exempt, in principle, from this tax. The tax is withheld by the banking institution.

The movement of funds in some special checking accounts is exempt from this tax (Central Bank Communication “A” 3250), when such accounts have been created in the name of foreign legal entities, and to such an extent as they are solely used to make financial investments in Argentina (see Section 10, paragraph (s), of the annex to Executive Decree No. 380/2001).

The owners of bank accounts on which the tax is levied at 0.6% and 1.2% rates may compute 34% and 17%, respectively, of the amounts paid under this tax on amounts credited to their accounts as a payment on account of the income tax, presumed minimum income tax and/or the special contribution or cooperative capital.

Turnover tax

Interest payments on the notes, or income from their sale or transfer, may be subject to gross turnover tax when received by residents in Argentina on a habitual basis. This tax is a provincial tax and its rules may vary from one province to the other. If the notes have satisfied the Article 36 Conditions, they may enjoy an exemption from gross turnover tax in some provinces, including the City of Buenos Aires and the province of Buenos Aires, as long as they also enjoy the exemption from income tax.

Turnover tax derived from any transaction on negotiable obligations issued in accordance with Law No. 23,576. Sale or disposition, collection of interest, amortizations, and updates- are exempted from the turnover tax in the City of Buenos Aires and the province of Buenos Aires, where the exemption from income tax is also available.

Prospective investors should consider the tax consequences of the jurisdictions in which they are located.

Provincial Tax Advance Payment Regimes applicable on local bank accounts

Different provincial tax authorities (e.g., Corrientes, Córdoba, Tucuman, City of Buenos Aires, Province of Buenos Aires, Salta, etc.) have established advance payment regimes regarding the “turnover tax” that are, in general, applicable to credits generated in bank accounts opened at financial institutions governed by the “Financial Institutions Law”.

These regimes apply to local taxpayers that are included in a list distributed, usually on a monthly basis, by the provincial tax authorities to the financial institutions aforementioned.

Tax rates applicable depend on the regulations issued by each provincial tax authority, in a range that, currently, could amount up to 5%. For taxpayers subject to these advance payment regimes, any payment applicable qualifies as an advance payment of the “turnover tax”.

Stamp taxes

Stamp Tax is a provincial tax which is also levied in the City of Buenos Aires, on dealings embodied in instruments providing for the payment of a valuable consideration entered into in the provincial jurisdiction (or the City of Buenos Aires) vested with the authority to tax or otherwise on instruments executed outside a provincial jurisdiction (or the City of Buenos Aires) having in any way effects or intended to have in any way effects in such jurisdiction.

In the City of Buenos Aires all acts, contracts and operations related with the issuance, subscription, placement and transfer of notes issued pursuant to, and in accordance with, the Negotiable Obligations Law Section are exempt from stamp tax. The Tax Code of the City of Buenos Aires has an exemption for agreements related to the negotiation of shares and other securities that are authorized by the CNV.

Also, acts, contracts and operations related to the issuance of securities placed by means of public offering under of Argentine Capital Markets Law by companies authorized by the CNV are exempt from stamp tax. This exemption applies if the authorization to place the security by public offering is filed within 90 calendar days from the execution of any such act, contract or operation and if the placement of the securities is performed within 180 calendar days from the authorization to place such securities by public offering.

Prospective investors should consider the tax consequences in force in the different provinces at the time the relevant document is executed and/or has effects.

Transfer, estate and gift tax

No Argentine transfer taxes are applicable on the sale or transfer of the Notes.

At the provincial level, the Province of Buenos Aires established a Free Transmission of Goods Tax (Law N° 14.044 as amended) (“FTGT”), as from January 1, 2010, the main characteristics of which are:

- the FTGT levies enrichments from all free transmission of goods, including inheritance, legacies, donations, etc.;
- individuals and legal entities are subject to the FTGT;
- taxpayers domiciled in the Province of Buenos Aires are subject to the FTGT in respect of assets located in and outside the Province and taxpayers domiciled in other provinces are subject to the FTGT in respect of the free enrichment of assets located in the Province;
- assets will be deemed located in the Province, among other things: (i) when the securities are issued by entities domiciled in the Province; (ii) when the securities are held by individuals domiciled in the Province at the moment of the transmission, even if the securities were issued by entities domiciled in another jurisdiction; and (iii) up to the proportion of the assets of the issuer located in the Province, when the securities are held by individuals domiciled in another jurisdiction at the moment of the transmission of such securities and are issued by entities domiciled in another jurisdiction;
- transfers of goods are exempted from the FTGT when the total amount of goods transferred is equal or less than Ps.60,000 or Ps.250,000 among parents, children and spouses; and
- the tax rates have been set between 4% and 21.925%.

Free transmissions of negotiable obligations might be subject to the FTGT if they are involved in free transmissions of goods higher than Ps.60,000 or Ps.250,000 among parents, children and spouses.

There is no FTGT in the City of Buenos Aires. In relation to the existence of FTGT in the rest of provincial jurisdictions the analysis should be made taking into consideration the applicable legislation of each province.

Public offering and Tax exemptions

The Negotiable Obligations Law requires that securities be placed through public offering in order to qualify for the preferential tax treatment contemplated by such law. Accordingly, the CNV established the minimum guidelines governing a primary placement of marketable securities under the CNV Regulations.

The main minimum guidelines for primary placement of marketable securities are as follows:

- Publication of the final version of the Offering Memorandum and any other supplementary documents required by the CNV Regulations for the type of marketable securities concerned for at least four business days prior to the commencement of the public auction or public tender process, with the following minimum information: (i) type of instrument; (ii) amount or number so offered, specifying whether it is a fixed amount or a range subject to minimum and maximum limits; (iii) minimum trading unit of the instrument; price (specifying whether it is fixed value or a range subject to minimum and maximum limits) and multiples; (iv) due date or maturity; (v) repayment; (vi) trading form; (vii) primary trading commission; (viii) information about dates and times of the auction or public tender; (ix) determination of variables, which may include, price competition, interest rate, yield or other variable, and the form of offer pro rating, if necessary; (x) all registered dealers and settlement and clearing agents may have access to the system to submit offers; (xi) the public tender process may be, at the issuer’s option, blind (“sealed offers” where no participant, including dealers, shall have access to the offers submitted until the auction period is completed), or open (i.e. the offers are disclosed as they are submitted to the tender system); (xii) upon expiration of the period for receipt of offers, the submitted offers may not be modified nor shall any new offers be submitted; (xiii) the Offering Memorandum and the supplementary documents shall be published through the application known as *Autopista de la Información Financiera*, on the website of the exchange markets and the issuer’s institutional webpage.

Issuers are required to prepare the offering memorandums describing in detail any placement efforts to be used and to provide evidence of performance, if requested by the relevant authorities. The Notes shall not be deemed to be tax exempt solely upon securing the CNV's authorization of a public offering.

The offer may be executed pursuant to an underwriting agreement. In such event, only agents who are registered with the CNV for such purposes may enter into an underwriting agreement with the issuer of marketable securities. The public offering requirement under the Capital Markets Law shall be deemed to be fulfilled provided that the registered agent who has entered into the underwriting agreement with the issuer trades the marketable securities after they have been authorized to be publicly offered, and uses the primary placement method for the sale of marketable securities acquired under the agreement referred to above. The agent shall provide evidence to the issuer of the primary placement of the marketable securities through the public auction or public tender process, and the issuer shall keep such documents to qualify for the tax benefits prescribed by law. The claims representing the loan granted to the issuer who entered into the agreement for subscription prior to authorization of the public offering shall not be subject to secondary trading on any market.

Other taxes

In the event that it becomes necessary to institute enforcement proceedings in relation to the company in Argentina, court tax (currently at a rate of 3%), payable by the party initiating such proceeding, will be imposed on the amount of any claim brought before the Argentine courts sitting in the City of Buenos Aires.

Funds sourced in Jurisdictions that are not considered “Cooperative Jurisdictions”

Pursuant to Decree No. 589/2013 (effective as of May 30, 2013) all references contained in the Argentine Income Tax Law and its regulations to “countries deemed low-or-no-tax-jurisdictions”, shall be replaced with the expression “non-cooperative countries for tax transparency purposes” (“Non-Cooperative Jurisdictions”). The list of Non-Cooperative Jurisdictions will include, by default, all foreign jurisdictions except those with which the Republic of Argentina has executed or is currently negotiating a *tax information exchange agreement*, to the extent that the exchange of information has been effective according to the Argentine tax authorities. Decree No. 589/2013 mandates the Argentine tax authorities to elaborate and publish the list of the *cooperative jurisdictions* which shall be updated periodically. As of the date of this Offering Memorandum, the list has not yet been published.

Pursuant to article 18.1 of Law No. 11,683 (modified by Law 25,795) incoming funds from Non-Cooperative Jurisdictions will be taxed as follows:

- income tax at a 35% rate would be assessed upon the company receiving those funds on the 110% of the amount of the transfer; and
- VAT at a 21% rate would also be assessed upon the company on the 110% of the amount of the transfer.

The Argentine tax resident may rebut such legal presumption by duly evidencing before the Argentine Tax Authority that the funds arise from activities effectively performed by the Argentine taxpayer or a third party in such jurisdictions, or that such funds have been previously declared.

The applicable pricing supplement will contain restrictions on the ability of the company to receive and take offers to purchase notes under the Programs from Non Cooperative Jurisdictions.

PRINCIPAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal U.S. federal income tax considerations that may be relevant to a beneficial owner of a note that, for U.S. federal income tax purposes, is (i) an individual citizen or resident of the United States, (ii) a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source, or (iv) a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person (a “United States holder”). This summary is based on the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), U.S. Treasury regulations promulgated thereunder, and rulings and judicial decisions in effect as of the date hereof, all of which are subject to change. Any change could apply retroactively and could affect the validity of this summary.

This summary deals only with United States holders that will hold notes as capital assets, and does not address tax considerations applicable to investors that may be subject to special tax rules, such as banks, tax-exempt entities, insurance companies, partnerships or other pass-through entities, persons liable for the alternative minimum tax, dealers in securities or currencies, traders in securities electing to mark to market, persons that will hold notes as a position in a “straddle” or conversion transaction, or as part of a “synthetic security” or other integrated financial transaction or persons that have a “functional currency” other than the U.S. dollar. Any special United States federal income tax considerations relevant to a particular issue of notes, including any Indexed Notes, will be provided in the applicable pricing supplement.

If a partnership or other pass-through entity holds the notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership that holds notes or a partner of such a partnership, you should consult your own tax advisors.

This summary deals only with notes of a term of 30 years or less and denominated in a single currency (which is not a hyperinflationary currency). The U.S. federal income tax consequences of owning other types of notes will be discussed in the applicable pricing supplement.

At present there is no income tax treaty between Argentina and the United States and no assurance can be given as to whether a treaty will enter into force or how it will affect any particular United States holders.

Investors should consult their own tax advisors in determining the tax consequences to them of holding notes, including the application to their particular situation of the United States federal income tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

Payments of interest

Payments of “qualified stated interest” (as defined below under “Original issue discount”) on a note will be taxable to a United States holder as ordinary interest income at the time that such payments are paid or accrued in accordance with the United States holder’s applicable method of accounting for U.S. federal income tax purposes. Such interest income generally will constitute income from sources outside the United States. If such payments of interest are made on a note denominated in, or with payments determined by reference to, a currency other than the U.S. dollar (hereafter a “Foreign Currency Note”), the amount of interest income realized by a United States holder that uses the cash method of tax accounting will be the U.S. dollar value of the Specified Currency payment based on the exchange rate in effect on the date of receipt regardless of whether the payment in fact is converted into U.S. dollars. A United States holder that uses the accrual method of accounting for tax purposes will accrue interest income on the note in the Specified Currency and translate the amount accrued into U.S. dollars based on the average exchange rate in effect during the interest accrual period (or, if the beginning and end of the interest accrual period fall in different taxable years, the United States holder will translate the accrued interest for each taxable year, based on the average exchange rate during the portion of the accrual period that falls within the taxable year). Alternatively, an accrual basis United States holder may elect to translate all interest income on Foreign Currency Notes at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt if such date is within five business days of the last day of the accrual period. A United States holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the Internal Revenue Service (the “IRS”). A United States holder that uses the accrual method of accounting for U.S. federal income tax purposes will recognize foreign currency gain or loss, as the case may be, on the receipt of an interest payment made with respect to a Foreign Currency Note if the exchange rate in effect on the date the payment is received differs from the rate applicable to a previous accrual of that interest income. This foreign currency gain or loss will be treated as ordinary income or loss but generally will not be treated as an adjustment to interest income received on the note.

Additional rules for notes that are denominated in more than one currency or that have one or more non-currency contingencies and are denominated in either one foreign currency or more than one currency are described below under Dual Currency Notes.

Effect of Argentine withholding taxes

As discussed in “Taxation—Argentine Tax Considerations,” payments of interest in respect of the notes may be subject to Argentine withholding taxes in certain circumstances and the company may become liable for the payment of Additional Amounts to United States holders (see “Description of the Notes – Payments of Additional Amounts”). For U.S. federal income tax purposes, United States holders would be treated as having received the amount of Argentine taxes withheld, if any, by the company (as well as Additional Amounts paid by the company in respect thereof) with respect to a note, and then as having paid over the withheld taxes to the Argentine taxing authorities. As a result of this rule, the amount of interest income included in gross income for U.S. federal

income tax purposes by a United States holder with respect to a payment of interest may be greater than the amount of cash actually received (or receivable) by the United States holder from the company with respect to the payment. United States holders may in certain circumstances claim a foreign tax credit on Argentine withheld income taxes or may deduct Argentine withheld taxes. Prospective investors should consult their tax advisors concerning the U.S. foreign tax credit implications of the payment of any Argentine taxes.

Purchase, sale and retirement of notes

A United States holder's tax basis in a note for U.S. federal income tax purposes generally will equal the cost of such note to such holder, increased by any amounts includible in income by the holder as original issue discount and market discount and reduced by any amortized premium (each, as described below) and any payments other than payments of qualified stated interest made on such note. In the case of a Foreign Currency Note, the cost of such note to a United States holder will be the U.S. dollar value of the foreign currency purchase price on the date of purchase. In the case of a Foreign Currency Note that is traded on an established securities market, a cash basis United States holder (and, if it so elects, an accrual basis United States holder) will determine the U.S. dollar value of the cost of such note by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. The amount of any subsequent adjustments to a United States holder's tax basis in a note in respect of original issue discount, market discount and premium denominated in a Specified Currency will be determined in the manner described under "Original issue discount" and "Premium and market discount" below. The conversion of U.S. dollars to a Specified Currency and the immediate use of the Specified Currency to purchase a Foreign Currency Note generally will not result in taxable gain or loss for a United States holder.

Upon the sale, exchange or retirement of a note, a United States holder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued qualified stated interest, which will be taxable as ordinary interest income to the extent not previously included in income) and the United States holder's adjusted tax basis in such note. If a United States holder receives a currency other than the U.S. dollar in respect of the sale, exchange or retirement of a note, the amount realized will be the U.S. dollar value of the Specified Currency received calculated at the exchange rate in effect on the date the instrument is disposed of or retired. In the case of a Foreign Currency Note that is traded on an established securities market, a cash basis United States holder (and if it so elects, an accrual basis United States holder) will determine the U.S. dollar value of the amount realized by translating such amount at the spot rate on the settlement date of the sale. The election available to accrual basis United States holders in respect of the purchase and sale of Foreign Currency Notes traded on an established securities market, discussed above, must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Except as discussed below with respect to market discount, Short-Term Notes (as defined below) and foreign currency gain or loss, gain or loss recognized by a United States holder generally will be long-term capital gain or loss if the United States holder has a holding period in the note that is more than one year at the time of disposition. Long-term capital gains recognized by an individual holder generally are subject to U.S. federal income tax at a lower rate than short-term capital gains or ordinary income. The deductibility of capital losses is subject to certain limitations. Any gain or loss recognized by a United States holder generally will constitute gain or loss from sources within the United States.

Gain or loss recognized by a United States holder on the sale, exchange or retirement of a Foreign Currency Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the holder held such note. This foreign currency gain or loss will not be treated as an adjustment to interest income received on the notes.

Original issue discount

A note, other than a Short-Term Note (as defined below), whose "issue price" is less than its "stated redemption price at maturity" by more than a *de minimis* amount (i.e., by at least .25% of the note's stated redemption price at maturity multiplied by the number of remaining complete years to maturity, or in the case of a note that provides for the payment of any amounts other than "qualified stated interest" before maturity (an "installment obligation"), the note's weighted average maturity) will be treated as issued with original issue discount (an "OID Note"). United States holders of OID Notes generally will be subject to the special tax accounting rules for obligations issued with original issue discount ("OID") provided by the Code and certain Treasury regulations promulgated thereunder (the "OID Regulations"). United States holders of such notes should be aware that, as described in greater detail below, they generally must include OID in ordinary gross income for U.S. federal income tax purposes as it accrues, in advance of the receipt of cash attributable to that income. Such OID generally will constitute income from sources outside the United States. The "issue price" of a note generally will be the first price at which a substantial amount of notes included in the issue of which the note is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers. The "stated redemption price at maturity" of a note is the total of all payments provided by the note

that are not payments of qualified stated interest. The term “qualified stated interest” generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually during the entire term of an OID Note at a single fixed rate of interest or, subject to certain conditions, based on one or more interest indices.

In general, each United States holder of an OID Note, whether such holder uses the cash or the accrual method of accounting for U.S. federal income tax purposes, will be required to include in ordinary gross income the sum of the “daily portions” of OID on the note for all days during the taxable year that the United States holder owns the note. The daily portions of OID on an OID Note are determined by allocating to each day in any accrual period a ratable portion of the OID allocable to that accrual period. Accrual periods may be at any length and may vary in length over the term of an OID Note, provided that no accrual period is longer than one year and each scheduled payment of principal or interest occurs on either the final day or the first day of an accrual period. In the case of a United States holder who acquires its beneficial interest in any OID Note at issuance (an “initial holder”), the amount of OID allocable to each accrual period is determined by (a) multiplying the “adjusted issue price” (as defined below) of the OID Note at the beginning of the accrual period by the “yield to maturity” (as defined below) of the OID Note (appropriately adjusted to reflect the length of the accrual period) and (b) subtracting from that product the amount (if any) of qualified stated interest allocable to that accrual period. The “yield to maturity” of a note is the discount rate that causes the present value of all payments on the note as of its original issue date to equal the issue price of such note. The “adjusted issue price” of an OID Note at the beginning of any accrual period will generally be the sum of its issue price and the amount of OID allocable to all prior accrual periods (determined without regard to the amortization of any acquisition premium or bond premium), reduced by the amount of all payments other than payments of qualified stated interest (if any) made with respect to such note in all prior accrual periods.

In the case of an OID Note that is a Floating Rate Note, both the “yield to maturity” and “qualified stated interest” will generally be determined for these purposes as if the OID Note will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to the interest payments on the note on its date of issue or, in the case of certain Floating Rate Notes, the rate that reflects the yield that is reasonably expected for the note. Additional rules may apply if interest on a Floating Rate Note is based on more than one interest index.

As a result of this “constant yield” method of including OID in income, the amounts includible in income by a United States holder in respect of an OID Note denominated in U.S. dollars generally are lesser in the early years and greater in the later years than the amounts that would be includible on a straight-line basis.

A United States holder generally may make an irrevocable election to include in its income its entire return on a note (i.e., the excess of all remaining payments to be received on the note, including payments of qualified stated interest, over the amount paid by the United States holder for the note) under the constant-yield method described above. A United States holder who makes this election in respect of a note that either was purchased at a premium or bears market discount will also be deemed to have made the election (discussed below in “Premium and Market Discount”) to amortize premium or to accrue market discount in income currently on a constant-yield basis in respect of all debt obligations that the United States holder holds that were purchased at a premium or with market discount, as applicable.

In the case of an OID Note that is also a Foreign Currency Note, a United States holder should determine the U.S. dollar amount includible in income as OID for each accrual period by (a) calculating the amount of OID allocable to each accrual period in the Specified Currency using the constant-yield method described above, and (b) translating the amount of the Specified Currency so derived at the average exchange rate in effect during that accrual period (or portion thereof within a United States holder’s taxable year) or, at the United States holder’s election (as described above under “Payments of interest”), at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt if such date is within five business days of the last day of the accrual period. Because exchange rates may fluctuate, a United States holder of an OID Note that is also a Foreign Currency Note may recognize a different amount of OID income in each accrual period than would the holder of an otherwise similar OID Note denominated in U.S. dollars. All payments on an OID Note (other than payments of qualified stated interest) will generally be viewed first as payments of previously-accrued OID (to the extent thereof), with payments attributed first to the earliest-accrued OID, and then as payments of principal. Upon the receipt of an amount attributable to OID (whether in connection with a payment of an amount that is not qualified stated interest or the sale or retirement of the OID Note), a United States holder will recognize ordinary income or loss measured by the difference between the amount received (translated into U.S. dollars at the exchange rate in effect on the date of receipt or the date of disposition of the OID Note, as the case may be) and the amount accrued (using the exchange rate applicable to such previous accrual).

A United States holder of an OID Note who purchases its beneficial interest in the note outside the initial offering at a cost equal to or less than its “remaining redemption amount” (as defined below), or an initial holder who purchases an OID Note at a price other than the note’s issue price, also generally will be required to include in gross income the daily portions of OID, calculated as described

above. However, if the United States holder acquires the OID Note at a price greater than its adjusted issue price, but equal to or less than its “remaining redemption amount,” such holder is considered to have acquired the OID Note with “acquisition premium” and is required to reduce its periodic inclusions of OID income to reflect the premium paid over the adjusted issue price. The “remaining redemption amount” for a note is the total of all future payments to be made on the note other than payments of qualified stated interest.

Floating Rate Notes generally will be treated as “variable rate debt instruments” under the OID Regulations. Accordingly, the stated interest on a Floating Rate Note generally will be treated as “qualified stated interest” and such a note will not have OID solely as a result of the fact that it provides for interest at a variable rate. If a Floating Rate Note does not qualify as a “variable rate debt instrument,” such note will be subject to special rules (the “Contingent Payment Regulations”) that govern the tax treatment of debt obligations that provide for contingent payments (“Contingent Debt Obligations”). A detailed description of the tax considerations relevant to United States holders of any such notes will be provided in the applicable pricing supplement.

Certain of the notes may be subject to special redemption, repayment or interest rate reset features, as indicated in the applicable pricing supplement. Notes containing such features, in particular OID Notes, may be subject to special rules that differ from the general rules discussed above. Purchasers of notes with such features should carefully examine the applicable pricing supplement and should consult their own tax advisors with respect to such notes since the tax consequences with respect to such features, and especially with respect to OID, will depend, in part, on the particular terms of the purchased notes.

Premium and market discount

A United States holder of a note who purchases its beneficial interest in the note at a cost greater than the notes’ remaining redemption amount (as defined in the third preceding paragraph) will be considered to have purchased the note with bond premium, and may elect to amortize such premium (as an offset to interest income), using a constant-yield method, over the remaining term of the note. This election, once made, generally applies to all bonds held or subsequently acquired by the United States holder on or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. A United States holder that elects to amortize such premium must reduce its tax basis in a note by the amount of the premium amortized during its holding period. OID Notes purchased at a premium will not be subject to the OID rules described above.

In the case of premium in respect of a Foreign Currency Note, a United States holder should calculate the amortization of such premium in the Specified Currency. Amortization deductions attributable to a period reduce interest payments in respect of that period in the Specified Currency prior to converting such interest payments into U.S. dollars. Exchange gain or loss will be realized with respect to amortized bond premium on such a note based on the difference between the exchange rate on the date or dates such premium is recovered through interest payments on the note and the exchange rate on the date on which the United States holder acquired the note. With respect to a United States holder that does not elect to amortize bond premium, the amount of bond premium will be included in the United States holder’s tax basis when the note matures or is disposed of by the United States holder. Therefore, a United States holder that does not elect to amortize such premium and that holds the note to maturity generally will be required to treat the premium as capital loss when the note matures.

If a United States holder purchases the note at a price that is lower than its stated redemption price at maturity (or in the case of an OID Note, at a price that is lower than the adjusted issue price of the note) by at least 0.25% of the stated redemption price at maturity (or in the case of an OID Note, at least 0.25% of the adjusted issue price of the note) multiplied by the number of remaining complete years to maturity, the note will be considered to have “market discount” in the hands of such United States holder. In such case, gain realized by the United States holder on the disposition of the note and repayments of principal of the note generally will be treated as ordinary income to the extent of the market discount that accrued on the note while held by such United States holder. In addition, the United States holder could be required to defer the deduction of a portion of the interest paid on any indebtedness incurred or maintained to purchase or carry the note. In general terms, market discount on a note will be treated as accruing ratably over the term of such note, or, at the election of the holder, under a constant yield method. Market discount on a Foreign Currency Note will be accrued by a United States holder in the Specified Currency. The amount includible in income by a United States holder in respect of such accrued market discount will be the U.S. dollar value of the amount accrued, generally calculated at the exchange rate in effect on the date that the note is disposed of by the United States holder or principal is repaid.

A United States holder may elect to include market discount in income on a current basis as it accrues (on either a ratable or constant-yield basis) in lieu of treating a portion of any gain realized on a sale of a note as ordinary income. If a United States holder elects to include market discount on a current basis, the interest deduction deferral rule described above will not apply. Any accrued market discount on a Foreign Currency Note that is currently includible in income will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the United States holder’s taxable year). Upon the receipt of an amount attributable to accrued market discount, a United States holder may recognize exchange gain or loss determined in the same manner as

for accrued interest or OID. Any such election to include market discount in income currently, if made, applies to all market discount bonds acquired by the taxpayer on or after the first day of the first taxable year to which such election applies and is revocable only with the consent of the IRS.

Short-term notes

The rules set forth above will also generally apply to notes having maturities of not more than one year (“Short-Term Notes”), but with certain modifications.

First, the OID Regulations treat *none* of the interest on a Short-Term Note as qualified stated interest. Thus, all Short-Term Notes will be OID Notes. OID will be treated as accruing on a Short-Term Note ratably, or at the election of a United States holder, under a constant yield method.

Second, a United States holder of a Short-Term Note that uses the cash method of accounting for U.S. federal income tax purposes and is not a bank, securities dealer, regulated investment company or common trust fund, and does not identify the Short-Term Note as part of a hedging transaction, will generally not be required to include OID in income on a current basis. Such a United States holder may not be allowed to deduct all of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry such note until the Stated Maturity of the note or its earlier disposition in a taxable transaction. In addition, such a United States holder will be required to treat any gain realized on a sale, exchange or retirement of the note as ordinary income to the extent such gain does not exceed the OID accrued with respect to the note during the period the United States holder held the note. Notwithstanding the foregoing, a cash-basis United States holder of a Short-Term Note may elect to accrue OID into income on a current basis (in which case the limitation on the deductibility of interest described above will not apply). A United States holder using the accrual method of tax accounting and certain cash-basis United States holders (including banks, securities dealers, regulated investment companies and common trust funds) generally will be required to include OID on a Short-Term Note in income on a current basis.

Third, any United States holder (whether cash or accrual basis) of a Short-Term Note can elect to accrue the “acquisition discount,” if any, with respect to the note on a current basis. If such an election is made, the OID rules will not apply to the note. “Acquisition discount” is the excess of stated redemption price at maturity of the note over the purchase price. Acquisition discount will be treated as accruing ratably or, at the election of the United States holder, under a constant-yield method based on daily compounding.

Finally, the market discount rules described above under “Premium and market discount” will not apply to a Short-Term Note.

Dual currency notes

United States holders of notes that are denominated in more than one currency or that have one or more non-currency contingencies and are denominated in either one foreign currency or more than one currency will be subject to special tax accounting rules applicable to “Multi-Currency Debt Securities.” A description of the principal U.S. federal income tax considerations relevant to holders of Dual Currency Notes, including specification of the “predominant currency”, will be set forth, if required, in the applicable pricing supplement.

Indexed notes and other notes providing for contingent payments

The Contingent Payment Regulations, which govern the tax treatment of Contingent Debt Obligations, generally require accrual of interest income on a constant-yield basis in respect of such obligations at a yield determined at the time of their issuance, and may require adjustments to such accruals when any contingent payments are made. A detailed description of the tax considerations relevant to United States holders of any Contingent Debt Obligations will be provided in the applicable pricing supplement.

Reportable transaction reporting

Under certain U.S. treasury regulations, United States holders that participate in “reportable transactions” (as defined in the regulations) must attach to their U.S. federal income tax returns a disclosure statement on Form 8886. United States holders should consult their own tax advisors as to the possible obligation to file Form 8886 with respect to the ownership or disposition of the notes, or any related transaction, including without limitation, the disposition of any foreign currency received as interest or as proceeds from the sale or other disposition of the notes.

Information reporting and backup withholding

The Paying Agent will be required to file information returns with the IRS with respect to payments made to, and accruals of OID on any OID Notes held by, certain United States holders of notes. In addition, certain United States holders may be subject to backup withholding tax (currently, imposed at a 28% rate) in respect of such payments if they do not provide their taxpayer identification

numbers to the Paying Agent. Persons holding notes who are not United States holders may be required to comply with applicable certification procedures to establish that they are not United States holders in order to avoid the application of such information reporting requirements and backup withholding tax.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against the United States federal income tax liability of such United States holders provided the required information is furnished to the IRS.

The Paying Agent will also be required to file information returns with the IRS and may have to withhold taxes for payments made to non-U.S. individuals, corporations, partnerships, trusts and other entities. Prospective non-U.S. investors should consult their tax advisors concerning the U.S. reporting and withholding implications of owning these notes.

Foreign Financial Asset Reporting

Certain United States holders are required to report information to the IRS with respect to an investment in notes not held through an account with a United States “financial institution.” If a United States holder fails to report the required information, the United States holder could become subject to substantial penalties and other adverse U.S. federal income tax consequences. United States holders are urged to consult their tax advisors regarding the reporting requirements that may be imposed on them with respect to their ownership of notes.

3.8% Medicare tax on “net investment income”

A 3.8% U.S. federal Medicare tax is generally imposed on “net investment income” exceeding certain thresholds of U.S. citizen and resident individuals, and on the undistributed “net investment income” of U.S. estates and trusts. Among other things, “net investment income” will generally include gross income from interest on, and net gains from the disposition of the notes, less allocable deductions. Holders are urged to consult their tax advisors with respect to the tax consequences of this legislation.

E.U. SAVINGS DIRECTIVE

Under Council Directive 2003/48/EC (the “Directive”) on the taxation of savings income, each Member State of the European Union (the “EU”) is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entities established in, that other Member State. However, for a transitional period, Austria will (unless during such period they elect otherwise) instead operate a withholding system in relation to such payments. Under such a withholding system, the recipient of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The current rate of withholding is 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted or agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within their respective jurisdictions to an individual beneficial owner resident in, or certain limited types of entities established in, a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those countries and territories in relation to payments made by a person in a Member State to an individual beneficial owner resident in, or certain limited types of entities established in, one of those countries or territories.

However, on November 10, 2015, the Council of the European Union approved Council Directive 2015/2060/EU repealing the directive from January 1, 2017 in the case of Austria, and from January 1, 2016 in relation to all other member states, subject to ongoing requirements to fulfil administrative obligations, such as the reporting and exchange of information relating to, and accounting for tax withheld from, payments made before those dates. This is to prevent overlap between the directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on administrative cooperation in the field of taxation, as amended by Council Directive 2014/107/EU. Council Directive 2011/16/EU, as amended, which effectively implements the Organisation for Economic Cooperation and Development’s common reporting standard on automatic exchange of financial account information in tax matters, requires governments to obtain detailed account information from financial institutions and exchange that information automatically with other jurisdictions annually. Council Directive 2011/16/EU, as amended, is, generally, broader in scope than the Directive but does not impose withholding taxes. The agreements with non-EU countries on the basis of the Directive are being revised to be aligned with Council Directive 2011/16/EU, as amended.

Certain ERISA Considerations

Subject to the considerations and representation referred to below, the notes may be purchased and held by an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or by an individual retirement account or other plan subject to Section 4975 of the Code. A fiduciary of an employee benefit plan subject to ERISA must determine that the purchase and holding of the Notes is consistent with its fiduciary duties under ERISA. The fiduciary of an ERISA plan, as well as any other prospective investor subject to Section 4975 of the Code or any similar law, must also determine that its purchase and holding of the Notes does not result in a non-exempt prohibited transaction as defined in Section 406 of ERISA or Section 4975 of the Code or similar law. Each purchaser and transferee of the Notes who is subject to ERISA and/or Section 4975 of the Code or a similar law will be deemed to have represented by its acquisition and holding of the Notes that such acquisition and holding of the Notes does not constitute or give rise to a non-exempt prohibited transaction under ERISA, Section 4975 of the Code or any similar law.

Enforceability of Civil Liabilities

We are incorporated under the laws of Argentina. Substantially all of our assets are located outside the United States. The majority of our directors and officers and certain advisors named herein reside in Argentina or elsewhere outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us or such persons or to enforce against us or them in United States courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

If so specified in the applicable pricing supplement, the terms and conditions of the notes, we will (i) agree that the courts of the State of New York and the federal courts of the United States, in each case sitting in the Borough of Manhattan, City and State of New York, will have non-exclusive jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with the notes and, for such purposes, irrevocably submit to the jurisdiction of such courts and (ii) name an agent for service of process in the Borough of Manhattan, New York City. See “Description of the Notes.”

We have been advised by our Argentine counsel, Estudio O’Farrell, that a substantial portion of our assets located in Argentina could not be subject to attachment or foreclosure if a court were to find that such properties are necessary to the provision of an essential public service, unless the Argentine government otherwise approves the release of such property affected as an essential public service. In accordance with Argentine law, as interpreted by the Argentine courts, assets which are necessary to the provision of an essential public service may not be attached, whether preliminarily or in aid of execution.

Our Argentine counsel has also advised us that judgments of United States courts for civil liabilities based upon the federal securities laws of the United States may be enforced in Argentina, provided that the requirements of Article 517 of the Federal Civil and Commercial Procedure Code of Argentina (if enforcement is sought before federal courts) are met as follows: (i) the judgment, which must be final in the jurisdiction where rendered, was issued by a court competent in accordance with the Argentine principles regarding international jurisdiction and resulted from a personal action, or an *in rem* action with respect to personal property if such was transferred to Argentine territory during or after the prosecution of the foreign action, (ii) the defendant against whom enforcement of the judgment is sought was personally served with the summons and, in accordance with due process of law, was given an opportunity to defend against foreign action, (iii) the judgment must be valid in the jurisdiction where rendered and meet authenticity requirements under Argentine law, (iv) the judgment does not violate the principles of public policy of Argentine law, and (v) the judgment is not contrary to a prior or simultaneous judgment of an Argentine court.

Subject to compliance with Article 517 of the Federal Civil and Commercial Procedure Code described above, a judgment against us or the persons described above obtained outside Argentina would be enforceable in Argentina without reconsideration of the merits.

We have been further advised by our Argentine counsel that:

- original actions based on the federal securities laws of the United States may be brought in Argentine courts and that, subject to applicable law, Argentine courts may enforce liabilities in such actions against us, our directors, our executive officers and the advisors named in this offering memorandum; and
- the ability of a judgment creditor or the other persons named above to satisfy a judgment by attaching certain assets of ours is limited by provisions of Argentine law.

A plaintiff (whether Argentine or non-Argentine) residing outside Argentina during the course of litigation in Argentina must provide a bond to guarantee court costs and legal fees if the plaintiff owns no real property in Argentina that could secure such payment. The bond must have a value sufficient to satisfy the payment of court fees and defendant’s attorney fees, as determined by the Argentine judge. This requirement does not apply to the enforcement of foreign judgments.

Plan of Distribution

We may from time to time offer notes under this program directly or through dealers which we may appoint for specified series of notes. One or more dealers may purchase notes as principal from us from time to time for resale to investors and other purchasers at a fixed offering price or, if so specified in the applicable pricing supplement, at varying prices relating to prevailing market prices at the time of resale as determined by any dealer. If we and a dealer agree, that dealer may also utilize its reasonable efforts on an agency basis to solicit offers to purchase the notes. Commissions with respect to notes that are sold through a dealer will be negotiated between us and that dealer at the time of such sale. If a dealer or dealers are utilized in the offer and sale of notes, we will enter into a purchase or placement agreement with such dealer or dealers at the time an agreement for such offer and sale is reached. Terms and conditions relating to the offering of any particular series of notes will be described in the applicable pricing supplement. The placement and distribution of the notes to be issued under the Program will be performed in Argentina, pursuant to the CNV's regulations.

A dealer may sell notes it has purchased from us as principal to certain other dealers less a concession equal to all or any portion of the discount received in connection with such purchase. The dealer, and such other dealers, may reallow a discount to certain additional dealers. After the initial offering of notes, the offering price (in the case of notes to be resold at a fixed offering price), the concession and the reallowance may be changed.

Any dealer and/or its affiliates may enter into derivative and/or structured transactions with clients, at their request, in connection with the notes and any such dealer and/or its affiliates may also purchase some of the notes to hedge their risk exposure in connection with such transaction. In addition, any dealer and/or its affiliates may acquire for its/their own proprietary account the notes. Any such acquisitions may have an effect on the demand and/or price of the notes.

The offering of the notes under this program has been authorized by the CNV pursuant to Resolution No. 15,896, dated June 5, 2008, Resolution No. 16,954, dated October 25, 2012, Resolution No. 17,076, dated May 9, 2013, and Resolution No. 17,631, dated March 26, 2015. In order to issue and offer any series of notes under this program we are required to file with the CNV a pricing supplement describing the particular terms and conditions of the relevant notes, updating our financial and accounting information for each fiscal year and quarter (if we have approved financial statements for such year or quarter) and providing other information relating to any subsequent material events or developments.

The notes may not be offered directly to the public in Argentina except by us or through individuals or entities authorized under the laws and regulations of Argentina to offer or sell the notes directly to the public in Argentina. Any offering of the notes in Argentina will be made by a substantially similar offering memorandum in the Spanish language and in accordance with CNV regulations. Under current CNV regulations, the placement of the notes must be conducted by means of a public auction pursuant to the tender systems and procedures of a domestic stock exchange or market.

Before the initial offering of notes under this program, there has been no established trading market for the notes. While we may apply to have the notes of a particular series listed on the MVBA and the MAE or any other securities exchange, we may not list other series of notes on any securities exchange. From time to time, the dealers may make a market in the notes, but no dealer is obligated to do so and may discontinue any market-making activity at any time. In addition, any such market-making activity will be subject to the limits imposed by the Securities Act, the Exchange Act and the Argentine Capital Markets Law, and may be limited during any exchange offer and the pendency of any shelf registration statement in connection with any registration rights we may offer to holders of a particular series of notes. Accordingly, we cannot assure you as to the liquidity of, or the development or continuation of trading markets for, the notes.

In connection with an offering of notes purchased by one or more dealers as principal on a fixed offering price basis, such dealers will be permitted to engage in transactions that stabilize the price of notes in accordance with applicable law. These transactions may consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of notes. If the dealer or dealers create, as the case may be, a short position in notes (that is, if it sells or they sell notes in an aggregate principal amount exceeding that set forth in the applicable pricing supplement), such dealers may reduce that short position by purchasing notes in the open market. In general, purchase of notes for the purpose of stabilization or to reduce a short position could cause the price of notes to be higher than it might be in the absence of such purchases. All such activities shall be conducted in accordance with any applicable regulations.

The FSMA permits, in connection with the issue of any notes under this program, any dealer that is specified in the applicable pricing supplement as the stabilizing manager (or any dealer for the stabilizing manager) to over-allot or effect transactions with a view to supporting the market price of the relevant notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the stabilizing manager (or any dealer of the stabilizing manager) to do this. Such stabilizing, if commenced, may be discontinued at any time without notice and must be brought to an end after a limited period. Such stabilizing must be in compliance with all applicable laws, regulations and rules.

Neither we nor any of the dealers makes any representation or prediction as to the direction or magnitude of any effect that the transactions described in the immediately preceding paragraphs may have on the price of notes. In addition, neither we nor the dealers make any representation that the dealers will engage in any such transactions or that such transactions, once commenced, will not be discontinued without notice.

The dealer or dealers may make a series of notes available for distribution on the Internet through a proprietary Website and/or a third party system operated by MarketAxess Corporation, an Internet-based communications technology provider. MarketAxess Corporation is providing the system as a conduit for communications between the dealers and their customers and is not a party to any transactions. MarketAxess Corporation, a registered broker-dealer, will receive compensation from the dealers based on transactions conducted through the system. The dealers will make such notes available to their customers through the Internet distributions, whether made through a proprietary or third party system, on the same terms as distributions made through other channels.

We will deliver the notes against payment therefor on or about the closing date specified in the pricing supplement. If so specified in the applicable pricing supplement, such date with respect to a particular series of notes may be more than three business days following the date of the pricing of such notes. Under Rule 15c6-1 of the SEC under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade such notes on the date of pricing or the next succeeding business days may be required, by virtue of the fact that such notes initially will settle in more than three business days following the date of the pricing, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own advisors. Notwithstanding the foregoing, unless otherwise specified in the applicable pricing supplement, no trading of the notes may occur in Argentina until the settlement date.

We may agree to indemnify the dealers against some liabilities (including, without limitation, liabilities under the Securities Act) or to contribute to payments that the dealers may be required to make in respect thereof. We may also agree to reimburse the dealers for some other expenses.

Some of the dealers may have, directly or indirectly, performed investment and/or commercial banking or financial advisory services for us, for which they have received customary fees and commissions, and they may provide these services to us and our affiliates in the future.

United States Selling Restrictions

We have not registered, and will not register, the notes under the Securities Act or any other applicable U.S. securities laws, and the notes may not be offered or sold except pursuant to an effective registration statement or pursuant to transactions exempt from, or not subject to, registration under the Securities Act. Accordingly, the notes are being offered and sold only:

- in the United States to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A under the Securities Act; and/or
- to certain persons, other than U.S. persons, in offshore transactions meeting the requirements of Rule 903 of Regulation S under the Securities Act.

Notice to United Kingdom Residents Only

This offering memorandum is only being distributed to and is only directed at (1) persons who are outside the United Kingdom, or (2) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or the Order or (3) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). The notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. In addition, this communication is, in any event only directed at persons who are “qualified investors” pursuant to the Prospectus Directive. Any person who is not a relevant person should not act or rely on this document or any of its contents.

European Economic Area Selling Restrictions

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) an offer to the public of the notes may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of the notes may be made at any time under the following exemptions under the Prospectus Directive:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the joint bookrunners for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any Brazilian placement agent of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to the notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

This European Economic Area selling restriction is in addition to any other selling restrictions set out below.

Switzerland

The notes may not and will not be publicly offered, distributed or redistributed on a professional basis in or from Switzerland, and neither the offering memorandum nor any other solicitation for investments in our securities may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of articles 652a or 1156 of the Swiss Federal Code of Obligations or of Article 3 of the Federal Act on Collective Investment Schemes of June 23, 2006. This offering memorandum may not be copied, reproduced, distributed or passed on to others without the Managers’ prior written consent. This offering memorandum is not a prospectus within the meaning of Articles 1156 and 652a of the Swiss Code of Obligations or a listing prospectus according to article 27 of the Listing Rules of the SIX Swiss Exchange and may not comply with the information standards required thereunder. We will not apply for a listing of the notes on any Swiss stock exchange or other Swiss regulated market and this offering memorandum may not comply with the information required under the relevant listing rules. The notes have not been and will not be approved by any Swiss regulatory authority. The notes have not been and will not be registered with or supervised by the Swiss Federal Banking Commission, and have not been and will not be authorized under the Federal Act on Collective Investment Schemes of June 23, 2006. The investor protection afforded to acquirers of investment fund certificates by the Federal Act on Collective Investment Schemes of June 23, 2006 does not extend to acquirers of the notes.

Legal Matters

The validity under New York law of the notes will be passed upon by Chadbourne & Parke LLP, our New York counsel, and by Milbank, Tweed, Hadley & McCloy LLP, or such other counsel as is specified in the applicable pricing supplement, as New York counsel for the dealers.

Certain legal matters governed by Argentine law will be passed upon by Estudio O'Farrell, our Argentine counsel and by Tanoira Cassagne Abogados or such other counsel as is specified in the applicable pricing supplement, as Argentine counsel for the dealers.

PART II: ADDITIONAL INFORMATION RELATING TO YPF SOCIEDAD ANÓNIMA

**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, 2015

Commission file number: 1-12102

YPF Sociedad Anónima
(Exact name of registrant as specified in its charter)

Republic of Argentina
(Jurisdiction of incorporation or organization)
Macacha Güemes 515
C1106BKK Ciudad Autónoma de Buenos Aires, Argentina
(Address of principal executive offices)

Diego M. Pando
Tel: (011-54-11) 5441-3500
Facsimile Number: (011-54-11) 5441-3726
Macacha Güemes 515
C1106BKK Ciudad Autónoma de Buenos Aires, Argentina
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
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, 2015 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

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

TABLE OF CONTENTS

	<u>Page</u>
<u>Conversion Table</u>	6
<u>References</u>	6
<u>Disclosure of Certain Information</u>	6
<u>Forward-Looking Statements</u>	6
<u>Oil and Gas Terms</u>	7
<u>PART I</u>	9
<u>ITEM 1. Identity of Directors, Senior Managers and Advisers</u>	9
<u>ITEM 2. Offer Statistics and Expected Timetable</u>	9
<u>ITEM 3. Key Information</u>	9
<u>Selected Financial Data</u>	9
<u>Exchange Regulations</u>	11
<u>Risk Factors</u>	12
<u>ITEM 4. Information on the Company</u>	28
<u>History and Development of YPF</u>	28
<u>The Argentine Market</u>	31
<u>History of YPF</u>	32
<u>Business Organization</u>	34
<u>Exploration and Production Overview</u>	35
<u>Downstream</u>	70
<u>Research and Development</u>	83
<u>Competition</u>	84
<u>Environmental Matters</u>	86
<u>Property, Plant and Equipment</u>	90
<u>Insurance</u>	90
<u>Regulatory Framework and Relationship with the Argentine Government</u>	93
<u>ITEM 4A. Unresolved Staff Comments.</u>	120
<u>ITEM 5. Operating and Financial Review and Prospects</u>	120
<u>Overview</u>	121
<u>Presentation of Financial Information</u>	121
<u>Segment Reporting</u>	121
<u>Summarized Statement of Comprehensive Income</u>	121
<u>Factors Affecting Our Operations</u>	122
<u>Critical Accounting Policies</u>	131
<u>Off-Balance Sheet Arrangements</u>	148
<u>Research and Development, Patents and Licenses, etc.</u>	148
<u>ITEM 6. Directors, Senior Management and Employees</u>	148

<u>Management of the Company</u>	148
<u>Board of Directors</u>	148
<u>Senior Management</u>	154
<u>The Audit Committee</u>	155
<u>Disclosure Committee</u>	157
<u>Compliance with New York Stock Exchange Listing Standards on Corporate Governance</u>	158
<u>Compensation of members of our Board of Directors and Supervisory Committee</u>	159
<u>Supervisory Committee</u>	159
<u>Employee Matters</u>	161
<u>ITEM 7. Major Shareholders and Related Party Transactions</u>	162
<u>Related Party Transactions</u>	163
<u>Argentine Law Concerning Related Party Transactions</u>	164
<u>ITEM 8. Financial Information</u>	164
<u>Financial Statements</u>	164
<u>Legal Proceedings</u>	164
<u>Dividend Policy</u>	185
<u>Significant Changes</u>	185
<u>ITEM 9. The Offer and Listing</u>	185
<u>Shares and ADSs</u>	185
<u>Argentine Securities Market</u>	187
<u>ITEM 10. Additional Information</u>	191
<u>Memorandum and Articles of Association</u>	192
<u>Directors</u>	193
<u>Dividends</u>	194
<u>Amount Available for Distribution</u>	195
<u>Preemptive and Accretion Rights</u>	196
<u>Voting of the Underlying Class D Shares</u>	197
<u>Certain Provisions Relating to Acquisitions of Shares</u>	198
<u>Material Contracts</u>	199
<u>Exchange Regulations</u>	200
<u>Taxation</u>	200
<u>Argentine Tax Considerations</u>	200
<u>United States Federal Income Tax Considerations</u>	202
<u>Available Information</u>	204
<u>ITEM 11. Quantitative and Qualitative Disclosures about Market Risk</u>	204
<u>ITEM 12. Description of Securities Other than Equity Securities</u>	206
<u>PART II</u>	207
<u>ITEM 13. Defaults, Dividend Arrearages and Delinquencies</u>	207
<u>ITEM 14. Material Modifications to the Rights of Security Holders and Use of Proceeds</u>	207

<u>ITEM 15. Controls and Procedures</u>	207
<u>ITEM 16.</u>	208
<u>ITEM 16A. Audit Committee Financial Expert</u>	208
<u>ITEM 16B. Code of Ethics</u>	208
<u>ITEM 16C. Principal Accountant Fees and Services</u>	209
<u>ITEM 16D. Exemptions from the Listing Standards for Audit Committees</u>	209
<u>ITEM 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers</u>	209
<u>ITEM 16F. Change in Registrant’s Certifying Accountant</u>	210
<u>ITEM 16G. Corporate Governance</u>	210
<u>PART III</u>	210
<u>ITEM 17. Financial Statements</u>	210
<u>ITEM 18. Financial Statements</u>	210
<u>ITEM 19. Exhibits</u>	210
<u>SIGNATURES</u>	211

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. “Repsol” refers to Repsol S.A., its affiliates and consolidated companies. We maintain our financial books and records and publish our financial statements in Argentine pesos. In this annual report, references to “pesos” or “Ps.” are to Argentine pesos, and references to “dollars,” “U.S. dollars” or “U.S.\$” are to United States dollars.

Disclosure of Certain Information

In this annual report, references to “Audited Consolidated Financial Statements” are to YPF’s audited consolidated statement of financial position as of December 31, 2015, 2014 and 2013, YPF’s audited consolidated statements of comprehensive income for the years ended December 31, 2015, 2014 and 2013, YPF’s audited consolidated statements of cash flows for the years ended December 31, 2015, 2014 and 2013, YPF’s audited consolidated statements of changes in shareholders’ equity for the years ended December 31, 2015, 2014 and 2013 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.b.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

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, WACC (weighted average cost of capital) 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 domestic and international prices for crude oil, the ability to realize cost reductions and operating efficiencies without unduly disrupting business operations, replacement of hydrocarbon reserves, environmental, regulatory and legal considerations, including the imposition of further government restrictions on the Company’s business, changes in our business strategy and operations, 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” 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.

"basin": A depression in the crust of the Earth formed by plate tectonic activity in which sediments accumulate. Continued sediment accumulation can cause further depression or subsidence.

"block": Areas defined by concession contracts or operating contracts signed by YPF.

"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.

"field": One or more reservoirs grouped by or related to the same general geologic structural feature or stratigraphic condition.

"formation": The fundamental unit of lithostratigraphy. A body of rock that is sufficiently distinctive and continuous that it can be mapped.

"gas": Natural gas.

"hydrocarbons": Crude oil, natural gas liquids 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.

Abbreviations:

“bbl”	Barrels.
“bbl/d”	Barrels per day.
“bcf”	Billion cubic feet.
“bcf/d”	Billion cubic feet per day.
“bcm”	Billion cubic meters.
“bcm/d”	Billion cubic meters per day.
“boe”	Barrels of oil equivalent.
“boe/d”	Barrels of oil equivalent per day.
“cm”	Cubic meter.
“cm/d”	Cubic meters per day.
“dam 3”	Cubic dekameters (thousand 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”	Thousand barrels.
“mdbl/d”	Thousand barrels per day.
“mcf”	Thousand cubic feet.
“mcf/d”	Thousand cubic feet per day.
“mcm”	Thousand cubic meters.
“mcm/d”	Thousand cubic meters per day.
“mboe”	Thousand barrels of oil equivalent.
“mboe/d”	Thousand barrels of oil equivalent per day.
“mm”	Million.
“mdbl”	Million barrels.
“mdbl/d”	Million barrels per day.
“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”	Million cubic meters.
“mmcm/d”	Million cubic meters per day.
“mtn”	Thousand tons.
“MW”	Megawatts.
“NGL”	Natural gas liquids.
“psi”	Pound per square inch.
“WTI”	West Texas Intermediate.

PART I

ITEM 1. Identity of Directors, Senior Managers and Advisers

Not applicable.

ITEM 2. Offer Statistics and Expected Timetable

Not applicable.

ITEM 3. Key Information

Selected Financial Data

The following tables present our selected financial 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”).

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 to Argentine pesos. Solely for the convenience of the reader, peso amounts as of and for the year ended December 31, 2015 have been translated into U.S. dollars at the exchange rate quoted by the Argentine Central Bank (*Banco Central de la República Argentina*) (the “Central Bank”) on December 31, 2015 of Ps. 13.01 to U.S.\$1.00, unless otherwise specified. The exchange rate quoted by the Central Bank on March 15, 2016 was Ps. 14.61 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.”

The financial data contained in this annual report as of and for the years ended December 31, 2015, 2014 and 2013 has been derived from our Audited Consolidated Financial Statements included in this annual report. See Note 20 to the Audited Consolidated Financial Statements. The financial data contained in this annual report as of December 31, 2012 and 2011 and for the years ended December 31, 2012 and 2011 have been derived from our consolidated financial statements as of and for the years ended December 31, 2013, 2012 and 2011 included in our 2013 20-F.

	As of and for the year ended December 31,				
	2015	2014	2013	2012	2011
	(in millions of pesos, except for per share and per ADS data)				
Consolidated Statement of Comprehensive Income Data⁽¹⁾ :					
Revenues ⁽²⁾	156,136	141,942	90,113	67,174	56,211
Gross profit	36,599	37,450	22,019	16,907	15,068
Administrative expenses	(5,586)	(4,530)	(2,686)	(2,232)	(1,822)
Selling expenses	(11,099)	(10,114)	(7,571)	(5,662)	(5,438)
Exploration expenses	(2,473)	(2,034)	(829)	(582)	(574)
Other operating results, net	(853)	(1,030)	227	(528)	(46)
Operating income	16,588	19,742	11,160	7,903	7,188
Income on long-term investments	318	558	353	114	685
Interest expense	(10,605)	(7,336)	(3,833)	(1,557)	(1,045)
Other financial income (expense), net	22,762	9,108	6,668	2,105	758
Income before income tax	29,063	22,072	14,348	8,565	7,586
Income tax	(24,637)	(13,223)	(9,269)	(4,663)	(3,141)
Net income	4,426	8,849	5,079	3,902	4,445
Total other Comprehensive income	43,758	16,276	12,031	4,241	1,852
Total comprehensive income	48,184	25,125	17,110	8,143	6,297
Earnings per share and per ADS ⁽⁴⁾	11.68	22.95	13.05	9.92	11.30
Dividends per share and per ADS ⁽⁴⁾ (in pesos)	1.28	1.18	0.83	0.77	14.15
Dividends per share and per ADS ⁽⁴⁾⁽⁵⁾ (in U.S. dollars)	0.14	0.14	0.13	0.16	3.39
Consolidated Statement of Financial Position Data					
Cash	15,387	9,758	10,713	4,747	1,112
Working capital ⁽³⁾	(2,818)	(11,266)	1,706	(2,582)	(7,750)
Total assets	363,453	208,554	135,595	79,949	60,990
Total loans ⁽⁶⁾	105,751	49,305	31,890	17,104	12,198

Shareholders' equity ⁽⁷⁾	120,461	72,781	48,240	31,260	23,420
Other Consolidated Financial Data					
Fixed assets depreciation and intangible assets amortization	27,008	20,405	11,433	8,281	6,499
Cash used in fixed asset acquisitions and intangible assets	63,774	50,213	27,639	16,403	12,156

- (1) The consolidated financial statements reflect the effect of the application on the functional and reporting currency. See Note 1.b.1 to the Audited Consolidated Financial Statements.
- (2) Revenues are net of payments on account of fuel transfer taxes and turnover taxes. Customs duties on hydrocarbon exports are disclosed in taxes, charges and contributions, as indicated in Note 6.n 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.b.15 to the Audited Consolidated Financial Statements.
- (3) Working capital consists of consolidated total current assets minus consolidated total current liabilities as of December 31, 2015, December 31, 2014, December 31, 2013, December 31, 2012 and December 31, 2011.
- (4) Information has been calculated based on our 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 the dividend payment.
- (6) Total loans include non-current loans of Ps. 77,934 million, Ps. 36,030 million, Ps. 23,076 million, Ps. 12,100 million and Ps. 4,435 million as of December 31, 2015, 2014, 2013, 2012 and 2011, respectively, and current loans of Ps. 27,817 million, Ps. 13,275 million, Ps. 8,814 million, Ps. 5,004 million and Ps. 7,763 million as of December 31, 2015, 2014, 2013, 2012 and 2011, respectively. See Note 6.j to the Audited Consolidated Financial Statements.
- (7) Our subscribed share capital as of December 31, 2015 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. See "Item 6. Directors, Senior Management and Employees—Compensation of members of our Board of Directors and Supervisory Committee," "Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers" and Note 1.b.10.iii to the Audited Consolidated Financial Statements in relation to shares purchased by YPF and allocated to our employees as part of our employee compensation plans.

Exchange Rates

From April 1, 1991 until the end of 2001, the Convertibility Law (Law No. 23,928) established a fixed exchange rate which required the Central Bank to sell U.S. dollars at one peso per U.S. dollar. On January 6, 2002, the Argentine congress enacted the Public Emergency and Foreign Exchange System Reform Law (Law No. 25,561, the “Public Emergency Law”), formally putting an end to the Convertibility Law regime and abandoning over ten years of U.S. dollar-peso parity. The Public Emergency Law, which has been extended until December 31, 2017 by Law No. 27,200, 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 annual rate of devaluation of the peso was approximately 52.1% from December 31, 2014 to December 31, 2015, based on the period-end exchange rates for U.S. dollars as of December 31, 2015 and 2014, and the Argentine peso was subject to a devaluation of approximately 34.2% during December 2015. See “—Risk Factors—Risks Relating to Argentina—Our business is highly dependent upon economic conditions in Argentina.”

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

	<u>Low</u>	<u>High</u>	<u>Average ⁽¹⁾</u> <i>(pesos per U.S. dollar)</i>	<u>Period End</u>
Year ended December 31,				
2011	3.97	4.30	4.15	4.30
2012	4.30	4.92	4.58	4.92
2013	4.92	6.52	5.54	6.52
2014	6.54	8.56	8.23	8.55
2015	8.73	13.76	9.39	13.01
Month				
September 2015	9.30	9.42	9.37	9.42
October 2015	9.43	9.55	9.49	9.55
November 2015	9.56	9.69	9.63	9.69
December 2015	9.70	13.76	11.43	13.01
January 2016	13.07	13.94	13.65	13.90
February 2016	14.09	15.58	14.81	15.58
March 2016 ⁽²⁾	14.61	15.92	15.30	14.61

Source: Central Bank

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

(2) Through March 15, 2016.

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 Regulations

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 peso 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. 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 (the "Mandatory Deposit"). However, in December 2015, the Ministry of Budget and Finance reduced the period in which the incoming funds must remain in Argentina from 365 calendar days to 120 calendar days and also reduced the Mandatory Deposit from 30% to 0%. In addition, the Argentine Central Bank lifted many of the restrictions imposed on transferring funds abroad and on capital flows into Argentina. In this regard, the Argentine Central Bank's regulation provides that Argentine individuals and legal entities do not need the Central Bank's prior approval to acquire foreign currency used for portfolio investments abroad. This includes investment in real estate located abroad, loans to non-residents, direct investments made by Argentine residents abroad, portfolio investments made by Argentine residents abroad, other investments abroad made by Argentine residents, portfolio investments made by legal entities abroad, purchase of foreign currency in Argentina, purchase of travelers checks and donations, as long as the purchases do not exceed an aggregate amount of U.S.\$2,000,000 per calendar month and all the entities are authorized to trade in foreign currency. Under the exchange regulations currently in force, restrictions exist in respect of the repatriation of funds or investments by non-Argentine residents. For instance, 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 demonstrating that the funds used to make the investment in the Class D shares were transferred to Argentina at least 120 days before the proposed repatriation and obtaining a certificate from an Argentine financial entity or Argentine stock exchange stating the date and amount of the settlement of the funds in the Argentine exchange market from the investment in Class D shares. 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. See "—Risk Factors—Risks Relating to Argentina—We are subject to exchange and capital controls."

Risk Factors

The risks and uncertainties described below are those known by us as of the date of this report. However, such risks and uncertainties may not be the only ones that we could face. Additional risks and uncertainties that are unknown to us or that we currently think are immaterial also may impair our business operations.

Risks Relating to Argentina

The Argentine federal government controls the Company according to domestic energy policies in accordance with Law No. 26,741 (the “Expropriation Law”).

The Argentine federal government controls the Company, and consequently, the federal government is able to determine substantially all matters requiring approval by a majority of our shareholders, including the election of a majority of our directors, and is 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, should Argentina be unable to meet its energy requirements, this 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. In addition, according to the Argentine Constitution, presidential elections take place every four years. Accordingly, changes in policy may result in changes in our management and/or our strategy. We cannot assure you if and when any such changes may occur, nor the impact they may have on our business.

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 changes in economic, political and regulatory conditions in Argentina and measures taken by the Argentine government have had and are expected to continue to have a significant impact on us. You should make your own investigation about Argentina and prevailing conditions in that country before making an investment in us.

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. In 2012, the Argentine economy experienced a slowdown with gross domestic product (“GDP”) increasing at a rate of 1.9% on an annualized basis compared to the preceding year according to the methodology of calculation prevailing until March 2014. On March 27, 2014, the Argentine government announced a new method of calculating GDP using 2004 as the base year as opposed to 1993, which was the base reference year under the prior method of calculating GDP. As a result of this new method, the estimated GDP growth rate for 2013 was revised from 4.9% to 2.9%. As of the date of this annual report, the provisional figures of the Argentina’s estimated GDP growth rate for 2014 and the first half of 2015 published by the National Statistics Institute (*Instituto Nacional de Estadística y Censos*) (“INDEC”) are 0.5% and 2.2%, respectively. 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 down, or contract, if inflation were to accelerate further, 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.

Argentina has confronted and continues to confront inflationary pressures. According to inflation data published by INDEC, from 2008 to 2013, the Argentine consumer price index (“CPI”) increased 7.2%, 7.7%, 10.9%, 9.5%, 10.8% and 10.9%, respectively, and the wholesale price index increased 8.8%, 10.3%, 14.5%, 12.7%, 13.1% and 14.7%, respectively. In 2014, the Argentine government established a new consumer price index, known as the “IPCNU,” that more broadly reflects consumer prices by considering price information from the 24 provinces of the country, divided into six regions. According to INDEC, the IPCNU increased 23.9% in 2014 and increased 10.7% from January 2015 to September 2015. The wholesale price index increased 28.3% in 2014 and increased 11.9% from January 2015 to October 2015. Before the new administration took office, certain private sector analysts believed that the inflation rate was significantly higher than the rate published by INDEC. On January 7, 2016 through Decree No. 55/2016, the new leadership of INDEC issued a report declaring a “national statistical emergency.” INDEC stated that its administration since 2006 was irregular and it would reorganize. As a result, INDEC would not publish new information until at least June 2016. There can be no assurance of the potential impact these changes may have on our results of operations and financial condition. According to a price index published by the government of the City of Buenos Aires, inflation in the city was 3.9%, 4.1% and 4.0% in December 2015, January 2016 and February 2016, respectively. Previously, from December 2014 to November 2015, inflation averaged less than 2.0% per month. Increased rates of inflation in Argentina could increase our costs of operation, and may negatively impact our results of operations and financial condition. There can be no assurance that inflation rates will not increase in the future.

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;
- competitiveness and efficiency of domestic industries and services;
- levels of consumer consumption and foreign and domestic investment and financing; and
- the rate of inflation.

The Argentine economy is also particularly sensitive to local political developments. Mauricio Macri was elected president of Argentina, and his administration took office on December 10, 2015. The new administration faces challenges in respect of Argentina's economy, such as reducing the rate of inflation and a further devaluation of the Argentine peso, improving the competitiveness of the local industries and normalizing or adjusting prices of certain goods and services, such as electricity and natural gas in certain residential consumers of Argentina. Some of the measures necessary to meet these objectives could be unpopular and generate political and social opposition or unrest. As a result, it is difficult to predict the impact of these measures on the Argentine economy as a whole and the energy sector in particular, including revisions and reforms to pricing mechanisms for oil and gas and elimination of energy subsidies, as well as other policy changes that may affect the energy sector. This includes decisions that the new administration has already taken, such as the elimination of exchange restrictions, or future measures it may take to address inflation or changes to the exchange rate. Uncertainty regarding the measures to be taken by the new administration on the economy could further lead to price volatility of Argentine companies, including in particular companies like ours in the energy sector, given the high level of regulation. In addition, there can be no assurance that current government programs and policies that apply to the oil and gas sector will continue in place in the future. See "—Limitations on local pricing in Argentina may adversely affect our results of operations" and "—Oil and gas prices, including the recent decline in global prices for oil and gas, could affect our business."

Argentina's economy is also vulnerable to adverse developments affecting its principal trading partners. A continued deterioration of economic conditions in Brazil, Argentina's main trading partner, and a deterioration of the economies of Argentina's other major trading partners, such as 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 devaluation 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.

As part of the challenging macroeconomic scenario in Argentina, including peso devaluation and increasing inflation, in 2015, despite an increase of 10.0% in our net revenue, to Ps. 156,136 million from Ps. 141,942 million in 2014, our operating income decreased by 16%, to Ps. 16,588 million from Ps. 19,742 million in 2014, and our net income decreased by 50.0%, to Ps. 4,426 million from Ps. 8,849 million in 2014. If these trends continue our results of operation and financial condition would be negatively affected.

In 2005, Argentina restructured a substantial portion of its bond indebtedness with approximately 76% of its bondholders, and in 2006 it settled all of its debt with the International Monetary Fund ("IMF"). In June 2010, Argentina restructured additional defaulted bond indebtedness that was not swapped in 2005. As a result of the 2005 and 2010 debt swaps, over 92% of the bond indebtedness on which Argentina had defaulted in 2002 has been restructured ("Exchange Bonds").

Certain holders of bonds that were not swapped in the debt restructuring have sued Argentina for payment ("Holdout Bondholders"). On December 7, 2011, the U.S. District Court for the Southern District of New York held that Argentina was required by the *pari passu* clause in the 1994 Fiscal Agency Agreement governing the defaulted bonds to rank its payment obligations to the Holdout Bondholders equally with those of its other debt, including the Exchange Bonds. On February 23, 2012, the District Court enjoined Argentina from making payments on the Exchange Bonds without making ratable payments on the defaulted debt, and on October 2012, the District Court's injunction was affirmed by the U.S. Court of Appeals for the Second Circuit.

On November 21, 2012, the District Court issued an amended order requiring Argentina to pay 100% of the amounts due to the Holdout Bondholders upon payment of the amounts due on the next maturity date to the Exchange Bondholders. Argentina appealed the District Court's November 21, 2012 order to the Second Circuit Court of Appeals, which granted Argentina's request for a stay of the order. On August 30, 2013, the Second Circuit Court of Appeals affirmed the District Court's November 21, 2012 order, but stayed its decision pending an appeal to the U.S. Supreme Court. On June 16, 2014, the U.S. Supreme Court denied Argentina's appeal, and with the appeal process exhausted, the Second Circuit Court of Appeals lifted its stay of the District Court's order on June 18, 2014.

On June 26, 2014, Argentina deposited U.S.\$832 million due to the Exchange Bondholders for the payment of interest that matured on June 30, 2014, of which U.S.\$539 million was deposited in accounts of the Bank of New York Mellon (“BoNY”), as indenture trustee, in the Central Bank of Argentina. On June 27, 2014, the District Court referred to such funds as an illegal payment. On October 22, 2014, the Second Circuit Court of Appeals dismissed Argentina’s appeal of the District Court’s decision finding that the payment on the Exchange Bonds was illegal and that BoNY, therefore, should retain such funds.

BoNY has invoked the decision of the District Court to not deliver the funds deposited by Argentina to the Exchange Bondholders. Argentina has asserted that it has complied with its obligation to the Exchange Bondholders by making said deposit, and that BoNY, as the indenture trustee, has the obligation to deliver those funds to their beneficiaries.

On September 11, 2014, Argentina promulgated Law No. 26,984, which provided for various mechanisms to pay 100% of the amounts owed on the Exchange Bonds, authorizing for that purpose, among other things, the Minister of Economy and Public Finance to replace BoNY as indenture trustee and appoint Nación Fideicomisos S.A. instead, and to deposit funds owed to the Exchange Bondholders in an account created to that end, providing also the possibility for the bondholders to change the trustee, the jurisdiction or the governing law of the bonds.

On September 29, 2014, the District Court declared Argentina in contempt of court but did not impose sanctions. On October 3, 2014, the District Court ordered Argentina to repair its relations with BoNY, remove Nación Fideicomisos as indenture trustee and resolve the situation with the Holdout Bondholders.

On March 12, 2015, the District Court held that U.S. dollar-denominated bonds issued by Argentina under Argentine Law constitute external indebtedness, and, therefore, are covered by the court’s amended injunction dated November 21, 2012.

On May 11, 2015, certain Holdout Bondholders moved to amend the complaint to add two claims: (i) a claim for a declaratory judgment stating that the “BONAR 2024” bonds issued by Argentina are considered foreign debt, and (ii) a claim for a *pari passu* order stating that Argentina must make ratable payments to claimants each time the BONAR 2024 bonds or other amounts are paid on past or future external debt. On July 16, 2015, the District Court accepted the amended complaint.

Other holders of bonds that were not exchanged in the 2005 and 2010 debt swaps have sought relief similar to that sought by the Holdout Bondholder plaintiffs (“Me Too Plaintiffs”). On June 5, 2015, the District Court granted summary judgment in 36 of these cases, declaring that Argentina was in breach of the *pari passu* clause contained in their bonds. By an order of October 22, 2014, the District Court granted identical summary judgment in fifteen other Me Too Plaintiffs actions. On August 14, 2015, certain Me Too Plaintiffs submitted motions requesting a *pari passu* order similar to that previously obtained by other Holdout Bondholders. Those Me Too Plaintiffs were afterwards followed by many others, and on October 30, 2015, the District Court granted 49 such motions.

Since the *pari passu* injunction became effective, litigation has continued regarding Argentina’s efforts to make payments to Exchange Bondholders. Payments by Argentina have been blocked from reaching the Exchange Bondholders by judicial orders, and various Exchange Bondholders have sought release of such funds through litigation before the District Court and in various jurisdictions.

In connection with the Holdout Bondholder litigation against Argentina, the Holdout Bondholders served subpoenas on various financial institutions in New York seeking the production of documents concerning the accounts and transfers of hundreds of entities allegedly owned or controlled, in whole or in part, by Argentina, including YPF. During a hearing on September 3, 2013, the District Court ruled that such discovery could proceed as to, among others, YPF, in order for the Holdout Bondholders to determine if those documents supported an argument that YPF is an alter ego of Argentina. YPF is not a recipient of any such subpoenas and, as such, has no obligation to produce documents or otherwise participate in discovery.

On June 17, 2015, the plaintiff NML and other Holdout Bondholders submitted a motion to the District Court alleging Argentina did not comply with the court’s discovery order dated September 25, 2013 and seeking sanctions, including precluding Argentina from disputing the Holdout Bondholder’s alter ego allegations as to the Central Bank of Argentina, Energía Argentina Sociedad Anónima (“ENARSA”), and YPF, and deeming that Argentina’s assets in United States were used for commercial purposes. During a hearing on August 12, 2015, the District Court found that Argentina had not complied with the September 25, 2013 discovery order and ordered that Argentina’s assets in the United States, except for diplomatic and military assets, be deemed to be used for commercial purposes. The District Court made no determination as to sanctions, if any, with respect to the alter ego issues.

Notably, the District Court has previously held that Banco de la Nación Argentina, or BNA, is not an alter ego of Argentina, and on August 31, 2015, the Second Circuit Court of Appeals ruled that the Central Bank of Argentina is not an alter ego of Argentina and dismissed claims asserted against it on that basis. On January 7, 2016, NML filed a writ of certiorari before the Supreme Court of the United States on appeal of this issue. In addition, the U.S. District Court for the Northern District of California on December 1, 2015 affirmed a magistrate judge's ruling that the Holdout Bondholders' assertion that YPF was an alter ego of Argentina was insufficient to support discovery concerning YPF. This decision was appealed by NML on December 23, 2015.

In February 2016, Argentina negotiated and reached agreements in principle with respect to a substantial number of the Holdout Bondholders. On February 5, 2016, Argentina published its proposal to other Holdout Bondholder plaintiffs. Argentina has indicated that it estimates that the settlement payments for the Holdout Bondholders covered by the *pari passu* injunctions, if made, would total approximately U.S.\$6.5 billion in cash.

On February 19, 2016, the District Court issued an indicative ruling stating that in light of Argentina's settlement proposal, and upon remand of Argentina's motion to vacate the *pari passu* injunctions in the Me Too Plaintiffs' actions from the Court of Appeals, it would grant a motion to vacate the injunctions in all cases upon the occurrence of two conditions: (1) Argentina's repeal of the legislative obstacles to settlement and (2) Argentina's payment to all Holdout Bondholders that entered into agreements in principle with Argentina on or before February 29, 2016 in accordance with the terms of such agreements, and notification of such payment to the District Court.

On February 24, 2016, the Court of Appeals remanded the *pari passu* cases on appeal to the District Court, stating that the order formalizing the indicative ruling was subject to a motion from Argentina, with notice to all parties and an opportunity to be heard, and that any such order will be stayed for up to two weeks. Argentina submitted that motion, and the District Court held a hearing of oral arguments on March 1, 2016. On March 2, 2016, the District Court vacated the injunctions on all actions upon the occurrence of the conditions set forth in the indicative ruling. During the two week stay, plaintiffs filed appeals and consented to an extended stay. On March 11, the Second Circuit entered an order staying enforcement of the District Court's March 2 order pending resolution of the appeals.

There can be no assurance that Argentina will be able to raise sufficient capital or have available cash to fund the payments to the Holdout Bondholders and other payments it might need to make to settle ongoing litigation, or whether the outcome of this or other potential future litigation, or the efforts of bondholders to obtain payment from Argentina through other means, such as alter ego theories, will not have a material adverse effect on Argentina's economy, YPF's assets, and/or YPF's ability to access international financing to repay its obligations.

For additional information related to the evolution of the 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.

In particular, we continue to actively manage our schedule of work, contracting, procurement and supply-chain activities to effectively manage costs. However, price levels for capital and exploratory costs and operating expenses associated with the production of crude oil and natural gas can be subject to external factors beyond our control including, among other things, the general level of inflation, commodity prices and prices charged by the industry's material and service providers, which can be affected by the volatility of the industry's own supply and demand for such materials and services. In recent years, we and the oil and gas industry generally experienced an increase in certain costs that exceeded the general trend of inflation. We cannot guarantee that these cost pressures will lessen as result of the decline in prices of crude oil and other commodities in 2014 and 2015.

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 recent 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 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. 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. See "Item 4. Information on the Company—Regulatory Framework and Relationship with the Argentine Government—Market Regulation."

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 that 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 for the importer to have access to the foreign exchange market to pay for the imported products and services. This procedure was recently modified by the new administration through Resolution 3823/15, which set forth the "Comprehensive Monitoring System of Imports," known as "SIMI," to provide statistical information in advance of an importation, in order to allow timely analysis of Argentina's imports, analyze trade defense measures and avoid delays in delivering imported items to various industries. See "Item 4. Information on the Company—Regulatory Framework and Relationship with the Argentine Government—Market Regulation."

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

In addition, to address recent declining international crude oil prices, as of December 30, 2014 the Argentine government reduced certain export taxes to the minimum allowed by law, so that exporting producers of certain hydrocarbon products, including crude oil, could also partially compensate for the decrease in the price of such products. See "Item 4. Information on the Company—Regulatory Framework and Relationship with the Argentine Government—Market Regulation."

We may be exposed to fluctuations in foreign exchange rates.

Our results of operations are exposed to currency fluctuations, 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, such as in January 2014 when the Argentine peso declined approximately 23% against the U.S. dollar and in December 2015 when the Argentine peso declined approximately 40% against the U.S. dollar. The peso may fluctuate in the future. See "Item 5. Operating and Financial Review and Prospects—Macroeconomic Conditions" for additional information. The main effects of the devaluation of the Argentine peso on our net income are related to the accounting treatment of (i) deferred income tax related mainly to fixed assets, which we expect would have a negative effect; (ii) current income tax, which we expect would have a positive effect; (iii) increased depreciation and amortization resulting from the remeasurement in pesos of our fixed and intangible assets; and (iv) exchange rate differences as a result of our exposure to the peso, which we expect would have a positive effect due to the fact that our functional currency is the U.S. dollar.

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.

Variations in interest rates and exchange rate on our current and/or future financing arrangements may result in significant increases in our borrowing costs.

We are permitted to borrow funds to finance the purchase of assets, incur capital expenditures, repay other obligations and finance working capital. As of December 31, 2015, a significant part of our total debt is sensitive to changes in interest rates. See “Item 11. Quantitative and Qualitative Disclosures about Market Risk—Interest rate exposure.” Consequently, variations in interest rates could result in significant changes in the amount required to be expected to cover to debt service obligations and in our interest expense thus affecting our results and financial condition.

In addition, interest and principal amounts payable pursuant to debt obligations denominated in or indexed to U.S. dollars are subject to variations in the Argentine/U.S. currency exchange rate that could result in a significant increase in the amount of the interest and principal payments in respect of such debt obligations.

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 controls have been imposed that restrict or limit purchases of foreign currency and transfers of foreign currency abroad. 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.”

In December 2015, the new administration eliminated certain exchange controls imposed by the previous administration, such as (i) the requirement that foreign currency be deposited and exchanged in Argentina in respect of finance transactions outside Argentina, and (ii) the requirement that 30% of funds in U.S. dollars held in Argentina be frozen pursuant to Decree No. 616/05. Following these changes, the peso fell to Ps. 12.99 per U.S.\$1.00, as of December 31, 2015, a decrease of approximately 52% compared to December 31, 2014. Between December 16, 2015 and December 31, 2015, the peso decreased approximately 40% against the U.S. dollar. As of March 15, 2016, the peso fell to Ps. 14.61 per U.S.\$1.00, a decrease of approximately 12% compared to December 31, 2015. There can be no assurance that future regulatory changes related to exchange and capital controls will not adversely affect our financial condition or results of operations, our ability to meet our obligations denominated in foreign currency or our ability to execute our financing and capital expenditure 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, as well as the litigation of the Argentine government with Holdout Bondholders have led to considerable volatility in the market price of our shares and ADSs. See “—Our business is largely dependent upon economic conditions in Argentina.” 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 debt or equity securities. We can give no assurance as to potential adverse impact of the factors discussed above on our financial condition and/or results of operations. See “Item 4. Information on the Company—History and Development of YPF.”

We could be required to reveal confidential information.

On November 10, 2015, the Argentine Supreme Court ordered us to furnish information regarding an agreement we entered into based on the requirements of Decree No. 1172/03, which regulates access to information considered public. The agreement aims to develop hydrocarbon resources in Argentina. The information was delivered to the court on February 23, 2016. We believe that public disclosure of confidential information could put us at a competitive disadvantage in relation to our contracting parties and potential partners. For this reason, and given the business, industrial, technical, economic and financial value as well as the nature of the information requested, we are pursuing all avenues to preserve its confidentiality. We have stated we intend to comply with the requirements of the aforementioned decree while preserving our rights to keep certain industrial, commercial, financial and technical issues matters confidential as provided by the decree. Notwithstanding the foregoing, on March 14, 2016, the judge ordered us to deliver within five business days the requested agreement without a chance to keep certain information confidential as requested by us and in accordance with the exemptions contemplated by Decree No. 1172/03. On March 16, 2016, the Company appealed that decision.

As a result, there can be no assurance that the application of Decree No. 1172/03 in respect of the disclosure of confidential information regarding our operations will not affect our ability to conduct certain business or access the financing through potential new agreements with other partners, the occurrence of which could affect our results of operations and financial condition.

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 increase local prices or to reflect the effects of higher domestic taxes, increases in production costs or increases in international prices of crude oil and other hydrocarbon fuels and exchange rate fluctuations on our domestic prices. See “—Limitations on local pricing in Argentina may adversely affect our results of operations;”
- higher taxes on exports of hydrocarbons;
- restrictions on hydrocarbon export volumes driven mainly by the requirement to satisfy domestic demand;
- in connection with the Argentine government’s policy to provide absolute priority to domestic demand, regulatory orders to supply natural gas and other hydrocarbon products to the domestic retail market in excess of previously contracted amounts;
- in connection with the former and current incentive programs established by the Argentine government for the oil and gas industry, such as the Natural Gas Additional Injection Stimulus Program (“Gas Plan”) (see “Risk Factors—A significant percentage of our cash flow from operations is derived from counterparties that are governmental entities”), cash collection of balances with the Argentine government;
- legislation and regulatory initiatives relating to hydraulic stimulation and other drilling activities for unconventional 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 Law No. 26,741 (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.”

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

Due to regulatory, economic and government policy factors, our domestic gasoline, diesel and other fuel prices have substantially differed from those prevailing international and regional market prices for such products, and our ability to increase prices in connection with international price increases or domestic cost increases has been limited. In addition, revenues we obtain as a result of selling natural gas in Argentina (including amounts received through the Gas Plan, see “Item 4. Information on the Company—Regulatory Framework and Relationship with the Argentine Government—Market Regulation—Natural gas”) are subject to government regulations and could be negatively affected, principally if the Gas Plan were modified, canceled or not extended past its current expiration date. The prices that we are able to obtain for our hydrocarbon products affect 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.” We cannot provide any assurances that we will be able to increase the domestic prices of our products to reflect the effects of increased production costs, domestic taxes and exchange rate fluctuations. 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.

A significant percentage of our cash flow from operations is derived from counterparties that are governmental entities.

In the normal course of business, and considering that YPF is the primary oil and gas company in Argentina, its portfolio of clients and suppliers includes both private sector and governmental entities. All material transactions and balances with related parties as of December 31, 2015 are set forth in Note 6 to the Audited Consolidated Financial Statements, including those related to the Natural Gas Additional Injection Stimulus Program and the Oil Production Stimulus Program. As of December 31, 2015, the accounts receivable balance corresponding to the Natural Gas Additional Injection Stimulus Program reflects nine months of accrued, unpaid payments, representing approximately Ps. 9.9 billion. This receivable is due to an increase in the standard payment timetable under the program that in the past was an average of between four to six months from the month of accrual. As of the date of this annual report, we have not yet received any payments related to amounts accrued and unpaid as of December 31, 2015 under such programs. We cannot guarantee that new regulations or interpretations of current regulations would not impair our rights in connection with such amounts due from national, provincial and municipal governmental entities. This could consequently affect our financial condition and results of operations. In addition, if certain governmental counterparties were (i) not able to pay or redeem such accrued amounts in cash or cash equivalents, or (ii) not able to make such payments or redemptions according to our estimated schedule, our financial condition and results of operations would be adversely affected.

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 No. 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 must also first demonstrate that the local demand for diesel is duly satisfied. Because domestic diesel production does not currently satisfy Argentine domestic consumption needs, we have been prevented since 2005 from selling diesel production in the export market, and we are 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 or other products and, accordingly, our results of operations.

Oil and gas prices, including the recent decline in global prices for oil and gas, could affect our business.

We budget capital expenditures related to exploration, development, refining and distribution activities by taking into account, among other things, current and expected local and international market prices for our hydrocarbon products.

The international price of crude oil has fluctuated significantly in the past and may continue to do so the future. In recent months, the international price of a barrel of Brent crude oil fell below U.S.\$35. This is a decrease of approximately U.S.\$17 per barrel from the 2015 average of U.S.\$52.30 per barrel, representing an approximately 33% decrease. While in the past, domestic oil prices in Argentina have not reflected increases or decreases in international oil prices, the significant decline discussed above resulted in an approximately U.S.\$7.00 reduction during 2015 of the domestic price per barrel compared to the price in effect on December 31, 2014, and an additional approximately 10% reduction in 2016 compared to the price in effect on December 31, 2015, resulting in a price of U.S.\$67.50 and U.S.\$54.90 per barrel for Medanito and Escalante crude, respectively. If international crude prices remain at current levels or continue to drop for an extended period of time and this is reflected in the domestic price of oil, which we cannot control, it could cause the economic viability of drilling projects to be reduced. This could lead to changes to our development plans, which could in turn lead to the loss of proved reserves and proved undeveloped reserves. It could also affect our assumptions and estimates and, as a result, affect the recovery value of certain assets. Furthermore, if these conditions are reflected in the domestic prices of our refined products, which as of the date of this annual report are in general above international prices, our ability to generate cash and our results of operations could be adversely affected.

In light of the above and assuming current domestic prices for certain products do not match cost increases (including those related to the increase in the value of the U.S. dollar against the Argentine peso) in accordance with higher and more complex investments, mainly as a result of the development of unconventional resources, and also with evolution of the economy, our ability to improve our hydrocarbon recovery rates, find new reserves, develop unconventional resources and carry out certain of our other capital expenditure plans could be adversely affected, which in turn would have an adverse effect on our financial conditions and results of operations. Furthermore, we may be required to write down the carrying value of our properties if oil prices decline or if we have substantial downward adjustments to our estimated proved reserves, increases in our operating costs, among others. See additionally “Item 5. Operating and Financing Review and Prospects—Critical Accounting Policies” for information regarding our sensitivity analysis related to impairment. In addition, if a reduction in our capital expenditures materializes, including the capital expenditures of our domestic competitors, it would likely have a negative impact on the number of active drilling rigs, workovers and pulling equipment in Argentina, including related services, thus affecting the number of active workers in the industry. We are unable to predict whether, and to what extent, the potential consequences of such measures would affect our business, mainly the impact on our production and consequently our financial condition and results of operations. See “— We could be subject to organized labor action.”

Our reserves and production are likely to decline.

Most of our existing 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 and 0.6% in 2012 on a boe/d basis. However, as a result of increased development and exploration activity in 2013, 2014 and 2015, including the production that came from our acquired properties, our production increased by approximately 1.7%, 13.5% and 3.0%, respectively, on a boe/d basis. In addition, the reserves replacement ratio (increases in reserves in the year, net divided by the production of the year) was 154% in 2013, 163% in 2014 and 107% in 2015.

We face certain challenges in order to replace our proved reserves with 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, we have been completing the renewal of most of our 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 unconventional oil and gas reserves, such as shale oil and 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.

Information on net proved reserves as of December 31, 2015, 2014 and 2013 was calculated in accordance with SEC rules and FASB's ASC 932, as amended. Accordingly, crude oil prices used to determine reserves were calculated each month, for crude oils of different quality produced by us.

As previously discussed, domestic prices for oil and gas products and derivatives have demonstrated in recent years they do not follow international prices both in the down and upside, mainly as a result of domestic economic variables affecting Argentina such as regulations, labor costs, labor unions, political, economic and social constraints, among others. Accordingly, for calculations of our net proved reserves as of December 31, 2015, we considered the realized prices for crude oil in the domestic market, which are higher than those prevailing in the international market, taking into account the unweighted average price for each month within the twelve-month period ending December 31, 2015.

Commodity prices in general have declined significantly since 2014. If these prices do not increase significantly, and domestic prices for crude oil were reduced in line with international prices, our future calculations of estimated proved reserves would be based on lower prices. This could result in our having to remove non-economic reserves from our proved reserves in future periods. Holding all other factors constant, if commodity reference prices used in our year-end reserve estimates were decreased for crude oil to match international prices of approximately U.S.\$40 per barrel for WTI, and considering such prices since January 1, 2016, our total proved reserves as of December 31, 2015 would decrease by approximately 39%. Holding all other factors constant, if commodity reference prices used in our year-end reserve estimates were decreased for crude oil to match the current prices for crude oil in the domestic market since January 1, 2016 of approximately U.S.\$67.50 per barrel for WTI equivalent quality, and considering such prices since January 1, 2016, our total proved reserves at December 31, 2015 would decrease by approximately 5%. In addition, as a result of the prices used to calculate the present value of future net revenues from our proved reserves, in accordance with SEC rules, which are similar to the calculation of proved reserves described above, the present value of future net revenues from our proved reserves will not necessarily be the same as the current market value of our estimated crude oil and natural gas reserves. In particular, they may be reduced due to the recent significant decline in commodity prices if such prices do not increase significantly and domestic prices were reduced in line with international prices.

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 or impairment charges, which would reduce earnings and shareholders' equity. See "—Oil and gas prices, including the recent decline in global prices for oil and gas, could affect our business."

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 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. In addition, we operate in politically sensitive areas where the native population has interests that from time to time may conflict with our production objectives. 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 revenues to return a profit after drilling, operating and other costs are taken into account.

Our business plan includes future drilling activities for unconventional oil and gas reserves, such as shale oil and 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 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 and gas 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 do not have extensive 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 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 and resources (mainly those related to our unconventional oil and gas business plan). 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 “—Oil and gas activities are subject to significant economic, environmental 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 be cancelled or not renewed.

As modified by Law No. 27,007, the Hydrocarbons Law provides for oil and gas concessions to remain in effect for 25 years as from the date of their award, 35 years for unconventional concessions and 30 years for offshore concessions. It further provides that concession terms may be extended for periods of up to 10 years each. 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 an extension of a concession, under the modifications of Law No. 27,007, concessionaires must (i) have complied with their obligations, (ii) be producing hydrocarbons in the concession under consideration and (iii) submit an investment plan for the development of such areas as requested by the competent authorities up to a year prior to the termination of each term of the concession. Under the Hydrocarbons Law, non-compliance with the obligations and standards set out therein 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.

We cannot provide assurances that any of our concessions will be extended as a result of the consideration by the relevant authorities of the investment plans the Company would submit in the future for the development of the areas as of the date of requesting the extension periods for the relevant areas for the Company, or other requirements will not be imposed on us in order to obtain extensions as of the date of expiration. Additional royalty payments of 3%, up to a maximum of 18%, are provided for in extensions under Law No. 27,007. 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, especially those areas with the most attractive crude oil and natural gas reserves. 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, YPF Holdings, a wholly-owned subsidiary of YPF, has certain environmental liabilities. 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 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 may incur significant costs and liabilities depending on the ultimate design and implementation of the remedial action approved by the U.S. Environmental Protection Agency (“EPA”) regarding the Focused Feasibility Study for remedial action with respect to environmental contamination of the lower eight miles of the Passaic River in New Jersey and any other action by the EPA related to the Newark Bay Complex.

As previously mentioned, YPF Holdings, a wholly-owned subsidiary of YPF, is subject to certain environmental liabilities. In particular, in June 2007, the EPA released a draft Focused Feasibility Study (“FFS”) that outlined several alternatives for remedial action in the lower eight miles of the Passaic River. As a result of comments received, the EPA withdrew the FFS for revision and further consideration in light of the comments. On November 14, 2013, the EPA described four alternatives it was considering in the revised FFS, including: (i) no action, (ii) deep dredging with backfill of 9.7 million cubic yards over 12 years, which it estimated would cost U.S.\$1.4 billion to U.S.\$3.5 billion, depending on whether the dredged sediment is disposed of in a confined aquatic disposal facility (“CAD”) at the bottom of Newark Bay, at an off-site disposal facility or locally decontaminated and put to beneficial use; (iii) capping with dredging of 4.3 million cubic yards over six years, which it estimated would cost U.S.\$1.0 billion to U.S.\$1.8 billion, depending on whether there is a CAD, off-site disposal or local decontamination and beneficial use; and (iv) one additional alternative that it subsequently discarded.

On April 11, 2014, the EPA published the revised FFS for the lower eight miles of the Passaic River in final form. In the final FFS, the EPA recommended as its preferred remedial action for this area removal of approximately 4.3 million cubic yards of sediment through bank-to-bank dredging, which sediments would then be dehydrated locally and transported by train for their incineration or disposal at an off-site disposal facility. An engineering cap (a physical barrier mainly consisting of sand and stone) would then be placed over the bank-to-bank dredged area. In its final FFS, the EPA estimated the cost of the preferred remedy (without CAD) for the lower eight miles of Passaic River to be U.S.\$1,731 million (present value estimated with a 7% discount rate).

On August 20, 2014, Maxus and Tierra, on behalf of Occidental, submitted extensive comments on the final FFS to the EPA. The main comments offered by Maxus, Tierra and Occidental on the final FFS were:

- The FFS is not a process legally authorized to select the type and size of remediation proposed by the EPA for the lower eight miles of the Passaic River;
- The FFS is based on a flawed site design;
- The FFS overstates the human health and ecological risk issues;
- The proposed remediation plan is not executable or economically reasonable in terms of cost-benefit;
- The processes of the EPA Region 2 have a lack of public transparency; and
- The inclusion in the remediation plan of dredging for navigational purposes is not covered by the regulation.

In addition to the comments received from Maxus and Tierra, the EPA also received comments from approximately 400 other companies, institutions, government agencies, non-governmental organizations and individuals, including the CPG, Amtrak (the federal railway company), NJ Transit, the American Army Corps of Engineers, the Passaic Valley Sewerage Commission, yacht clubs, public officials and others.

In addition to commenting on the final FFS, Maxus and Tierra have proposed a preliminary project called In-ECO, which is an ecological and sustainable bio-remediation alternative, as a substitute for the remediation chosen by the EPA in its final FFS. Maxus and Tierra presented In-ECO to the EPA in May 2014. The EPA provided comments in September 2014, and Maxus and Tierra presented a revised version in November 2014. The EPA provided additional comments to the In-ECO Statement of Work in March 2015. Tierra subsequently developed responses to those comments and submitted them to the EPA. A meeting was held in September 2015 between Tierra, its experts and the EPA. During this meeting, certain issues were resolved, and laboratory studies are now anticipated to begin sometime in early 2016.

In October 2015, the U.S. Government Accountability Office (the “GAO”) advised Maxus, Tierra and Occidental that it had commenced a study on some “Superfund” sites with sediment contamination issues, including the Lower Section of the Passaic River, at the request of the Committee of Environmental Matters and Public Works of the United States Senate. It is anticipated that the GAO’s report will be made public in the third quarter of 2016.

On March 4, 2016, subsequent to the issuance of the accompanying Financial Statements, EPA released the Record of Decision for the “Lower 8.3 Miles of the Lower Passaic River, Part of the Diamond Alkali Superfund Site—Essex and Hudson Counties, New Jersey” (hereinafter, the “ROD”).

The ROD presented the selected remedy to address contaminated sediments found in the lower 8.3 miles of the Lower Passaic River, a part of the Diamond Alkali Superfund Site. In this regard, the EPA selected Alternative 3 (capping with dredging for flooding and navigation of 3.5 million cubic yard over 6 years term). This approach is consistent with the alternative selected in the Second Draft FFS – 2014 but for the amount of sediment to be removed through bank-to-bank dredging (which was approximately 4.3 million cubic yards in the FFS 2014 draft and is approximately 3.5 million cubic yards in the ROD).

The ROD provides that the estimated total net present value costs to be US\$ 1,382 million. This amount is consistent with the amount provided in the FFS – 2014 Draft, taking in consideration a reduction of 0.8 million cubic yards to be removed between the two reports. According to the EPA, a major source of dioxin in the river was discharges from the former Diamond Alkali facility in Newark, where the production of Agent Orange and other pesticides during the 1960s generated dioxin that contaminated the land and the river.

The EPA further stated that the selected alternative is the first of three remedies to be selected for the Lower Passaic/Newark Bay waterway, highlighting that separate RI/FSs are being conducted for the full 17-mile Lower Passaic River Study Area and for the Newark Bay Study Area. Accordingly, the EPA expects the three remedies to be integrated into a comprehensive response action.

In accordance with the issuance of the ROD, the EPA stated that now that the cleanup plan has been selected, the EPA will immediately begin discussions with those responsible for the contamination to seek their performance of or payment for the cleanup work. The EPA stated that once the legal process concludes, the design of the activities necessary to carry out the cleanup will be outlined in a legally binding document. The EPA expects that the design will take three to four years to complete. In accordance with the EPA, the dredging, dewatering and disposal of dredged materials and related construction work will follow and is expected to take six years to complete.

At this time, there is significant uncertainty regarding the outcome of any allocation negotiation or mediation process to estimate the percentage share to Occidental for which Maxus might be liable under the indemnity.

Based on (a) the uncertainties identified by the Company as of the date of this annual report, including but not limited to (i) the extraordinary volume of sediment materials for which, to date, the sediment treatment technologies have neither been constructed nor operated in the United States on a scale commensurate with the capacity that would be necessary for the remedial work this remediation that this project would be requiring, (ii) the results of the studies and discoveries yet to be produced, (iii) the number and diversity of contaminants of concern identified by the ROD (furans, PCB's, mercury, copper, dieldrin, PAHs, lead, dioxins and DDT), many of which have not been previously associated with the Lister Site and/or have been generated by other potentially responsible parties, (iv) the number and diversity of potential responsible parties involved in the matter (EPA identified more than one hundred potential responsible parties), and (v) the final allocation of the removal and remediation costs; (b) consultation with our internal and external counsel; (c) the amounts previously incurred and recorded by YPF Holdings in remediation activities in the area covered by the ROD; and (d) the limitation on responsibility that YPF may have as an indirect controlling shareholder of Maxus, no additional liability has been accrued for this environmental matter as of the date of this annual report. Depending on the final outcome of this matter, our financial condition and results of operation could be negatively affected. In addition, taking into account YPF Holdings' economic and financial situation, we cannot assure you that as a result of the final costs of the FFS, YPF Holdings would not fail to make payments related thereto. See "Item 8. Financial Information—Legal Proceedings—YPF Holdings."

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.

In addition, we may be subject to undisclosed liabilities related to labor, commercial, civil, tax, criminal or environmental contingencies incurred by businesses we acquire as part of our growth strategy, that we may not be able to identify or that may not be adequately indemnified under our acquisition agreements with the sellers of such businesses, in which case our business, financial condition and results of operation may negatively and adversely affected.

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.

For instance, on April 2, 2013 our facilities in the La Plata refinery were hit by a severe and unprecedented storm, recording over 400 mm of rainfall. The rainfall set a new record for the area and disrupted refinery systems, causing a fire that affected the Coke A and Topping C units in the refinery. This incident 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). By the end of May 2013, the Topping C unit resumed operations at full nominal capacity. The Coke A unit has been shut down permanently since the storm, affecting the volume of crude processed in the refinery, due to a reduction in conversion capacity. The storm resulted in a decrease in the volume of crude oil processed. YPF has an insurance policy that provides coverage for the loss of income and property damage due to incidents like the storm that affected the La Plata refinery. See Note 11.b to the Audited Consolidated Financial Statements for information regarding the amount recognized in our result of operations in connection with our insurance coverage.

In addition, on March 21, 2014, a fire occurred at the Cerro Divisadero crude oil treatment plant, located 20 kilometers from the town of Bardas Blancas in the province of Mendoza. The Cerro Divisadero plant, which has six tanks, four of which are for processing and two are for dispatch of treated crude oil, concentrates the production of ten fields in the Malargue area. This constitutes a daily production of approximately 9,200 barrels of oil as of the date of the incident. As of the date of this annual report, the production of the affected fields has almost returned to previous levels, and the construction of the new oil treatment plant has advanced as planned.

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 “—Oil and gas prices, including the recent decline in global prices for oil and gas, could affect our business” and “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 April 30, 2013, our shareholders approved a dividend of Ps. 326 million (Ps. 0.83 per share or ADS), which was paid during August 2013. On April 30, 2014, our Shareholders approved a dividend of Ps. 464 million (Ps. 1.18 per share or ADS), which was paid during July 2014. On April 30, 2015, our shareholders approved a dividend of Ps.503 million (Ps.1.28 per share or ADS), which was paid during July 2015. On March 3, 2016, our Board of Directors agreed to propose at the shareholders' meeting the allocation of Ps. 889 million to a reserve for the payment of dividends, authorizing the Board to determine the opportunity for its distribution within a period not exceeding the end of 2016. Notwithstanding the foregoing, our ability to pay, maintain or increase dividends is based on many factors, including 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.

Our performance is largely dependent on recruiting and retaining key personnel

Our current and future performance, the successful implementation of our strategy and the operation of our business are dependent upon the contributions of our senior management and our highly skilled team of engineers and other employees. Our ability to continue to rely on these key individuals is dependent on our success attracting, training, motivating and retaining key management and commercial and technical personnel with the necessary skills and experience. There is no assurance that we will be successful in retaining and attracting key personnel and the replacement of any key personnel who were to leave could be difficult and time consuming.

On March 9, 2016, our current Chairman and CEO Miguel Galuccio announced that he will step down at the end of his term, which ends at our next annual shareholders meeting, expected to be held in April 2016. See “Item 6. Directors, Senior Management and Employees—Board of Directors.” 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. Consequently, the Argentine government has the majority of votes which allows to appoint the majority of members of our board of directors at the General Shareholder's meeting. See “—The Argentine federal government will control the Company according to domestic energy policies in accordance with the Expropriation Law” and “—Our business is largely dependent upon economic conditions in Argentina.” The loss of the experience and services of key personnel or the inability to recruit suitable replacements or additional staff could have a material adverse effect on our business, financial condition and our results of operations.

Our business has become increasingly dependent on digital technologies to conduct day-to-day operations, including oil, gas and petrochemical operations.

As dependence on digital technologies has increased, cyber incidents, including deliberate attacks or unintentional events, have also increased worldwide. Our technologies, systems, networks and those of our business associates have been and may continue to be the target of cyberattacks or information security breaches, which could lead to disruptions in critical systems (such as SCADAs, DCS systems), the unauthorized release of confidential or protected information, corruption of data or other disruptions of our business operations. In addition, certain cyber incidents, such as surveillance, may remain undetected for an extended period. To our knowledge, we have not experienced any material losses relating to cyberattacks. However, as cyberattacks continue to evolve, there can be no assurance that we will not suffer any cyberattack in the future that may affect our operations or our financial condition.

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 Argentine government as our controlling shareholder on 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, as well as the litigation of the Argentine government with Holdout Bondholders (see “—Our business is largely dependent upon economic conditions in Argentina”), have led to

considerable volatility in the market price of our shares and ADSs. For example, the price of our ADSs has varied from U.S.\$54.58 on January 5, 2011 to U.S.\$9.57 on November 16, 2012. The price hit a high closing price of U.S.\$36.99 on July 1, 2014, but subsequently fell to U.S.\$12.83 on January 20, 2016. See “Item 9. The Offer and Listing.” 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 shares) for such decisions.

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

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

The government is empowered, for reasons of public emergency, as defined in Article 1 of 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.

Under the terms of our deposit agreement with the depository for the ADSs, the depository 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 depository 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 depository 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.

Sales of a substantial number of Class D shares or ADSs by any present or future relevant 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 depository 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) (“IGJ”) in order to exercise certain shareholder rights, including voting rights. If you own our Class D shares directly (rather than in the form of ADSs) and you are a non-Argentine company and you fail to register with IGJ, your ability to exercise your rights as a holder of our Class D shares may be limited.

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

The depositary will be treated by us for all purposes as the shareholder with respect to the shares underlying your ADSs. As a holder of ADRs representing the ADSs being held by the depositary in your name, you will not have direct shareholder rights and may exercise voting rights with respect to the Class D shares represented by the ADSs only in accordance with the deposit agreement relating to the ADSs. There are no provisions under Argentine law or under our by-laws that limit the exercise by ADS holders of their voting rights through the depositary with respect to the underlying Class D shares. However, there are practical limitations on the ability of ADS holders to exercise their voting rights due to the additional procedural steps involved in communicating with these holders. For example, holders of our shares will receive notice of shareholders’ meetings through publication of a notice in an official gazette in Argentina, an Argentine newspaper of general circulation and the bulletin of the Buenos Aires Stock Exchange, 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.

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 and recently fluctuated significantly against many major world currencies, including the U.S. dollar. A devaluation 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 corporation (*sociedad anónima*), incorporated under the laws of Argentina for a limited 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 2015, we had consolidated revenues of Ps. 156,136 million and consolidated net income of Ps. 4,426 million. Due to decreased export volumes, the portion of our revenues derived from exports has decreased steadily in recent years. Exports accounted for 7.9%, 17.1% and 13.3% of our consolidated net sales revenues in 2015, 2014 and 2013, respectively.

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.

In 1999, Repsol acquired control of YPF and remained in control until the passage of the Expropriation Law. Repsol is 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 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,” “Risk Factors—Risks Relating to the Argentine Oil and Gas Business and Our Business—We face risk relating to certain legal proceedings,” “—Regulatory Framework and Relationship with the Argentine Government—The Expropriation Law” and “Item 7. Major Shareholders and Related Party Transactions.”

In addition, on February 25, 2014, the Republic of Argentina and Repsol reached an agreement (the “Repsol Agreement”) in relation to compensation for the expropriation of 200,589,525 of YPF’s Class “D” shares pursuant to the Expropriation Law under the Repsol Agreement. Repsol accepted U.S.\$5.0 billion in sovereign bonds from the Republic of Argentina and withdrew judicial and arbitral claims it had filed, including claims against YPF, and waived additional claims. YPF and Repsol also executed a separate agreement (the “Repsol Arrangement”) on February 27, 2014, pursuant to which YPF and Repsol each withdrew, subject to certain exclusions, all present and future actions and/or claims based on causes occurring prior to the date of execution of Repsol Arrangement arising from the expropriation of the YPF shares owned by Repsol pursuant to the Expropriation Law, including the intervention and temporary possession for public purposes of YPF’s shares. YPF and Repsol agreed to withdraw reciprocal actions and claims with respect to third parties and/or pursued by them and to grant a series of mutual indemnities, which at the time were subject to certain conditions precedent. The Repsol Arrangement entered into force the day after Repsol notified YPF that the Repsol Agreement had entered into force. The Repsol Agreement was ratified on March 28, 2014 at a Repsol general shareholders’ meeting and approved by the Argentine congress by Law No. 26,932 enacted by Decree No. 600/2014. On May 8, 2014, YPF was notified of the entry into force of the Repsol Agreement. As of that date, the expropriation pursuant to the Expropriation Law was concluded, and as a result the Republic of Argentina is definitively the owner of 51% of the capital stock of each of YPF S.A. and YPF GAS S.A.

The financial data contained in this annual report as of and for the years ended December 31, 2015, 2014 and 2013 has been derived from our Audited Consolidated Financial Statements included in this annual report. See Note 20 to the Audited Consolidated Financial Statements. The financial data contained in this annual report as of December 31, 2012 and 2011 and for the years ended December 31, 2012 and 2011 have been derived from our consolidated financial statements as of and for the years ended December 31, 2013, 2012 and 2011 included in our 2013 20-F.

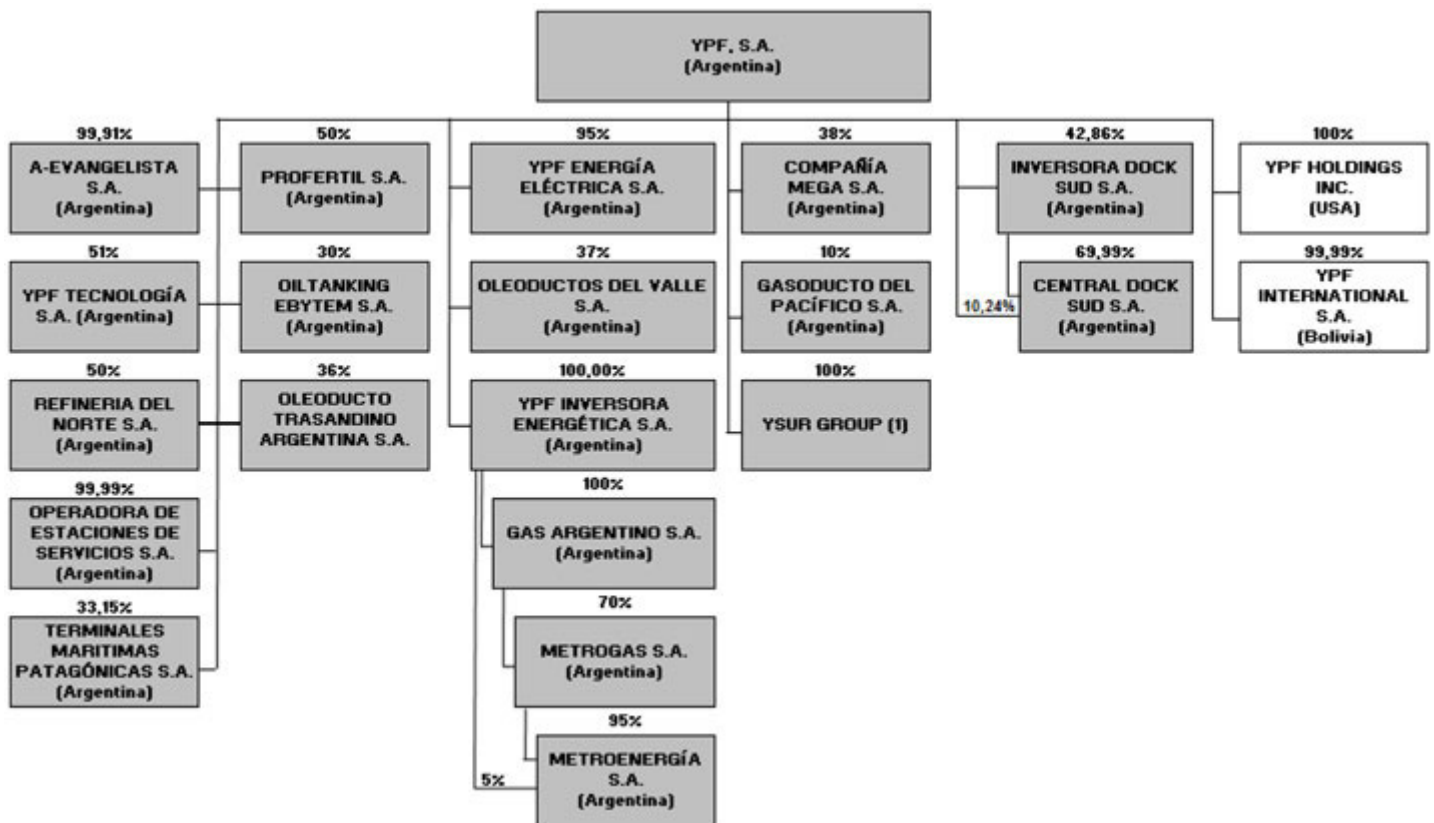
Upstream Operations

- As of December 31, 2015, we held interests in 108 oil and gas fields in Argentina. According to the Argentine Secretariat of Energy, in 2015 these assets accounted for approximately 48.6% of the country’s total production of crude oil, excluding NGLs, and approximately 44.1% of its total natural gas production, including NGLs, in 2015, according to information provided by the Argentine Secretariat of Energy.
- We had proved reserves, as estimated as of December 31, 2015, of approximately 679 mmbbl of oil, including condensates and NGLs, and approximately 3,072 bcf of gas, representing aggregate reserves of approximately 1,226 mmboe as of such date, compared to approximately 674 mmbbl of oil, including condensates and NGLs, and approximately 3,016 bcf of gas, representing aggregate reserves of approximately 1,212 mmboe as of December 31, 2014.
- In 2015, we produced approximately 91 mmbbl of oil (approximately 250 mbbbl/d), including condensates, approximately 18 mmbbl of NGLs (approximately 49 mbbbl/d), and approximately 569 bcf of gas (approximately 1,560 mmcf/d), representing a total production of approximately 210 mmboe (approximately 577 mboe/d), compared to approximately 89 mmbbl of oil (approximately 245 mbbbl/d), including condensates, approximately 18 mmbbl of NGLs (approximately 49 mbbbl/d), and approximately 547 bcf of gas (approximately 1,498 mmcf/d) representing a total production of approximately 204 mmboe (approximately 560 mboe/d) in 2014.

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). See “—Downstream—Refining division.” We also own a 50% equity 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, 2015 consisted of 1,538 YPF-branded service stations, of which we own 112 directly and through our 100% subsidiary Operadora de Estaciones de Servicios S.A. (“OPESSA”), and we estimate we held approximately 35% of all gasoline service stations in Argentina.
- We are one of the leading petrochemical producers in Argentina and in the Southern Cone of Latin America, with operations conducted through our Ensenada 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.

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



(1) Includes the directly and indirectly controlled companies of the Apache Group acquired on March 12, 2014.

See Note 11.c “—Investment Project Agreements” to the Audited Consolidated Financial Statements for a description of the transaction we entered into with Chevron and the Apache Group.

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, 2015.



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 2014 production, according to the 2015 edition of the BP Statistical Review of World Energy, published in June 2015.

In response to the economic crisis of 2001 and 2002, the Argentine government, pursuant to the Public Emergency Law, established export taxes on certain hydrocarbon products. In subsequent years, in order to satisfy growing domestic demand and abate inflationary pressures, this policy was supplemented by constraints on domestic prices, temporary export restrictions and subsidies on imports of natural gas and diesel. As a result, until 2008, local prices for oil and natural gas products had remained significantly below those prevalent in neighboring countries and international commodity exchanges.

In 2012, Argentina's GDP experienced a slowdown, with GDP increasing 1.9% on an annual basis compared to the preceding year according to the methodology of calculation prevailing until March 2014. On March 27, 2014, the Argentine government announced a new method of calculating GDP by reference to 2004 as the base year (as opposed to 1993, which was the base reference year under the prior method of calculating GDP). As a result of the application of this new method, the estimated GDP growth rate for 2013 was revised from 4.9% to 2.9%. As of the date of this annual report, the provisional figures of Argentina's estimated GDP for 2014 and the first half of 2015 published by INDEC is 0.5% and 2.2%, respectively. However, on January 7, 2016 through Decree No. 55/2016, the new leadership of INDEC issued a report declaring a "national statistical emergency." INDEC stated that its administration since 2006 was irregular and it would reorganize. As a result, INDEC would not publish new information until at least June 2016.

Driven by 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). As a result of a high number of power outages caused by the consumption increase, the Ministry of Energy requested that the Executive Branch declare a National Electric System Emergency through December 31, 2017. This decree instructs the Minister of Energy to develop and propose measures and to ensure adequate power supplies. Also by Resolution No. 06/2016, published in January 2016, the Ministry of Energy and Mining established new seasonal reference prices for power and energy in the Wholesale Electricity Market ("MEM") for the period from February 1, 2016 to April 30, 2016. See "—Regulatory Framework and Relationship with the Argentine Government—Resolution No. 06/2016."

Argentine natural gas consumption grew at an average annual rate of approximately 5.0% during the period from 2003 to 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 and gasoline, declined steadily over this period. At the same time, Argentina has increased hydrocarbon imports, becoming a net importer of certain products, such as diesel, and increased imports of gas (including NGL). In 2003, Argentina's net exports of diesel amounted to approximately 1,349 mcm, while in 2015 its net imports of diesel amounted to approximately 1,933 mcm, according to preliminary information provided by the Argentine Secretariat of Energy. Significant investments in the energy sector are being carried out, and additional investments are expected to be required in order to support continued economic growth, as the industry is currently operating near capacity.

Demand for diesel in Argentina exceeds domestic production. In addition, prior to the recent decline in international oil prices, 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 sales. On May 3, 2012, the Expropriation Law was passed by the Argentine 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, to create jobs, to increase the competitiveness of various economic sectors and to promote the equitable and sustainable growth of 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, 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.

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 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. See “—Regulatory Framework and Relationship with the Argentine Government—The Expropriation Law” and “Item 7. Major Shareholders and Related Party Transactions,” for a detail of our current major shareholders.

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 controls the Company according to domestic energy policies in accordance with Law No. 26, 741 (“the Expropriation Law”).” As of the date of this annual report, the transfer of the shares subject to expropriation between the 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 that will provide for the unified exercise of its rights as a shareholder. See “—Regulatory Framework and Relationship with the Argentine Government—The Expropriation Law,” “Item 7. Major Shareholders and Related Party Transactions.” See “Item 3. Key Information—Risk Factors—Risks Relating to the Argentine Oil and Gas Business and Our Business—We face risk relating to certain legal proceedings” for a description of the Agreement between Repsol and the Argentine Republic relating to compensation for the expropriation of 51% of the share capital of YPF owned, directly or indirectly, by Repsol.

For a discussion of the Repsol Agreement which concluded the expropriation of 51% of the capital stock of YPF S.A. and YPF GAS S.A. pursuant to the Expropriation Law and the related Repsol Arrangement, see “—History and Development of YPF—Overview.”

Our strategy 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) continuing to increase production, especially of natural gas; (ii) improving efficiency and productivity to enable us to adapt to a scenario of a prolonged decline in international oil prices; (iii) increasing exploration of mature areas; (iv) developing unconventional resources; (v) improving our capacity to refine in order to accommodate the growth in demand for refined products; (vi) exploring conventional and unconventional resources and pushing the limits of existing deposits and exploring new frontiers, including offshore; and (vii) maintaining a solid capital structure.

The investment plan related to our growth needs to 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. See “Item 3. Key Information—Risk Factors—Risks Relating to Argentina.” and “Item 5. Factors Affecting Our Operations” for additional information regarding 2016 activity.

Business Organization

We currently conduct our business according to the following organization:

- Upstream, which consists of our “Exploration and Production” segment;
- Downstream, which consists of our “Refining and Marketing”, “Natural Gas Distribution and Electricity Generation” 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 mainly transferred from Exploration and Production to Refining and Marketing at transfer prices established by us, which generally seek to approximate Argentine market prices.

In 2013, we reorganized our reporting structure by grouping the “Chemical” and “Refining and Marketing” segments into a new “Downstream” segment. We made this change primarily because of the common strategy shared by the former “Chemical” and “Refining and Marketing” segments, in light of the synergies involved in their activities to maximize the volume and quality of fuel offered to the market.

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

In addition, our activities related to power generation, which are not material for us, which we have developed through our controlled company YPF Energía Eléctrica S.A., and our natural gas distribution activities, which we have developed through Metrogas S.A., are also included in Downstream activities.

Additionally, we record certain assets, liabilities and costs under the Corporate and Other business segment, including corporate administration costs and assets, environmental matters related to YPF Holdings, Inc. (“YPF Holdings”) and certain construction activities, mainly related to the oil and gas industry, through our subsidiary A-Evangelista S.A. and its subsidiaries. See Note 4 to our Audited Consolidated Financial Statements.

Substantially all of our operations, properties and customers are located in Argentina. However, we carry out exploration activities in the United States, among other foreign jurisdictions, and hold an interest in a producing field in the United States and in one exploratory area in Chile. See “—Exploration and Production Overview—Main properties.” Additionally, we market lubricants and specialties in Brazil and Chile.

The following table sets forth revenues and operating income for each of our lines of business for the years ended December 31, 2015, 2014 and 2013:

	For the year ended December 31,		
	2015	2014	2013
	(in millions of pesos)		
Revenues ⁽¹⁾			
Exploration and production			
Revenues	16,044	8,853	3,851
Revenue from intersegment sales ⁽³⁾	64,243	61,844	38,846
Total exploration and production	<u>80,287</u>	<u>70,697</u>	<u>42,697</u>
Downstream			
Revenues	138,962	132,254	85,624
Revenue from intersegment sales	1,535	1,489	1,147
Total refining and marketing	<u>140,497</u>	<u>133,743</u>	<u>86,771</u>
Corporate and other			
Revenues	1,130	835	638
Revenue from intersegment sales	6,182	5,212	2,285
Total corporate and other	<u>7,312</u>	<u>6,047</u>	<u>2,923</u>
Less inter-segment sales and fees	<u>(71,960)</u>	<u>(68,545)</u>	<u>(42,278)</u>
Total revenues	156,136	141,942	90,113

Operating income (Loss) ⁽²⁾			
Exploration and production	7,535	12,353	6,324
Downstream	8,446	10,978	6,721
Corporate and other	(2,331)	(3,343)	(1,522)
Consolidation adjustments	2,938	(246)	(363)
Total operating income	16,588	19,742	11,160

- (1) Revenues are net of 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 6.n 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.b.15 to the Audited Consolidated Financial Statements.
- (2) Includes exploration costs in Argentina and the United States and production operations in Argentina and the United States.
- (3) Intersegment revenues of crude oil to Downstream are recorded at transfer prices that reflect our estimate of Argentine market prices.

Exploration and Production Overview

Our portfolio includes more than 1,400 projects to develop proved, probable and possible reserves, in addition to contingent and prospective resources related to future developments and exploration activity. Our business growth objectives, whereby we seek to maximize the productivity and profitability of our portfolio, are based on the following key concepts: the rejuvenation of mature fields, an ongoing focus on gas development and the intensive development of unconventional reservoirs. See “Item 3. Key Information—Risk Factors.”

The projects selected to be pursued and their schedules for completion are periodically determined by a portfolio optimization process, in accordance with our strategic guidelines.

Increased investments in Argentina have enabled us to maintain a high level of activity in projects that have contributed to significant increases in the production and value of our fields. In 2015, our oil production in Argentina increased by 2.1% and our gas production in Argentina increased by 4.2%, compared to our production in 2014. This increase reflects the intensive work we performed in the conventional and unconventional fields we operate. See “Item 5. Operating and Financial Review and Prospects—Factors Affecting Our Operations” for additional information regarding 2016 activity.

Meeting the challenge of the mature oil and gas fields

Most of our oil and gas producing fields in Argentina are mature, requiring strong commitments to overcome their decline.

We have significantly increased our activity and resources in mature areas that present profitable opportunities for increases in the recovery factor by employing techniques including infill wells, and extension of secondary recovery and tertiary recovery testing. We are focused on 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, we place a strong emphasis on surveillance and conformance activities to improve current mature water injection projects. Tertiary recovery is being pursued with polymer and surfactant waterflooding in mature reservoirs in both the Golfo de San Jorge and Neuquén basins.

Continuous technical reviews of our oil and gas fields allow us to identify opportunities to rejuvenate mature fields and optimize new field developments in Argentine basins in order to achieve similar recovery factors that mature fields have already reached in other regions of the world, with the application of new technologies.

We have managed, through the extension of most of our concessions with relatively favorable terms and conditions, to continue with the development of strategic waterflooding and improved oil recovery projects, improving our perspectives of production and reserves.

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. See “Item 3. Key Information—Risk Factors.” and “Item 5. Operating and Financial Review and Prospects—Factors Affecting Our Operations” for additional information regarding 2016 activity.

Staying the Path of Unconventional Resources

During 2015, we continued extending our leadership in this area. We reaffirmed our commitment to the objective of growing our production and reserves through the development of unconventional resources, which began in 2013. More than 400 wells were drilled with Vaca Muerta shale as the target, mostly in the Loma Campana field, continuing the massive development we began in 2013. The remaining wells were targeted to continue the development phase in El Orejano block, in association with Dow Chemical, the Nambuena project in association with Chevron, and the La Amarga Chica pilot in association with Petronas. The purpose of these projects is to determine the potential of Vaca Muerta shale gas formation.

As we gathered more experience, drilling activity in Loma Campana migrated to horizontal wells of 1,500 meters in lateral length and 18 frack stages, obtaining wells with a promising relation between expected Estimated Ultimate Recovery (“EURs”) and well costs.

During 2014, we finalized the agreement with Petronas to jointly start a new three-year pilot project in the La Amarga Chica concession, located northeast of Loma Campana. See “—Main properties.” At the end of 2015, three horizontal and one vertical well had been drilled in the block.

Like the previous agreements with Chevron and Dow Chemical, the agreement with Petronas constitutes a significant step towards the development of our vast unconventional resources, although this still represents only a fraction of our unconventional acreage. See “—Main properties.”

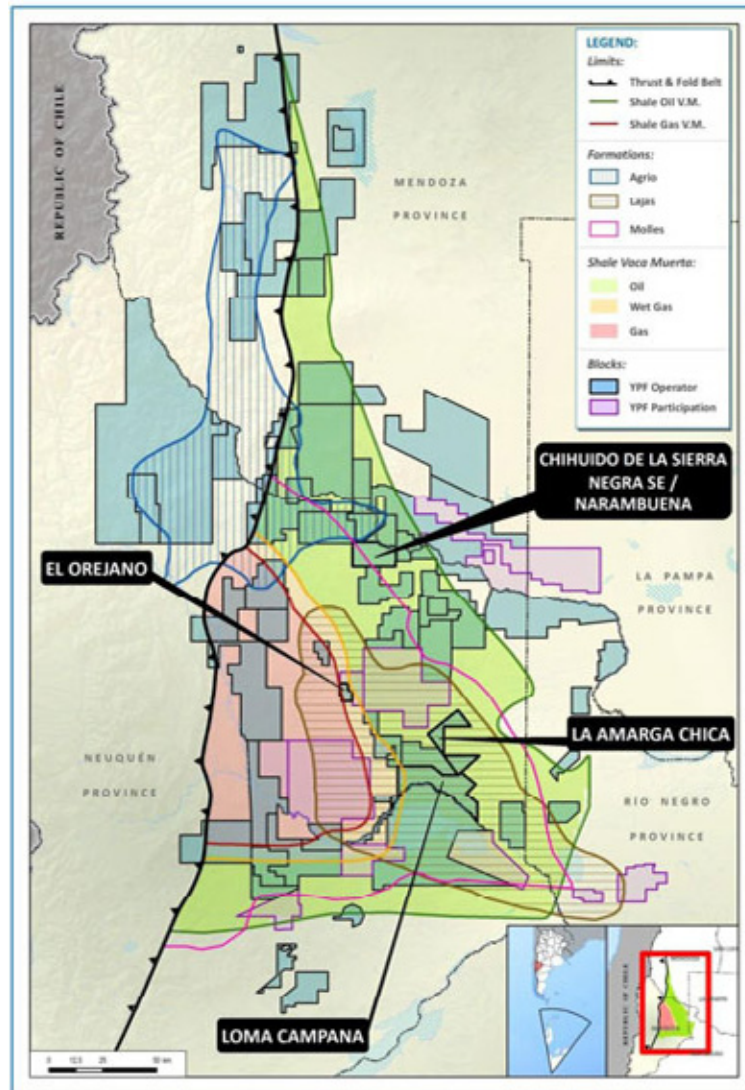
The development of unconventional resources in the Vaca Muerta formation will demand a significant capital investment. As we rapidly progress on our learning curve, we expect to continue yielding substantial savings due to operational optimizations economies of scale and increasing well productivity through a better understanding of the subsurface.

Nevertheless, the financial viability of these investments and reserve recovery efforts will depend on the prevailing economic and regulatory conditions, as well as the market prices of hydrocarbons in Argentina. See “Item 3. Key Information—Risk Factors.” and “Item 5. Operating and Financial Review and Prospects—Factors Affecting Our Operations” for additional information regarding 2016 activity.

Tight sands also contributed to the increase of natural gas production and reserves in 2015, as was the case in the Mulichinco formation in the Rincón del Mangrullo concession, where Pampa Energía SA acquired 50% of the working interest during 2015. More than 87 wells were drilled in these marine tight sands, increasing gas production to 3 mmcm/d through a gas pipeline that connects to Loma La Lata facilities. This pipeline may enable the development of other gas fields, like the recent shale gas discovery La Ribera, where a successful well is already in production.

Recently we acquired land in the province of Chubut and Río Negro which can produce sand to be used as proppant in the development of unconventional hydrocarbons. Additionally, a sand treatment plant is under construction in the province of Neuquén and is expected to be operational by the first quarter of 2016. We expect to gradually replace the more expensive imported sand with our domestic product, allowing for significant well cost reductions.

Vaca Muerta Formation



- “Loma Campana” Area: On July 16, 2013, YPF and Chevron signed an investment project agreement for the joint exploitation of unconventional hydrocarbons in the province of Neuquén. The agreement contemplated an outlay of U.S.\$1,240 million by Chevron for a first phase of work to develop about 20 km² (“Pilot Project”) (4,942 acres) of the 395 km² (97,607 acres) corresponding to the area dedicated to the Pilot Project. This first Pilot Project included the drilling of more than 100 wells. Together with what has already been invested by YPF in the area, the total investment is U.S.\$1,500 million. In the second phase, which started during 2014 after completion of the Pilot Project, both companies continued the development of the area, sharing investments equally. Drilling activity continued in 2015 with more than 10 rigs operating most of the year. In addition, 122 vertical wells and 30 horizontal wells were put into production during the year. The plan for 2016 is to complete eight vertical wells and 54 horizontal wells. For additional information see “Note 11.c –Investment Project Agreements” to the Audited Consolidated Financial Statements.
- “El Orejano” Area: On September 23, 2013, YPF and Dow Europe Holding B.V. and PBB Polisor S.A. signed an agreement that included a disbursement by both parties up to U.S.\$188 million that will be directed towards the joint development of an unconventional gas pilot project in the province of Neuquén. Of the U.S.\$188 million to be disbursed, Dow will provide up to U.S.\$120 million through a convertible financing in their participation in the project. The agreement contemplated a first phase of work during which 16 wells would be drilled. This first phase ended in June 2015, with all 16 wells hooked up and reaching production of 668 mcm/d of gas at the end of this phase. On October 22, 2015, the companies signed an amendment to the original agreement whereby Dow Europe Holding B.V. and PBB Polisor S.A. increased the original commitment by U.S.\$60 million for the development of a second phase, which includes the drilling of 18 new wells. On December 15, 2015, the parties executed all steps contemplated in the agreement so that PBB Polisor S.A. became a partner in “El Orejano” Area on a 50/50 basis with YPF. During December 2015, the project had an average production of 765 mcm/d, with 19 producing wells. The total YPF investment for 2015 was U.S.\$228 million, including drilling, completion and facilities.

- “La Amarga Chica” Area: On December 10, 2014, YPF and PETRONAS E&P ARGENTINA S.A. (“PEPASA”), an affiliate of PETRONAS E&P Overseas Ventures Sdn. Bhd (“PEPOV”) of Malaysia executed a Project Investment Agreement (the “Investment Agreement”) aiming to perform joint exploitation of unconventional hydrocarbons in the La Amarga Chica area in the province of Neuquén. The Investment Agreement provides for the joint development of a shale oil pilot project (the “Pilot Plan”) in three annual phases with a total investment of U.S.\$550 million plus VAT, of which PEPASA will provide U.S.\$475 million and YPF will provide U.S.\$75 million. YPF assigned 50% of the La Amarga Chica concession to PEPASA and is the operator of the area. The concession rights will, in turn, be collaterally assigned by PEPASA in favor of YPF as security for, and until PEPASA has complied with all its obligations under the Investment Agreement. Additionally, PEPOV has executed a payment guaranty of certain of PEPASA’s financial obligations under the Investment Agreement. The Pilot Plan, comprising 30 wells in three years, started in May 2015, with the drilling of a first vertical well, which will be finished in 2016. By the end of 2015, one vertical and three horizontal wells were drilled. Completion of these four wells is scheduled for early 2016. This drilling activity developed during 2015 implied an investment of U.S.\$30 million, with an additional U.S.\$6.5 million expended on production facilities.
- “Chihuido de la Sierra Negra Sudeste – Nambuenena” Area: During April 2014, YPF and subsidiaries of Chevron Corporation executed a new agreement with the objective of the joint exploration of unconventional hydrocarbons in the province of Neuquén, within the area Chihuido de la Sierra Negra Sudeste – Nambuenena. The investment will be undertaken exclusively by, and at the sole risk of, Chevron. The agreement defined a first phase exploratory commitment during 2015 and 2016, which includes the drilling and completion of four exploration wells (three vertical wells and one horizontal well) with a total investment of U.S.\$62.6 million. During 2015, this activity began, with two of the wells already drilled and completed and the third well (horizontal) in the drilling phase. In October 2016, Chevron will declare whether the joint activity continues to a second phase, during which five wells would be drilled and completed (during the pilot phase) during 2017 and 2018. If the second phase takes place, then the farm-in decision deadline for Chevron will be in June 2019. See “—Main properties.”

Main properties

Our production is concentrated in Argentina and our domestic operations are subject to the risks. See “Item 3. Key Information—Risk Factors.”

In 2015, we finalized agreements related to the acquisition and development of properties that are part of our core business:

- On January 31, 2014, we acquired Petrobras Argentina S.A.’s 38.45% participation in the concession contract UTE Puesto Hernández executed between both companies for the exploitation of the Puesto Hernández area. The Puesto Hernández area is an exploitation concession located in the Provinces of Neuquén and Mendoza. YPF is the holder of the concession until 2027, now owning 100% of the participation in the Puesto Hernández area and becoming the operator of the concession. As of December 2015, Puesto Hernández produced over 9,100 barrels a day of light crude oil (Medanito quality). The transaction was completed for the amount of U.S.\$40.7 million. By becoming the operator of the Puesto Hernández area, we expect we will be able to accelerate our investment plans to optimize the area’s production potential until 2027.
- On February 7, 2014, we acquired Potasio Rio Colorado S.A.’s 50% interest in the joint operation contract “Segment 5 Loma La Lata—Sierra Barrosa” (known as the “Lajas” formation) signed by YPF and Potasio Rio Colorado S.A. for the exploitation of the Lajas formation concession area. The Lajas formation area is an exploitation concession, located in the province of Neuquén. YPF is the holder of the concession, which expires in 2027. Exploitation of the Lajas formation area was conducted under the aforementioned joint operation contract. The terms of the joint operation contract provided that it would expire upon the earlier of the expiration of the concession or the early termination of any agreement or contract that granted the right to continue exploiting the area. As a result of the termination of the joint operation contract, YPF owns 100% of the interest in the Lajas formation area. The consideration for the transaction was U.S.\$25 million.

- On March 12, 2014, we acquired 100% of the interests of Apache Overseas Inc. and Apache International Finance II S.a.r.l. (together with their affiliates, “Apache”) in certain foreign companies that control Argentine companies that are the owners of assets located in Argentina, including 28 concessions (23 operated and 5 non-operated) in Neuquina basin (in the provinces of Neuquén and Río Negro), 7 concessions in Tierra del Fuego, and a significant conventional resource base. Pursuant to this transaction, YPF acquired control of all of the assets of the Apache Corporation in Argentina. The price paid for the transaction includes U.S.\$786 million in cash plus the assumption of approximately U.S.\$31 million of bank debt relating to the companies acquired. The primary assets included in this transaction, located in the provinces of Neuquén, Tierra del Fuego and Río Negro, have an important infrastructure of pipelines and facilities. In addition, certain assets have potential for exploration and development in the Vaca Muerta formation.
- On March 12, 2014, YPF completed a transfer of assets transaction under an agreement with Pluspetrol S.A. (“Pluspetrol”) whereby Pluspetrol transferred, in exchange for U.S.\$217 million, an interest in certain assets related to those acquired from Apache located in the province of Neuquén, with the objective of jointly exploring and developing the Vaca Muerta formation.
- During April 2014, YPF and subsidiaries of Chevron Corporation executed a new agreement with the objective of the joint exploration of unconventional hydrocarbons in the province of Neuquén, within the area Chihuido de la Sierra Negra Sudeste – Narambuena. The investment will be undertaken exclusively by, and at the sole risk of, Chevron. For more information, see Note 11.c) to the Audited Consolidated Financial Statements.
- On December 5, 2014, YPF S.A., Yacimientos del Sur S.A. (“YSUR”) and the Province of Neuquén and Gas y Petroleo del Neuquen S.A. signed a Memorandum of Investment Agreement (the “Memorandum Agreement”) pursuant to which the parties have agreed to convert the joint ventures and respective joint operating agreements relating to La Amarga Chica and Bajada de Añelo areas into unconventional hydrocarbon extraction concession agreements under Articles 27 and 35(b) of the Hydrocarbons Law (as amended by Law No. 27,007). The Memorandum Agreement was also approved by the National Executive Office and the Legislature of the Province of Neuquén.

As part of the conversion of these agreements to unconventional hydrocarbon extraction concession agreements, the Company agreed to make a cash payment and assign all of its interests in the following areas: i) Puesto Cortadera, ii) Loma Negra NI, iii) Cutral Co Sur, iv) Neuquén del Medio, v) Collon Cura Bloque I and vi) Bajo Baguales.

Under the Memorandum Agreement, the conditions for carrying out the pilot projects on the new La Amarga Chica and Bajada de Añelo concessions are set forth, with a term of 36 and 42 months, respectively, as required by Article 35 (b) of the Hydrocarbons Law as amended by Law No. 27,007. On December 19, 2014, the Company reported that the National Executive Office and the Legislature of the Province of Neuquén approved the Investment Agreement contemplated by the Memorandum Agreement.

- On December 10, 2014, YPF and PEPASA, an affiliate of PEPOV executed a Project Investment Agreement (the “Investment Agreement”) aiming to perform joint exploitation of unconventional hydrocarbons in the La Amarga Chica area in the province of Neuquén. The parties have signed the following supplementary agreements to the Investment Agreement (the “Supplemental Agreements”): a) the Assignment Agreement for 50% of the concession for the La Amarga Chica area; b) a Joint Venture Agreement; c) the Joint Operating Agreement (“Joint Operating Agreement”); d) the Guaranty Assignment Agreement; e) the Right of First Offer Agreement for the sale of crude oil and f) an Assignment Agreement for hydrocarbons export rights. The Investment Agreement provides for the joint development of a shale oil pilot project (the “Pilot Plan”) in three annual phases with a total investment of U.S.\$550 million plus VAT, of which PEPASA will provide U.S.\$475 million and YPF will provide U.S.\$75 million. YPF will assign 50% of the La Amarga Chica concession to PEPASA and will be the operator of the area. The concession rights will, in turn, be collaterally assigned by PEPASA in favor of YPF as security for, and until PEPASA has complied with all its obligations under the Investment Agreement. Additionally, PEPOV has executed a payment guaranty of certain of PEPASA’s financial obligations under the Investment Agreement. The Pilot Plan began in May 2015 once conditions precedent to the effectiveness of the Investment Agreement and the Supplemental Agreements were fulfilled, which relate primarily to the granting of the 35-year exploitation concession for the project area by the province of Neuquén and certain provisions with respect to the project’s tax structure, including promotional, tax and royalty commitments in accordance with Law No. 27,007 and the agreement executed with the province of Neuquén on December 5, 2014. When the full contributions to each of the annual phases of the Pilot Plan have been made, PEPASA will have the option to withdraw from the plan by transferring its participation in the concession and paying liabilities accrued prior to its withdrawal (without the right to 50% of the value of net production from wells drilled prior to the exercise of its right to withdraw). After the parties’ total commitments have been met during the Pilot Plan, each party will be responsible for and contribute 50% of the work program and budget to develop the area as provided for by the Joint Operating Agreement. The Investment Agreement provides that over the three phases of the Pilot Plan, the parties will be required to perform a 3D seismic acquisition and processing program covering the entire concession area, drill 35 wells targeting the Vaca Muerta formation (including vertical and horizontal wells) and install facilities to transport the hydrocarbon production from this area.

The following table sets forth information with regard to our developed and undeveloped acreage by geographic area as of December 31, 2015:

	As of December 31, 2015			
	Developed ⁽¹⁾		Undeveloped ⁽²⁾	
	Gross ⁽³⁾	Net ⁽⁴⁾	Gross ⁽³⁾	Net ⁽⁴⁾
	(thousands of acres)			
South America	1,481	1,092	32,990	16,833
Argentina	1,481	1,092	32,405	16,531
Rest of South America ⁽⁵⁾	—	—	585	302
North America ⁽⁶⁾	0.2	—	—	—
Total	1,481.2	1,092	32,990	16,833

- (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 we own a working interest.
- (4) “Net” acreage equals gross acreage after deducting third-party interests.
- (5) Relates to Colombia and Chile. In the case of Colombia, YPF has requested approval from the application authority (“ANH”), for the farm-out of its total working interest in COR 12 block. YPF and its partners informed ANH of the decision to relinquish COR 33 block. In Chile, YPF’s undeveloped surface acreage totaled 130,000 acres.
- (6) Relates only to the United States’ Gulf of Mexico.

As of December 31, 2015, none of our exploratory undeveloped acreage was subject to exploration permits that will expire in 2016 in accordance with the Hydrocarbons Law and complementary provincial laws. In addition, according to Law No. 27,007 that amended the Hydrocarbons Law, all national offshore permits and offshore hydrocarbon production concessions that did not have association agreements with ENARSA as of the date of the new law reverted and were transferred to the Argentine Secretariat of Energy. Permits and concessions granted prior to Law No. 25,943 will be exempt from this provision. In September 2015, the National Executive Office and YPF began negotiating the conversion of association agreements signed with ENARSA. As of the date of this annual report, the negotiations are ongoing. YPF currently participates in three offshore blocks in association with ENARSA, which represent approximately 60% of the undeveloped acreage. We cannot guarantee that as a result of such negotiations we would not decide to relinquish to the Argentine Secretariat of Energy part or all of the acreage included in our current association with ENARSA. With the exception of the above, none of our exploration permits are regulated by Law No. 27,007. See “—Regulatory Framework and Relationship with the Argentine Government—Law No. 27,007, amending the Hydrocarbons Law—Exploration and Production.”

However, as a result of the expiration in 2016 of the first, second or third exploration terms of certain of our exploration permits (according to the original terms of the Hydrocarbons Law, which applied to our existing exploration permits), we would be required to relinquish a fixed portion of the acreage related to each such expiring permit, as set forth in the Hydrocarbons Law, 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). Additionally, and depending on the circumstances that could arise in each case (for instance, the state of exploratory activity in a certain area), we could request an extension of the expiration of the exploration permit, which would be subject to the approval of the respective governing authority. As a result, if no discoveries are made in 2016, we would be required to relinquish approximately 3,500 km² of exploratory undeveloped acreage (approximately 9% of our 39,000 km² of net exploratory undeveloped acreage as of December 31, 2015) during 2016.

Additionally, based on information available as of the date of this annual report, if we fail to make any discoveries or to engage in new activity that could extend the expirations of the exploration permits, we could be required or could decide to relinquish a maximum of approximately 600 km² of exploratory undeveloped acreage (approximately 2% of our 39,000 km² of net exploratory undeveloped acreage as of December 31, 2015) during 2017 and 2018.

According to the Hydrocarbons Law, we are entitled to decide, according to our best interest, which acreage related to each exploration permit to keep if we remain within the required relinquishment percentage. Therefore, the areas to be relinquished consist usually of acreage where drilling has not been successful and are considered non-core lease acreage.

Except as described above, we do not have any material undeveloped acreage related to our production concessions expiring in the near term.

See “—Regulatory Framework and Relationship with the Argentine Government—Law No. 27,007, amending the Hydrocarbons Law” for a description of new terms that apply to new production concessions or exploration permits, other than those already governed by previous laws.

Argentine Exploration Permits and Exploitation Concessions

Argentina is the second largest gas and fourth largest oil-producing nation in Central and South America according to the 2015 edition of the BP Statistical Review of World Energy, published in June 2015. 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 the line with (*Plan Exploratorio Argentina*). The total surface area of the continent represents approximately 408 million acres and the total offshore surface area includes 194 million acres on the South Atlantic shelf within the 200 meter line. Of the total 602 million acres of the sedimentary basins, a significant part still needs to be evaluated through exploratory and study drilling.

The following table shows our gross and net interests in productive oil and gas wells in Argentina by basin, as of December 31, 2015:

<i>Basin</i>	<i>Wells⁽¹⁾⁽²⁾</i>			
	<i>Oil</i>		<i>Gas</i>	
	<i>Gross</i>	<i>Net</i>	<i>Gross</i>	<i>Net</i>
Onshore	13,539	12,186	1,515	1,142
Neuquina	4,689	4,048	1,349	1,008
Golfo San Jorge	7,856	7,230	57	57
Cuyana	843	769	—	—
Noroeste	20	8	52	20
Austral	131	131	57	57
Offshore	—	—	19	10
Total	<u>13,539</u>	<u>12,186</u>	<u>1,534</u>	<u>1,152</u>

- (1) In addition to productive oil and gas wells located in Argentina, we have interests in oil wells located in the United States (seven gross wells and approximately one net well, as of December 31, 2015).
- (2) A “gross well” is a well in which we own 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. Gross and net wells include one oil well and three gas wells with multiple completions.

As of December 31, 2015, we held 146 exploration permits and production concessions in Argentina. We directly operate 113 of them, including 34 exploration permits and 79 production concessions.

- *Exploration permits.* As of December 31, 2015, we held 38 exploration permits in Argentina, 34 of which were onshore exploration permits and four of which were offshore exploration permits. We had 100% ownership of two onshore permits, and our participating interests in the remainder varied between 30% and 90%. We had 100% ownership of one offshore permit, and our participating interests in the remainder varied between 30% and 35%.
- *Production concessions.* As of December 31, 2015, we had 108 production concessions in Argentina. We had a 100% ownership interest in 69 production concessions, and our participating interests in the remaining 39 production concessions varied between 7% and 98%.

In addition, we have 31 crude oil treatment plants and seven pumping plants where oil is processed and stored. The purpose of these plants is to receive and treat oil from different fields prior to shipment to our refineries and/or commercialization to third parties, as applicable. See “Item 3. Key Information—Risk Factors—Risks Relating to the Argentine Oil and Gas Business and Our Business—Our business depends to a significant extent on our production and refining facilities and logistics network.”

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, 2015, most of which are mature:

Areas ⁽¹⁾	Interest (%)	Proved Reserves as of December 31, 2015					Basin / Location	Development Stage of the area
		Production 2015		Oil ⁽²⁾		BOE		
		Oil ⁽²⁾ (mmbbl)	Gas (mmcf)	Oil ⁽²⁾ (mmbbl)	Gas (mmcf)			
Loma La Lata Central	100	8,198	114,236	36,633	617,212	146,555	Neuquina	Mature Field
Los Perales	100	5,497	13,758	63,204	72,650	76,142	Golfo San Jorge	Mature Field
Aguada Toledo - Sierra Barrosa	100	1,963	74,505	10,289	358,519	74,139	Neuquina	Mature Field
Estación Fernández Oro	97	922	20,719	17,887	271,798	66,293	Neuquina	Mature Field
Seco León	100	4,232	4,722	44,017	25,015	48,472	Golfo San Jorge	Mature Field
Lindero Atravesado ⁽³⁾	38	99	12,036	822	246,072	44,646	Neuquina	Mature Field
Barranca Baya	100	5,787	1,125	40,322	6,619	41,501	Golfo San Jorge	Mature Field
Manantiales Behr	100	7,388	6,484	34,798	22,534	38,812	Golfo San Jorge	Mature Field
Loma La Lata Norte ⁽⁴⁾	61	5,690	18,524	22,610	87,285	38,155	Neuquina	Mature/New Field
Tierra del Fuego - Fracción B	100	804	27,929	4,642	158,253	32,826	Austral	Mature Field
Chihuido Sierra Negra	100	4,346	1,016	29,296	7,415	30,617	Neuquina	Mature Field
Puesto Hernández	100	3,400	809	26,449	6,107	27,536	Neuquina	Mature Field
Magallanes ⁽³⁾	50	811	14,022	3,925	127,520	26,635	Austral	Mature Field
San Roque ⁽³⁾	34	1,528	20,828	7,452	101,494	25,528	Neuquina	Mature Field
Rincón del Mangrullo	50	767	12,597	5,332	103,577	23,778	Neuquina	New Field
El Portón	100	2,877	32,986	7,997	82,423	22,676	Neuquina	Mature Field
El Trébol	100	2,490	1,037	21,513	5,701	22,529	Golfo San Jorge	Mature Field
CNQ 7A ⁽³⁾	50	4,422	1,270	21,733	4,165	22,475	Neuquina	Mature Field
Lomas del Cuy	100	2,702	1,374	19,565	7,845	20,962	Golfo San Jorge	Mature Field
Vizcacheras	100	2,682	241	18,529	1,789	18,847	Cuyana	Mature Field
Chihuido La Salina	100	3,020	26,785	8,470	55,891	18,424	Neuquina	Mature Field
Cañadón Yatel	100	1,940	12,412	6,641	53,226	16,121	Golfo San Jorge	Mature Field
Señal Picada	100	2,165	255	15,253	1,756	15,566	Neuquina	Mature Field
Desfiladero Bayo	99	2,221	316	14,957	1,978	15,309	Neuquina	Mature Field
Aguada Pichana ⁽³⁾	27	1,534	25,048	3,427	64,359	14,889	Neuquina	Mature Field
La Ventana Central	70	1,278	165	12,734	2,018	13,093	Cuyana	Mature Field
Escalante	100	1,387	982	11,453	6,178	12,554	Golfo San Jorge	Mature Field
Acambuco ⁽³⁾	23	237	10,321	1,285	62,664	12,445	Noroeste	Mature Field
Cerro Fortunoso	100	1,317	0	11,993	0	11,993	Neuquina	Mature Field

(1) Exploitation areas.

(2) Includes condensate and NGL.

(3) Non-operated fields.

(4) Working interest is 100% in the Sierras Blancas formation (mature field) and 50% in the Vaca Muerta and Quintuco formations (new field).

Approximately 88% of our proved crude oil reserves in Argentina are concentrated in the Neuquina (47%) and Golfo San Jorge (41%) basins, and approximately 86% of our proved gas reserves in Argentina are concentrated in the Neuquina (75%) and Austral (11%) basins.

Joint ventures and contractual arrangements in Argentina

As of December 31, 2015, we participated in 30 exploration and 32 production joint ventures and contractual arrangements (24 of which were not operated by us) in Argentina. Our interests in these joint ventures and contractual arrangements ranged from 7% 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, 2015, see Annex II 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.

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, 2015, 2014 and 2013 was calculated in accordance with the SEC rules and Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 932, as amended. Accordingly, crude oil prices used to determine reserves were calculated each month, for crude oils of different quality produced by the Company. Consequently, for calculation of our net proved reserves as of December 31, 2015, the Company considered the realized prices for crude oil in the domestic market (which are higher than those that had prevailed in the international market), taking into account the unweighted average price for each month within the twelve-month period ended December 31, 2015. 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.

Notwithstanding the foregoing, commodity prices declined significantly since 2014. See “Item 3. Key Information—Risk Factors—Risks Relating to the Argentine Oil and Gas Business and Our Business—Our oil and natural gas reserves are estimates.”

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

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

Technology used in establishing proved reserves additions

YPF’s estimated proved reserves as of December 31, 2015 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, geological outcrop information was also utilized. The tools used to interpret and integrate all this 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, 2015

The following table sets forth our estimated net proved developed and undeveloped reserves of crude oil, NGLs and natural gas at December 31, 2015.

<u>Proved Developed Reserves</u>	<u>Oil ⁽¹⁾ (mmbbl)</u>	<u>NGL (mmbbl)</u>	<u>Natural Gas (bcf)</u>	<u>Total ⁽²⁾ (mmboe)</u>
Consolidated entities				
South America				
Argentina	439	56	2,205	887
North America				
United States	1	—	5	2
Total consolidated entities	440	56	2,210	889
Equity-accounted entities				
South America				
Argentina	—	—	—	—
North America				
United States	—	—	—	—
Total equity-accounted entities	—	—	—	—
Total proved developed reserves	440	56	2,210	889
<u>Proved Undeveloped Reserves</u>	<u>Oil ⁽¹⁾ (mmbbl)</u>	<u>NGL (mmbbl)</u>	<u>Natural Gas (bcf)</u>	<u>Total ⁽²⁾ (mmboe)</u>
Consolidated entities				
South America				
Argentina	168	15	862	337
North America				
United States	—	—	—	—
Total consolidated entities	168	15	862	337
Equity-accounted entities				
South America				
Argentina	—	—	—	—
North America				
United States	—	—	—	—
Total equity-accounted entities	—	—	—	—
Total proved undeveloped reserves	168	15	862	337
<u>Total Proved Reserves ^{(2) (3)}</u>	<u>Oil ⁽¹⁾ (mmbbl)</u>	<u>NGL (mmbbl)</u>	<u>Natural Gas (bcf)</u>	<u>Total ⁽²⁾ (mmboe)</u>
Consolidated entities				
Developed reserves	440	56	2,210	889
Undeveloped reserves	168	15	862	337
Total consolidated entities	608	71	3,072	1,226
Equity-accounted entities				
Developed reserves	—	—	—	—
Undeveloped reserves	—	—	—	—
Total equity-accounted entities	—	—	—	—
Total proved reserves	608	71	3,072	1,226

(1) Includes crude oil (oil and condensate).

(2) Volumes of natural gas in the table above and elsewhere in this annual report have been converted to barrels of oil equivalent at 5,615 cubic feet per barrel.

(3) Proved crude oil and NGLs reserves of consolidated entities include an estimated approximately 88 mmbbl of crude oil and 14 mmbbl of NGLs in respect of royalty payments which, as described above, are a financial obligation or are substantially equivalent to a production or similar tax. Proved natural gas reserves of consolidated entities include an estimated approximately 329 bcf in respect of such payments. Equity-accounted entities reserves in respect of royalty payments that are a financial obligation or are substantially equivalent to a production or similar tax are not material.

For information regarding changes in our estimated proved reserves during 2015, 2014 and 2013, see Note 20 to the Audited Consolidated Financial Statements.

The paragraphs below explain in further detail the most significant changes in our proved undeveloped reserves during 2015, 2014 and 2013.

Changes in our proved undeveloped reserves during 2015

YPF had estimated a volume of net proved undeveloped reserves of 337 mmboe at December 31, 2015, which represented approximately 27% of the 1,226 mmboe total reported proved reserves as of such date. This compares to estimated net proved undeveloped reserves of 307 mmboe as of December 31, 2014 (approximately 25% of the 1,212 mmboe total reported proved reserves as of such date).

The 10% total net increase in net proved undeveloped reserves in 2015 is mainly attributable to:

- Extensions and discoveries, which added 93 mmboe (24.5 mmbbl of crude oil, 7.3 mmbbl of NGL and 341.8 bcf of natural gas) of proved reserves mainly from Lindero Atravesado, Estación Fernandez Oro, Aguada Toledo—Sierra Barrosa, Rincón del Mangrullo, Loma Campana and Loma La Lata Norte fields.
- Ongoing successful development activities related to proved undeveloped reserves projects, which allowed a transfer of approximately 77 mmboe (29 mmbbl of crude oil, 10.2 mmbbl of NGL and 212 bcf of natural gas) to proved developed reserves. Main contributions are related to development wells (51 mmboe), gas compression projects (15 mmboe) and improved recovery projects (8 mmboe).
- New project studies and revision of gas and oil development projects, which added approximately 18 mmboe (7.5 mmbbl of crude oil, 0.9 mmbbl of NGL and 52.4 bcf of natural gas) of proved undeveloped reserves. The main contributions came from Loma La Lata Central, Barranca Baya, Tierra del Fuego Fracción B, Seco León and Los Perales fields.
- New improved recovery projects, adding approximately 10 mmbbl of proved undeveloped secondary recovery reserves of crude oil. The most important additions belong to Los Perales, CNQ7A, Chachahuen Sur, Punta Barda and El Trebol fields.
- A new joint venture agreement for Rincón del Mangrullo field resulted in an approximately 8 mmboe (0.3 mmbbl of crude oil, 1.6 mmbbl of NGL and 34.7 bcf of natural gas) reserves reduction in proved undeveloped reserves, due to a change in YPF's working interest in this area.

YPF's total capital expenditure to continue the development of reserves was approximately U.S.\$4,592 million during 2015, of which U.S.\$ 1,557 million was allocated to projects related to proved undeveloped reserves.

As at December 31, 2015, we did not have material amounts of proved undeveloped reserves in individual fields or countries that have remained undeveloped for five years or more after being disclosed as proved undeveloped reserves.

Changes in our proved undeveloped reserves during 2014

YPF had estimated a volume of net proved undeveloped reserves of 307 mmboe at December 31, 2014, which represented approximately 25% of the 1,212 mmboe total reported proved reserves as of such date. This compares to estimated net proved undeveloped reserves of 261 mmboe as of December 31, 2013 (approximately 24% of the 1,083 mmboe total reported proved reserves as of such date).

The 18% total net increase in net proved undeveloped reserves in 2014 is mainly attributable to:

- Ongoing successful development activities related to proved undeveloped reserves projects, which allowed a transfer of approximately 88.1 mmboe (26.3 mmbbl of crude oil, 8.3 mmbbl of NGL and 300.6 bcf of natural gas) to proved developed reserves. Main contributions are related to development wells (58 mmboe), gas compression projects (14 mmboe) and improved recovery projects (10 mmboe).
- Extensions and discoveries, which added 79.3 mmboe (19.6 mmbbl of crude oil, 9.6 mmbbl of NGL and 291.3 bcf of natural gas) of proved reserves mainly from the Rincón del Mangrullo, Aguada Toledo-Sierra Barrosa, Loma La Lata Norte, Manantiales Behr and Chachahuen fields.
- Negotiation of the extension of exploitation concessions in the provinces of Tierra del Fuego and Río Negro which added 15.5 mmboe (4.7 mmbbl of crude oil, 0.8 mmbbl of NGL and 56.3 bcf of natural gas) of proved undeveloped reserves. See "Item 4. Information on the Company—Regulatory Framework and Relationship with the Argentine Government Exploration and Production.

- New project studies and revision of gas and oil development projects, which added approximately 28 mmboe (17.7 mmbbl of crude oil, a decrease of 1.3 mmbbl of NGL, and 64.8 bcf of natural gas) of proved undeveloped reserves. The main contributions came from the Volcán Auca Mahuida, Aguada Toledo-Sierra Barrosa, Seco León and Los Perales fields.
- New improved recovery projects, which added approximately 10 mmbbl of proved undeveloped secondary recovery reserves. The most important additions are related to the Manantiales Behr, El Trébol, Escalante, Barranca Baya and Los Perales fields.

YPF's total capital expenditure to advance the development of reserves was approximately U.S.\$4,260 million during 2014, of which U.S.\$758 million was allocated to projects related to proved undeveloped reserves.

As of December 31, 2014, we estimate our proved undeveloped reserves related to gas wells and to primary and secondary oil recovery projects, which account for approximately 96% 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 Central and Loma La Lata Norte Fields, which account for the remaining approximately 4% of our proved undeveloped reserves as of December 31, 2014, continue their scheduled development. We estimate that the last compression stage (representing approximately 1% of our proved reserves as of such date) will be developed within approximately seven years from its booking date according to expected compression needs based on current (and consequently expected) reservoir behavior.

Changes in our proved undeveloped reserves during 2013

YPF had estimated a volume of net proved undeveloped reserves of 261 mmboe at December 31, 2013, which represented approximately 24% of the 1083 mmboe total reported proved reserves as of such date. This compares to estimated net proved undeveloped reserves of 203 mmboe as of December 31, 2012 (approximately 21% of the 979 mmboe total reported proved reserves as of such date).

The 28% total net increase in net proved undeveloped reserves in 2013 is mainly attributable to:

- New project studies and extensions of natural gas and oil development projects, which added approximately 83 mmboe of proved undeveloped reserves, mainly from the Aguada Toledo–Sierra Barrosa (Lajas Tight Gas and Lotena formations), Rincón del Mangrullo, Loma La Lata Central (Sierras Blancas formation), and Piedras Negras fields.
- Successful development activities related to proved undeveloped reserves projects, which allowed a transfer of approximately 41 mmboe to proved developed reserves.
- Negotiation of the extension of exploitation concessions in the province of Chubut (See “Item 4. Information on the Company—Regulatory Framework and Relationship with the Argentine Government—Exploration and Production”) which added 8 mmboe of proved undeveloped reserves, mainly due to scheduled proved undeveloped projects and which will not require additional investment.
- New improved recovery projects, which added approximately 8 mmboe of proved undeveloped secondary recovery reserves.

YPF's total capital expenditure to advance the development of reserves was approximately U.S.\$3,631 million during 2013, of which U.S.\$628 million was allocated to projects related to proved undeveloped reserves.

As of December 31, 2013, we estimate our proved undeveloped reserves related to gas wells and to primary and secondary oil recovery projects, which account for approximately 84% 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 16% of our proved undeveloped reserves as of December 31, 2013, 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 6% of our proved undeveloped reserves as of December 31, 2013 (representing approximately 2% of our proved reserves as of such date), will be developed within approximately seven 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 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 to oil ratio behavior and water production are considered in estimating ultimate recovery.

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

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 Audit (“RA”) is separate and independent from the Exploration and Production segment. RA’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 RA are to ensure that YPF’s proved reserves estimates and disclosure are in compliance with the rules of the SEC, the FASB, and the Sarbanes-Oxley Act, and to review annual changes in reserves estimates and the reporting of YPF’s proved reserves. The RA is responsible for preparing the information to be publicly disclosed concerning YPF’s reported proved reserves of crude oil, NGLs, and natural gas. In addition, the RA is also responsible for providing training to personnel involved in the reserves estimation and reporting process within YPF. The RA 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 RA 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 RA are registered with or affiliated to the relevant professional bodies in their fields of expertise.
- (b) The Reserves Auditor, who has headed the RA since January 2013, is responsible for overseeing the preparation of the reserves estimates and reserves audits conducted by third party engineers. The current director has over 19 years of experience in geology and geophysics, reserves estimates, project development, finance and general accounting regulation. In the six years prior to becoming the Reserves Auditor, he was Regional Director responsible for the operation and development of YPF’s operated fields at the Cuyana and North of Neuquina basins, in western Argentina. He holds a degree in geology from the National University of Tucumán, and postgraduate courses at IAE Austral University. Consistent with our internal control system requirements, the Reserves Auditor’s compensation is not affected by changes in reported reserves.
- (c) A quarterly internal review by the RA of changes in proved reserves submitted by the Exploration and Production business units and associated with properties where technical, operational or commercial issues have arisen.

- (d) A Quality Reserve Coordinator (“QRC”) is assigned to 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 5 years of practical experience in petroleum engineering or petroleum production geology, with at least three years of such experience in charge of the estimation and evaluation of reserves, 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 examines the effectiveness of YPF’s financial controls, which are designed to ensure the reliability of reporting and safeguarding of all the assets and examines YPF’s compliance with the law, regulations and internal standards.
- (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 a third party reserves audit, YPF’s proved reserves figures have to be within 7% or 10 mmboe 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 re-estimate its proved reserves to achieve this tolerance level or should disclose the third party figures. YPF has adopted the above-mentioned procedure by approving the corresponding internal policy.

In 2015, IHS Global Canada Limited audited certain YPF operated and non-operated areas in the Neuquina, Golfo San Jorge and Cuyana basins in Argentina, and DeGolyer and MacNaughton audited Neptune, a non-operated area in the United States. These audits were performed as of December 31, 2015, and the audited fields contain in aggregate, according to our estimates, 330.6 mmboe proved reserves (93.8 mmboe of which were proved undeveloped reserves) as of such date, which represented approximately 27.0% of our proved reserves and 27.8% of our proved undeveloped reserves as of December 31, 2015. Copies of the related reserves audit reports are filed as an exhibit 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 certification or external audit of oil and gas reserves under SEC rules. We last filed such a report for the year ended December 31, 2014. Estimates of our 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 that are not included in this annual report, which are different from estimates of proved reserves consistent with the SEC’s guidance contained in this annual report; 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 crude oil (including oil and condensate), NGL, and gas production on an as sold and annual 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.

<u>Oil and Condensate Production ⁽¹⁾</u>	<u>2015</u>	<u>2014</u> (mmbbl)	<u>2013</u>
Consolidated entities			
South America			
Argentina	91	89	84
North America			
United States	*	*	*
Total consolidated entities	91	89	84
Equity-accounted entities			
South America			
Argentina	—	—	—
North America			
United States	—	—	—
Total equity-accounted entities	—	—	—
Total oil production ⁽²⁾	91	89	84
<u>NGL Production ⁽¹⁾</u>	<u>2015</u>	<u>2014</u> (mmbbl)	<u>2013</u>
Consolidated entities			
South America			
Argentina	18	18	18
North America			
United States	—	—	—
Total consolidated entities	18	18	18
Equity-accounted entities			
South America			
Argentina	—	—	*
North America			
United States	—	—	—
Total equity-accounted entities	—	—	*
Total NGL production ⁽³⁾	18	18	18
<u>Natural Gas Production ⁽¹⁾</u>	<u>2015</u>	<u>2014</u> (bcf)	<u>2013</u>
Consolidated entities			
South America			
Argentina	452	470	372
North America			
United States	*	1	1
Total consolidated entities	452	471	373
Equity-accounted entities			
South America			
Argentina	—	—	5
North America			
United States	—	—	—
Total equity-accounted entities	—	—	5
Total natural gas production ^{(4) (5)}	452	471	378
<u>Oil Equivalent Production ⁽¹⁾⁽⁶⁾</u>	<u>2015</u>	<u>2014</u> (mmboe)	<u>2013</u>
Consolidated entities			
Oil and condensate	91	89	84
NGL	18	18	18
Natural gas	81	84	66
Equity-accounted entities			
Oil and condensate	—	—	—
NGL	—	—	*
Natural gas	—	—	1
Total oil equivalent production	190	191	169

* Not material (less than 1).

- (1) Loma La Lata Central and Loma La Lata Norte (southern and northern parts of the Loma La Lata field) in Argentina contain approximately 15% of our total proved reserves expressed on an oil equivalent barrel basis. Oil and condensate production in these fields was approximately 6, 5, and 5 mmbbl for the years ended December 31, 2015, 2014 and 2013, respectively. NGL production in these fields was approximately 8, 8 and 9 mmbbl for the years ended December 31, 2015, 2014 and 2013, respectively. Natural gas production in the Loma La Lata field was 133, 138 and 110 bcf for the years ended December 31, 2015, 2014 and 2013, respectively.
- (2) Crude oil production for the years ended in December 31, 2015, 2014 and 2013 includes an estimated approximately 13, 13 and 12 mmbbl, respectively, 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 in respect of royalty payments which are a financial obligation, or are substantially equivalent to a production or similar tax is not material.
- (3) NGL production for the years ended in December 31, 2015, 2014 and 2013 includes an estimated approximately 2, 2 and 3 mmbbl, respectively, 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 NGL in respect of royalty payments 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 December 31, 2015, 2014 and 2013 includes an estimated approximately 58, 60 and 47 bcf, respectively, 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 operations (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 volumes consumed in operations).
- (6) Volumes of natural gas have been converted to barrels of oil equivalent at 5,615 cubic feet 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.

The following table sets forth the average production costs and average sales price by geographic area for 2015, 2014 and 2013:

<u>Production costs and sales price</u>	<u>Total</u>	<u>Argentina</u> <i>(Ps./boe)</i>	<u>United States</u>
Year ended December 31, 2015			
Lifting costs	152.00	151.85	240.76
Local taxes and similar payments ⁽¹⁾	4.82	4.83	—
Transportation and other costs	14.95	14.91	41.09
Average production costs	<u>171.77</u>	<u>171.59</u>	<u>281.85</u>
Average oil sales price	620.77	621.85	392.86
Average NGL sales price	133.92	133.59	175.25
Average natural gas sales price ⁽²⁾	249.71	249.75	129.73
Year ended December 31, 2014			
Lifting costs	122.44	122.26	235.99
Local taxes and similar payments ⁽¹⁾	11.43	11.44	—
Transportation and other costs	15.06	15.03	31
Average production costs	<u>148.93</u>	<u>148.74</u>	<u>266.99</u>
Average oil sales price	594.02	593.34	724.77
Average NGL sales price	188.87	187.70	364.23
Average natural gas sales price ⁽²⁾	204.02	204.01	192.58
Year ended December 31, 2013			
Lifting costs	88.02	88.02	88.52
Local taxes and similar payments ⁽¹⁾	5.55	5.58	—
Transportation and other costs	19.89	19.88	21.96
Average production costs	<u>113.46</u>	<u>113.48</u>	<u>110.48</u>
Average oil sales price	393.62	392.77	541.74
Average NGL sales price	114.05	112.90	252.27
Average natural gas sales price ⁽²⁾	129.86	129.87	108.12

(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. 60.39 per boe, Ps. 45.51 per boe and Ps. 32.77 per boe for the years ended December 31, 2015, 2014 and 2013, respectively.

(2) Includes revenues from the Gas Plan.

Drilling activity in Argentina

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.

<u>Wells Drilled in Argentina</u>	<u>For the Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Gross wells drilled ⁽¹⁾			
Exploratory productive	35	35	38
Oil	24	20	30
Gas	11	15	8
Dry	5	8	3
Total	<u>40</u>	<u>43</u>	<u>41</u>
Development productive	962	861	728
Oil	766	725	664
Gas	196	136	64
Dry	10	4	2
Total	<u>972</u>	<u>865</u>	<u>730</u>
Net wells drilled ⁽²⁾			
Exploratory productive	27	30	29
Oil	22	17	25
Gas	6	13	4
Dry	4	5	3
Total	<u>31</u>	<u>35</u>	<u>32</u>
Development productive	766	708	679

Oil	629	592	624
Gas	137	116	55
Dry	8	4	2
Total	<u>774</u>	<u>712</u>	<u>681</u>

- (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 development oil well in 2014 with positive result, which belongs to the Neptune off shore project GOM (first oil January 2015).
- (2) "Net" wells equals gross wells after deducting third-party interests. In addition to wells drilled in Argentina, "net" wells were not drilled in North America.

Exploration & Production Activity in Argentina

During 2015, our main exploratory and development activities in Argentina have had the following principal focus:

1. Operated areas - Exploratory activities

During 2015, our main exploratory activities in Argentina were principally focused on:

1.1 Onshore:

- *Unconventional activities:*

The successful exploration results achieved in 2014 continued into 2015. We continued the regional exploration of the Vaca Muerta formation to determine the productivity of the shale oil, wet gas and dry gas in different areas of the basin.

Having completed the exploration phase, we obtained 35-year exploitation permits for the Bandurria Sur block and requested 35-year exploitation permits for the La Ribera I & II blocks.

- *Shale oil:*

Neuquina basin: Exploration continued along the shale oil strip, in an attempt to define intermediate control points of productivity.

We obtained positive results in wells drilled in the Bandurria, Chihuido de la Sierra Negra and Bajo del Toro blocks. These wells confirmed the productivity of the Vaca Muerta formation at various points of the basin.

- *Shale gas:*

Neuquina basin: During 2015, we focused on the regional definition of the shale gas strip area obtaining positive results in the Bandurria and La Ribera I & II blocks. Discoveries will be evaluated further in order to establish their commercial production potential. Studies to confirm results in Cerro Arena, Pampa de las Yeguas and Loma del Molle are still underway.

- *Conventional activities:*

1. Neuquina basin:

Tight gas: Exploration of tight gas continued with the drilling of RDM.xp-38 in the Rincón de Mangrullo block. As of the date of this annual report, this well is pending completion.

Positive results were obtained in eleven exploration wells targeting conventional reservoirs in the following blocks:

- Los Caldenes (gas)
- Paso de las Bardas (gas)
- Payún Oeste (oil) (2 wells)
- Altiplanicie del Payún (oil)
- Las Tacanas (gas)
- Loma la Lata - Sierra Barrosa (gas)
- Octógono (oil)
- Chachahuen Sur (oil)
- El Manzano Este (oil)
- Puntilla del Huicán (oil)

In the Cajón de los Caballos Oriental block one exploration well LoAl.x-1 was drilled in 2015, with the objective of the classic rocks of Neuquén group and the fissured rocks of Mendoza group. As of December 2015, this well was awaiting completion with a target date of March 2016.

2. Golfo San Jorge basin:

During 2015, we continued exploration activity targeting conventional oil and gas reservoirs in the Golfo San Jorge basin and we are continuing exploration of deep objectives during 2016. We obtained positive results in three exploration wells in the following blocks:

- Restinga Ali (gas)
- Los Perales-Las Mesetas (oil)

3. Cuyana basin:

We continued exploration activity targeting conventional oil in Cuyana basin, with results under evaluation in the following blocks:

- Barrancas
- La Ventana
- Ugarteche
- Cuenca Cuyana y Bolsones 17/B (CCyB 17/B)

From the results obtained in the Payun Oeste block (Neuquen basin) and Cuenca Cuyana y Bolsones 17/B (Cuyana basin), we have requested the province to allow commercial exploitation of the blocks, which opens new areas of development.

CCyB17/B Exploration block: Successful exploration of a well revealed a new mineralized area to be delineated and studied, in the Río Blanco formation.

4. Bordering areas:

Los Tordillos Oeste block located in the province of Mendoza: We fulfilled our commitment to drill two exploratory wells. Considering the results, we decided not to continue with the second exploratory period and, as a result, the block was relinquished to the province of Mendoza.

- *Seismic activities:*

A long-term 2D-3D seismic registration campaign was started in 2015 and will continue in 2016.

During 2015, 1,070 km² of seismic 3D was registered in the following blocks:

- Chachahuén (Mendoza province – Neuquina basin)
- Zampal Norte (Mendoza province – Cuyana basin)
- Cerro Piedra – Cerro Guadal Norte (Santa Cruz province - Golfo San Jorge basin)

Also, 350 km of seismic 2D was registered in the following blocks:

- Cajón de los Caballos (Mendoza province – Neuquina basin)
- Chachahuén (Mendoza province – Neuquina basin)

After the survey is performed, seismic data processing will be carried out for subsequent interpretation. The purpose of acquiring and processing the seismic data is to identify new exploration opportunities.

2.2 Offshore:

According to the amendments to the Hydrocarbons Law adopted by Law No. 27,007, all exploration permits owned by ENARSA will be transferred to the Secretariat of Energy. YPF currently participates in three offshore blocks in association with ENARSA (E1 block: YPF 35%, E2 block: YPF 33% and E3 block: YPF 30%) with total acreage of 23,700 km². In September 2015, the National Executive Office and YPF began negotiating the conversion of association agreements signed with ENARSA. As of the date of this annual report, the negotiations are ongoing. As of December 31, 2015, we do not have registered assets in these blocks. See “—Regulatory Framework and Relationship with the Argentine Government—Law No. 27,007, amending the Hydrocarbons Law” for a description of new terms which apply to new production concessions or exploitation permits.

Operated Areas - Development activities

During 2015, our development activities in Argentina were mainly focused on the following regions:

2.1 Neuquén—Río Negro

- *Neuquén concession:*

1. Loma La Lata field:

The Sierras Blancas Infill project in the Southeast area continues its development with nine wells (four horizontal and five directional) during 2015. Six of these are already in production, one is being completed and tested, and two are being drilled. The four horizontal wells have had good pressure and production results. During 2016, we plan to drill eighteen wells.

In order to address the declining production of the field, we also continue improving production with plunger lift and wellhead compression.

2. Aguada Toledo—Sierra Barrosa field:

- *Tight gas (Lajas formation)*

During 2015, the regular offset drilling was almost completed. Several wells were drilled in the outer area of the main structure. The infill drilling started in 2015, achieving good results so far. We are conducting a horizontal drilling pilot in the deepest and tightest sands of Lajas formation to define the potential of the formation in low levels of the structure.

- *Waterflooding (Lotena formation)*

In 2015 we completed the Aguada Toledo Waterflooding project. We achieved the injection flow capacity planned (21,000 cm/d). For that, facilities were built and refurbished, 17 wells were converted to injectors and several others were repaired. Also, during 2016, studies will be carried out to extend waterflooding to Sierra Barrosa, an adjacent field, where there is an anticipated potential oil recovery of 3 mmboe.

- *Delineation of tight oil strata (Quintuco-Vaca Muerta formation)*

As part of a regional study of Quintuco-Vaca Muerta Formation, seven workovers and three wells were completed, from which rock and fluid data was taken. More studies and strategic evaluations are needed (such as horizontal wells) to confirm the formation's potential.

- *Barrosa Norte tight gas field (Lajas formation)*

During 2015, six wells were drilled in this field. Three of the wells are already in production and the others are being completed and tested. In 2016, 15 wells will be drilled, with thirteen development wells and two appraisal wells in the west side of the structure. The Precuyo and Molles formations will be evaluated to determine their potential for future development.

○ El Cordon tight gas field

In this field, we are in the early stages of development. Three wells and a workover were performed in 2015, with results meeting expectations, especially for the Lower Lajas formation, which is over-pressured and produces at expected rates. In 2016, new wells are planned in order to produce gas from the region ranging from Lower Lajas to the Sierras Blancas formations. A new pipeline has allowed us to increase flow rate from this field from December 2015.

3. Octógono block:

Four development wells were completed targeting the Basamento formation. The results were as expected, with an average production of 660 bbl/d by the end of December 2015. In addition to this, we completed two workovers targeting the same formation, with an average production of 43 bbl/d by the end of December 2015.

We completed four other workovers targeting the Lajas formation, which confirmed its potential in the north of the Octógono concession area, where good results were obtained. Regarding the secondary recovery pilot, we drilled and completed one replacement well and did four workovers. In addition to drilling activities, we are building and refurbishing facilities to reach a capacity of 1,500 cm³/d of water injection, considering the first stage of the project.

4. Chihuido de la Sierra Negra field:

During 2015, we successfully completed a single well chemical tracer test, alkali surfactant polymer (“ASP”). This field test validated the entire previous lab test. In order to start a pilot on the field, further tests are required to evaluate ASP efficiency over longer time periods.

5. Volcán Auca Mahuida and Las Manadas blocks:

We continued with the appraisal and development of the Centenario and Mulichinco formations. Five new wells were completed during 2015, all of which were productive with good results. Further appraisal and development wells are scheduled to be drilled in 2016.

6. Cerro Hamaca Noroeste field:

The northwest area was discovered in late 2012. During 2015, we continued with the development campaign of the Rayoso formation. Ten wells were completed in 2015. As of December 2015, the field average oil production was 900 bbl/d, approximately 117% higher than the previous year, as of December 2014. Water injection is scheduled to begin in 2017.

7. Puesto Hernandez block:

During 2015, we reactivated the drilling activity in the area where new wells had not been added since 2008. This activity contemplated the drilling of four production wells and two injection wells in the northwest and southeast of the field. As of December 2015, this activity generated an incremental production of oil of 126 bbl/d.

8. Bardita Zapala field:

Four development wells were drilled targeting the Tordillo formation, three of them with average oil production of 8 bbl/d in 2015. The results were lower than expected. The fourth well, BZ.a-10(d), had gas production of 14 mcm/d in 2015, meeting expectations.

9. Portezuelos field:

Four workovers were performed targeting shallow gas in the Centenario formation with an average gas production in 2015 of 15 mcm/d. In addition, three workovers were performed in the Lajas formation with an average gas production in 2015 of 10 mcm/d. The results of these workovers did not meet expectations.

10. Portezuelos Oeste field:

Five workovers were performed to open gas-bearing intervals in the Grupo Cuyo Superior formation, with average gas production for the PO-09 and PO-10 wells of 12 mcm/d in 2015. The expected production exceeds expectations.

11. Ranquil Co field:

Four development wells were drilled targeting the Precuyo formation, with average gas production of 47 mcm/d in 2015. These results did not exceed the plan.

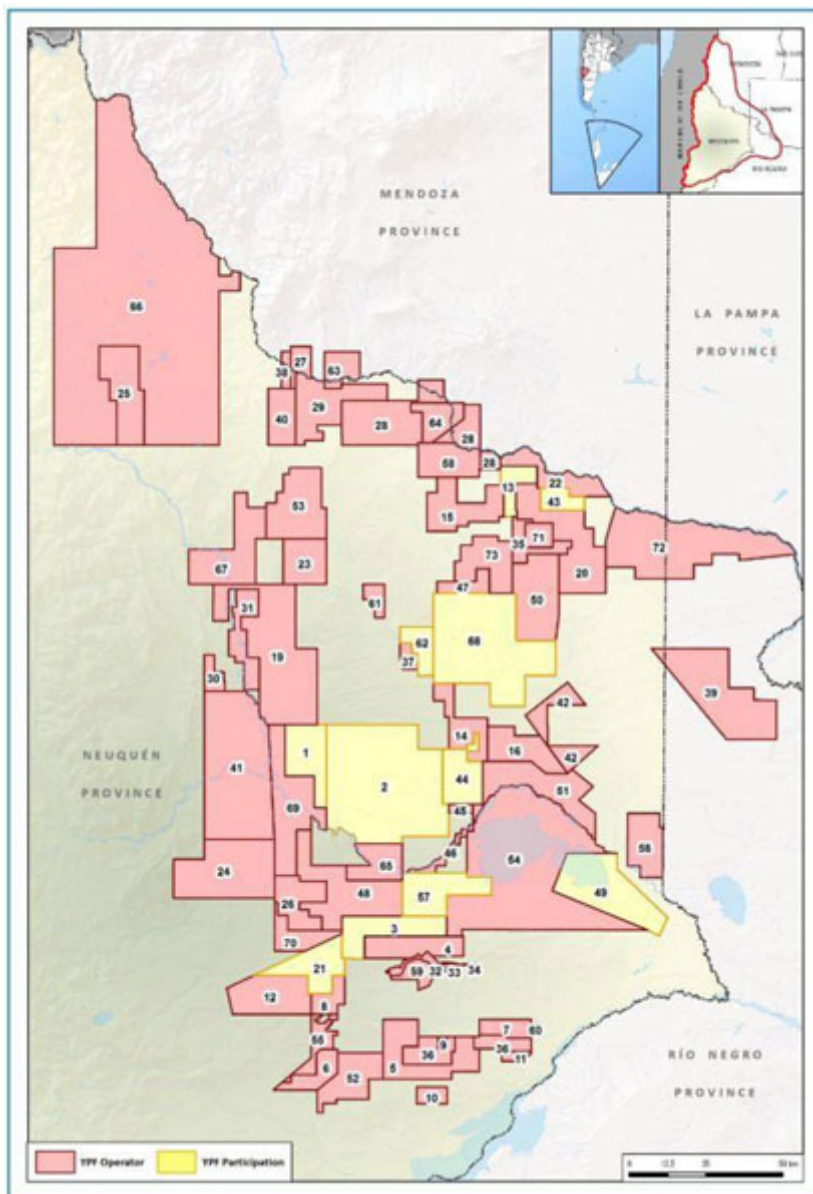
12. Guanaco field:

Two step-out wells were drilled during 2015 in the Guanaco Shallow area targeting the Lotena and Lajas formations. One of them produces oil from Lotena with average production of 43 bbl/d in 2015. The results were lower than expected. To confirm the shallow gas potential from the Lajas formation in this field, we executed two workovers, which had a combined average production of 19 mcm/d in 2015.

13. Huincul field:

Two Lajas development wells with secondary exploratory targets of the Precuyo and Basamento formations were drilled during 2015, with an average oil production of 8 bbl/d and average gas production of 1 mcm/d in 2015. The results exceed the plan in oil but not in gas.

Neuquen YPF Concession



1 Aguada de Castro; 2 Aguada Pichana; 3 Aguada Villanueva; 4 Al Norte de La Dorsal; 5 Al Sur de La Dorsal I; 6 Al Sur de La Dorsal II; 7 Al Sur de La Dorsal III; 8 Al Sur de La Dorsal IV; 9 Al Sur De La Dorsal V; 10 Al Sur De La Dorsal VI; 11 Al Sur de La Dorsal VII; 12 Anticlinal Campamento; 13 Apon; 14 Bajada de Añelo; 15 Bajo Del Toro; 16 Bandurria Sur; 19 Cerro Arena; 20 Cerro Avispa; 21 Cerro Bandera; 22 Cerro Hamaca; 23 Cerro Las Minas; 24 Cerro Partido; 25 Chapua Este; 26 Chasquivil; 27 Chihuido de La Salina Sur; 28 Chihuido de La Sierra Negra; 29 Corralera; 30 Cortadera; 31 Cortadera; 32 Dadín—Lote I; 33 Dadín—Lote II; 34 Dadín—Lote III; 35 Don Ruíz; 36 Dos Hermanas; 37 El Orejano; 38 El Portón; 39 El Santiagueño; 40 Filo Morado; 41 Huacalera; 42 La Amarga Chica; 43 La Banda; 44 La Calera; 45 La Ribera I; 46 La Ribera Ii; 47 Las Manadas (Calandria Mora); 48 Las Tacanas; 49 Lindero Atravesado; 50 Loma Amarilla; 51 Loma Campana; 52 Loma del Mojón; 53 Loma Del Molle; 54 Loma La Lata—Sierra Barrosa; 55 Los Candeleros; 56 Mata Mora; 57 Meseta Buena Esperanza; 58 Narambuena; 59 Octogono; 60 Ojo De Agua; 61 Pampa de Las Yeguas I; 62 Pampa de Las Yeguas II; 63 Paso de Las Bardas Norte; 64 Puesto Hernandez; 65 Rincón Del Mangrullo; 66 Río Barrancas; 67 Salinas del Huitrin; 68 San Roque; 69 Santo Domingo I; 70 Santo Domingo II; 71 Señal Cerro Bayo; 72 Señal—Punta Barda; 73 Volcán Auca Mahuida.

- Río Negro Concession:

1. Los Caldenes block:

We drilled four wells and completed three wells in 2015. We also performed two workovers on existing wells. The oil is produced from two layers, as we successfully tested production from Quintuco and Sierras Blancas. As a result of this activity, oil production averaged 591 bbl/d as of December 31, 2015 (an increase of 389% compared to December 2014). Further drilling and completion activity is scheduled for 2016 and a gas line is planned to produce gas from deeper formations.

2. Señal Picada-Punta Barda block:

During 2015, we continued optimizing the existing waterflooding projects in the 50-year-old Señal Picada area. We completed 21 new wells and workovers in existing wells. Oil production decreased to 5,791 bbl/d (a decrease of 101 bbl/d or 2%) from December 2014 to December 2015. In the Punta Barda area, we continued with the appraisal campaign to extend the proved reserves area. Two wells were drilled in the Loma Montosa formation. One of these wells was completed and successfully tested for oil. The other well is scheduled to be completed in 2016. Three other wells were completed and ten workovers were performed in 2015. Oil production increased to 1,208 bbl/d (an increase of 166 bbl/d or 16%) from December 2014 to December 2015.

3. Los Ramblones field:

Eleven oil wells were drilled during 2015, targeting primarily the Sierras Blancas formation. The best results were achieved from eight wells drilled on the western end of the field on a faulted combined trap. The 2015 drilling campaign had an average production with excellent results that restored the field's production to its highest levels, reached in the 1980's. It hit a peak of 1,406 bbl/d in December 2015. The successful campaign has opened up new opportunities for drilling in the area, which are currently under study.

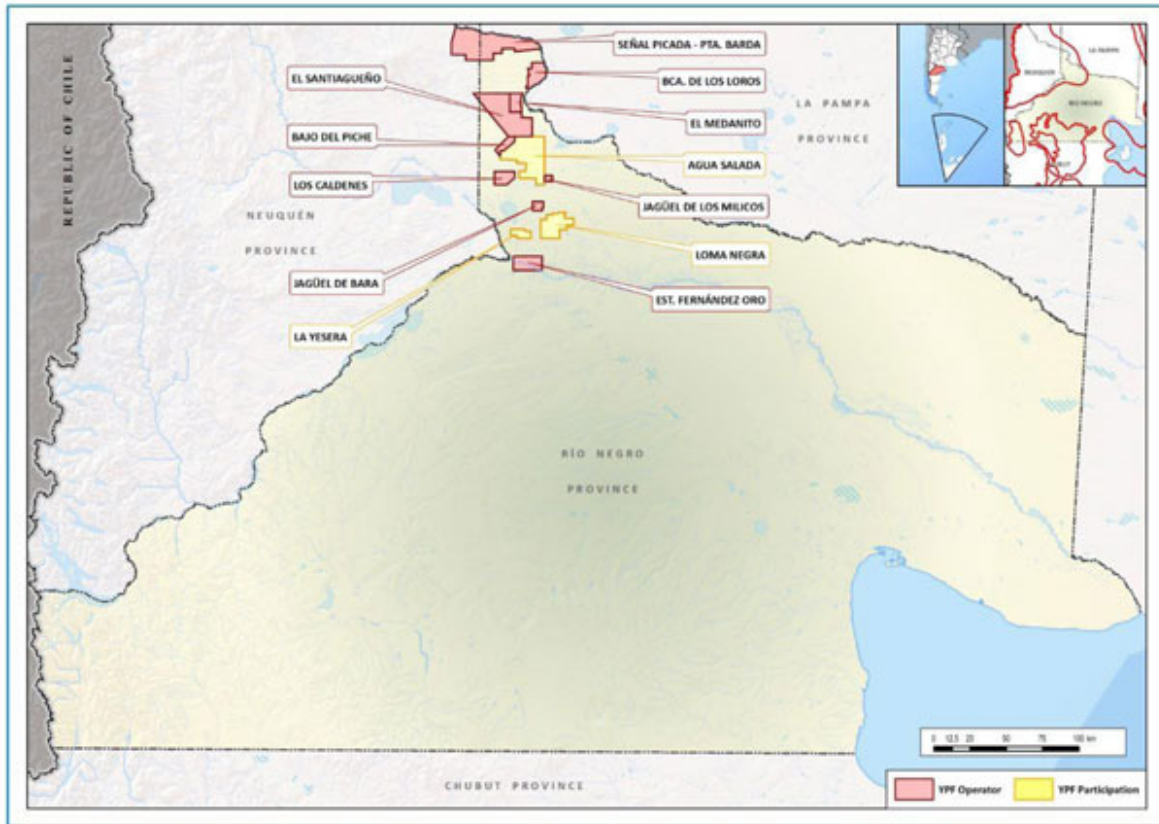
4. Punta Rosada field:

Four workovers were performed targeting shallow gas in the Centenario formation. The successful campaign has created new opportunities in the area, which are currently under study.

5. Estación Fernandez Oro block:

During 2015, we drilled 19 gas wells targeting the Lajas formation (13 development gas wells, five step-out gas wells and one exploratory gas well) with results better than expected for the development wells, but poorer than expected for the rest of the wells. The development of the gas field will continue during 2016, focusing on drilling activity. An expansion in the mid-pressure compression and continuation of work on three drilling rigs are planned for 2016.

Río Negro YPF Concession



2.2 Mendoza

- *Mendoza Norte concession:*

During 2015, our activities were focused on the development of new areas and performing primary recovery and waterflooding in mature oilfields by workovers and drilling new wells. Key activities are described below:

1. Barrancas block:

- *Barrancas area:* Results obtained from the appraisal well B.a-508, drilled in 2014, helped revitalize this mature oilfield as it opens a new opportunity in the area located at the northeast flank from the Barrancas Anticline. The drilling activity plan involved drilling 15 development wells. The dynamic-static model shows opportunities along the eastern flank of the structure and it is consistent with results from well B.a-507. Both support the expansion of the drilling activity.
- *Ugarteche area:* After 14 years, drilling activity has been revitalized with two development wells located in Ugarteche Occidental field. The successful results allow the expansion of the productive area in the south portion of the field. These wells produce from both the Barrancas and the Río Blanco formations.
- *Estructura Cruz de Piedra area:* The field development plan continued during 2015, including four workovers and five new development wells. We obtained good results that support the proposed activity for 2016, which includes the expansion of waterflooding to the ECP-Lunlunta area in the southern portion of the field.

2. La Ventana block:

After reaching a new Joint Operating Agreement with Sinopec, drilling activities were increased during 2014 and 2015. Four exploration wells were drilled between June 2014 and December 2015. According to the field development plan (infill & replacements wells), seven wells were drilled in 2014 and nine wells were drilled in 2015. This activity allowed us to incorporate reserves and production in the block. We expect to continue with the development plan, increasing the recovery factor of this mature field by drilling deep-objective appraisal wells, development wells, and workovers and optimizing the secondary recovery. In addition, this block is included in regional studies in order to develop an ASP formulation (tertiary recovery), according to temperature and salinity conditions of the reservoir-enhanced oil recovery (“EOR”) in the Barrancas Formation.

3. *Vizcacheras block:*

A new geological model of this mature field was created after seismic re-interpretation in 2012. This model enabled the construction of a development plan (including 63 new wells to drill). During 2015, three wells were drilled in the Vizcacheras Oeste field. We tested oil down dip in the Papagayos formation in the Vizcacheras field, Vi.a-1138 well. Three re-entry wells to the Barrancas formation were drilled (with positive results in the northwest zone). We also drilled two infill wells in the Cañada Dura field. In addition, this block is included in regional studies in order to develop EOR, in the Barrancas and Papagayos formations.

4. *Llancanelo block:*

Six horizontal wells and two appraisal wells were drilled in 2015, targeting two geological formations. A total of 23 wells have been drilled since 2010, with an oil production of 1,116 bbl/d, in line with expectations.

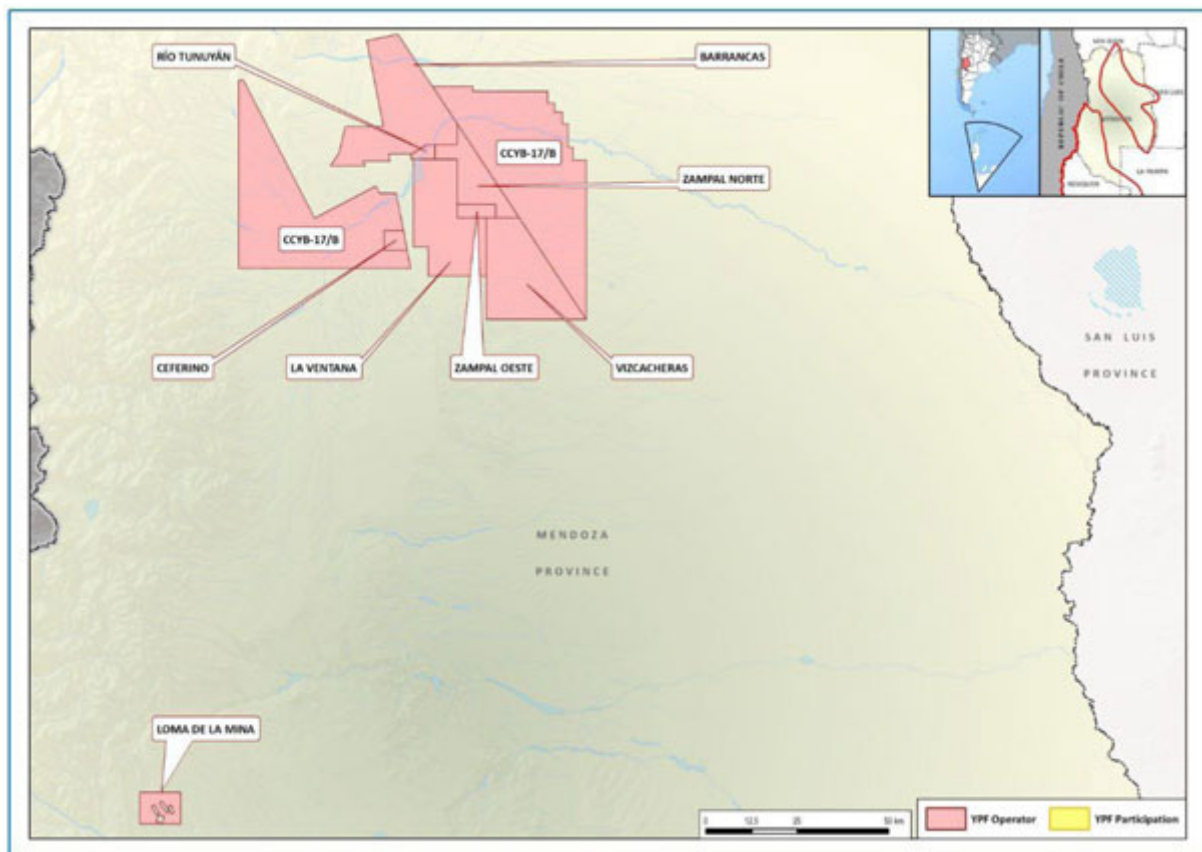
5. *El Manzano block:*

Positive results, which exceeded expectations, were obtained in the appraisal well LVo.a-9 drilled in 2014. This project continued in 2015 with the drilling of appraisal well LVo.a-14, which is not complete.

6. *Cerro Fortunoso block:*

A water treatment plant was installed to treat a maximum rate of 4,500 cm/d of injection water. We continued the waterflooding development plan in 2015, including drilling two injector wells, repairing one injector well and repairing one water production well. The last of the injector wells from the 2015 plan was being drilled at the end of December 2015.

Mendoza Norte YPF Concession



Mendoza Sur YPF concession:

During 2015, we remained focused on the development of new areas and waterflooding in mature oil fields. Key activities are described below:

1. Desfiladero Bayo area:

We drilled eight development wells and four appraisal wells in the Rayoso, Troncoso, Agrio, Mulichinco and Tordillo formations, in keeping with the development plan, and focused on investigating deep formations. Water injection was started to define the polymer baseline in the pilot area. We intend to begin the polymer injection pilot during the first half of 2016.

2. Chachahuen Sur block:

We drilled 52 development wells and 12 appraisal wells in the Rayoso formation with positive results. The expansion of water injection in block 1 is ongoing.

3. Cañadón Amarillo block:

We drilled 17 development wells and six appraisal wells in shallow formations (La Tosca and Chorreado), and deep formations (Grupo Cuyo, Barda Negra and Tordillo) to continue the development of the north area in the Cañadón Amarillo block. We obtained results exceeding expectations from the development wells and good results from shallow appraisal wells.

4. Paso Bardas Norte block:

We drilled three development wells and one appraisal well in tight gas formations (Lotena and Grupo Cuyo). The results were below expectations.

5. Puesto Molina block:

Three development and two injector wells were drilled, and workovers of producers and injector wells were performed to extend and optimize waterflooding patterns. The results were better than expected.

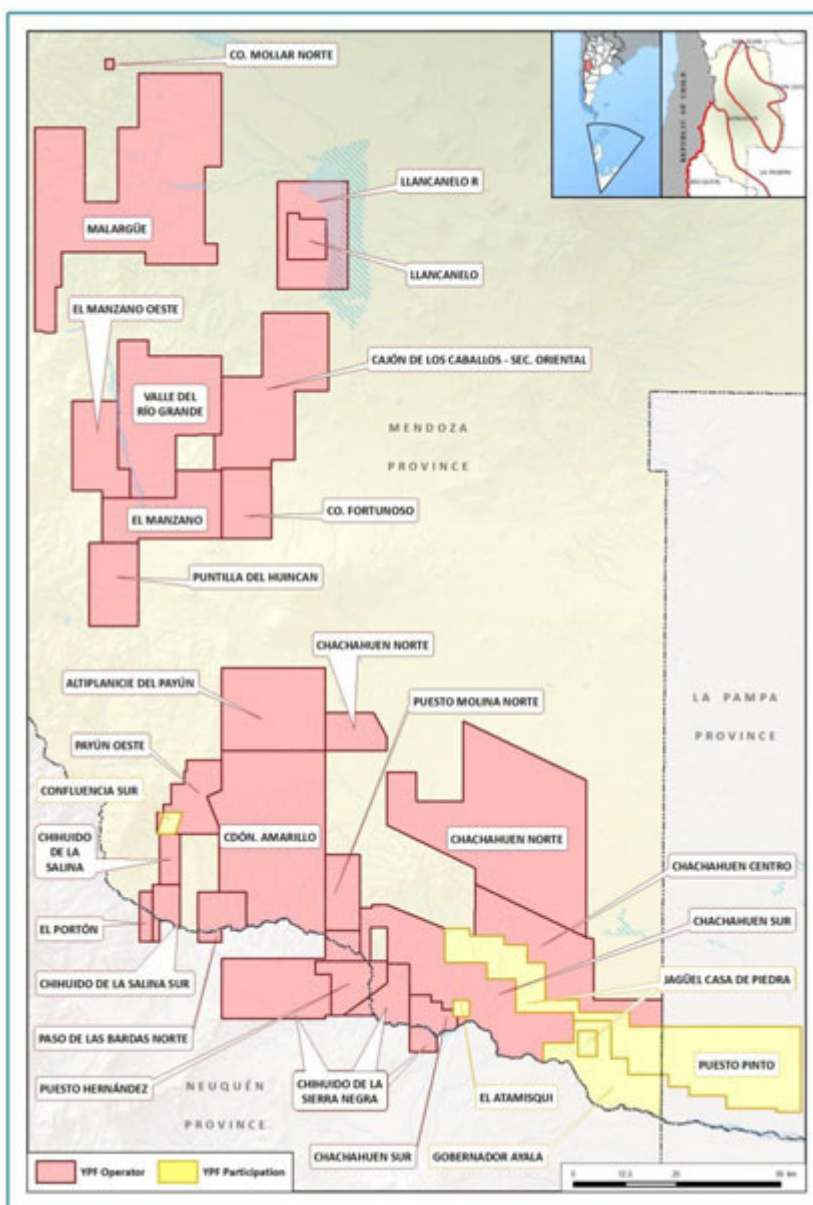
6. El Portón block:

One appraisal well was drilled to investigate deep formations (Quintuco and Mulichinco) with positive results.

7. Chihuido de la Salina block:

One appraisal well was drilled to investigate deep formations (Quintuco and Mulichinco) with positive results.

Mendoza Sur YPF Concession



2.3 Chubut

The oil production of the blocks operated by YPF in the province of Chubut surpassed historic levels for the third consecutive year, achieving a 1.8% increase in net oil production in 2015 compared to 2014. In addition, wellhead gas production increased 12% in 2015 compared to 2014.

1. Manantiales Behr block:

We drilled 43 wells in 2015 among three main oil fields, La Carolina, El Alba and Grimbeek, with positive results. Additionally, we completed 61 workovers also with positive results.

The assisted recovery project in Grimbeek began in 2013 with a focus on standard waterflooding. It is currently in an advanced stage with good production results.

During the first quarter of 2015, the polymer injection phase began. Some evidence of water decreases in the central well was recorded in 2015, which was the first positive result of the pilot phase. In the same field, the secondary recovery is performing well. Its peak oil rate surpassed expectations.

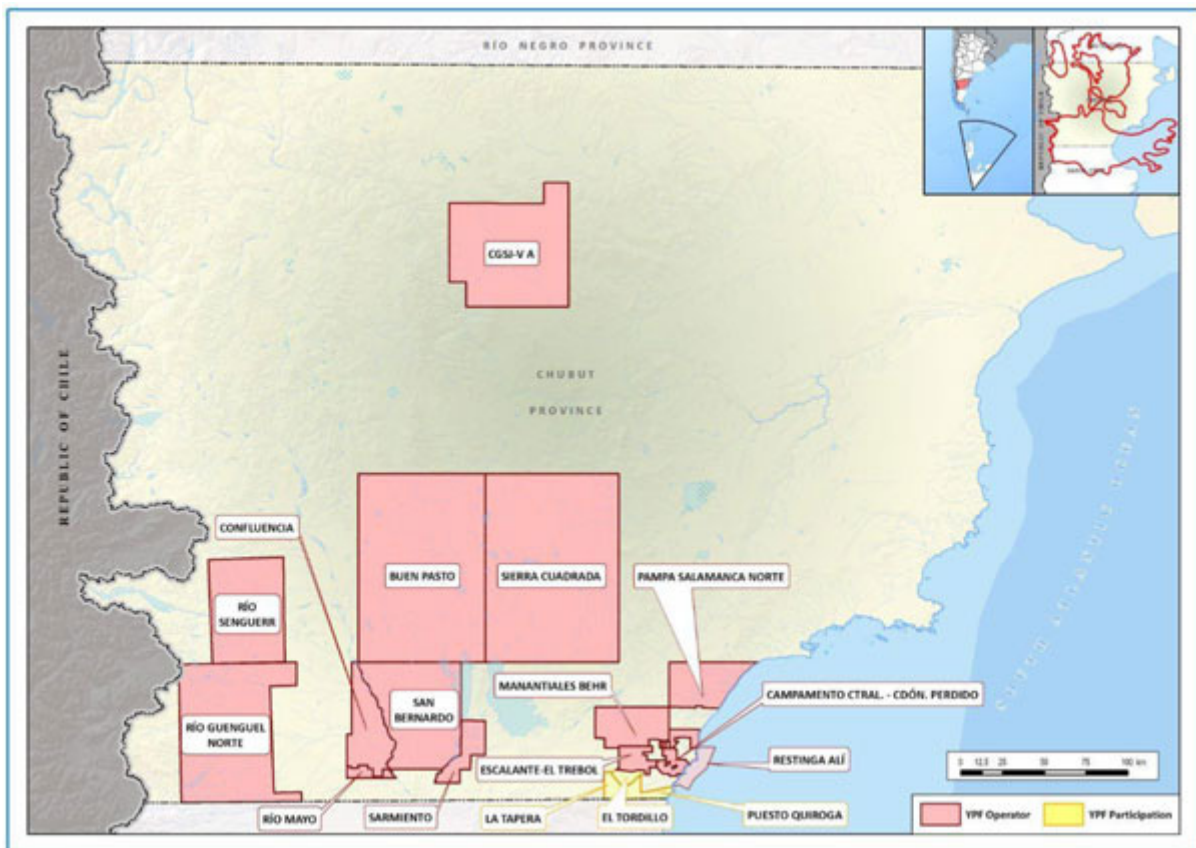
During the second half of 2015, the extension of this project, known as Grimbeek Norte, was implemented. It is expected to increase production in 2016.

The short-term focus on the Manantiales Behr block is to extend waterflooding projects along the field in order to sustain production growth. Facilities developments to extend waterflooding projects will continue in 2016.

As a result of the activities described, the volume of oil production has remained at similar levels of production compared to 2014.

Gas production increased by 10.9%, driven by the development of a new shallow low pressure target, the Glauconitic formation.

Chubut YPF Concession



2. El Trébol – Escalante block:

As a result of the investments during 2015 in this mature block, oil production increased by approximately 7.1% compared to 2014. We drilled 60 new wells and performed 58 workovers within waterflooding optimization projects, which, along with the delineation of new, deeper structures, increased the accumulated production by 18.6% in the last two years.

A new structure and project was delineated and partially developed in Escalante oilfield, called G3, with excellent production performance and geographic extension. We are employing an integrated primary and secondary development strategy to be carried out over the next three years.

3. Zona Central – Cañadón Perdido block:

This block is located near the urban area of Comodoro Rivadavia. Production decreased by 10.2% compared to 2014. This decrease was a consequence of delays in the extension of the Bella Vista Sur drilling project and a disruption at the HMO oil treatment plant for the block. One of the plant tanks failed on August 18, 2015, and we were forced to suspend oil production completely for two weeks. The problem was gradually remedied over three months.

4. Restinga Alí block:

Located on the coast between the urban area and the sea, this block was reactivated in 2013. Production increased to a peak of 940 bbl/d in July 2015. Beginning mid-August, production significantly decreased following a disruption at the Km9 oil plant. The block has been prevented from delivering oil to date. Production is expected to return to normal during the first quarter of 2016.

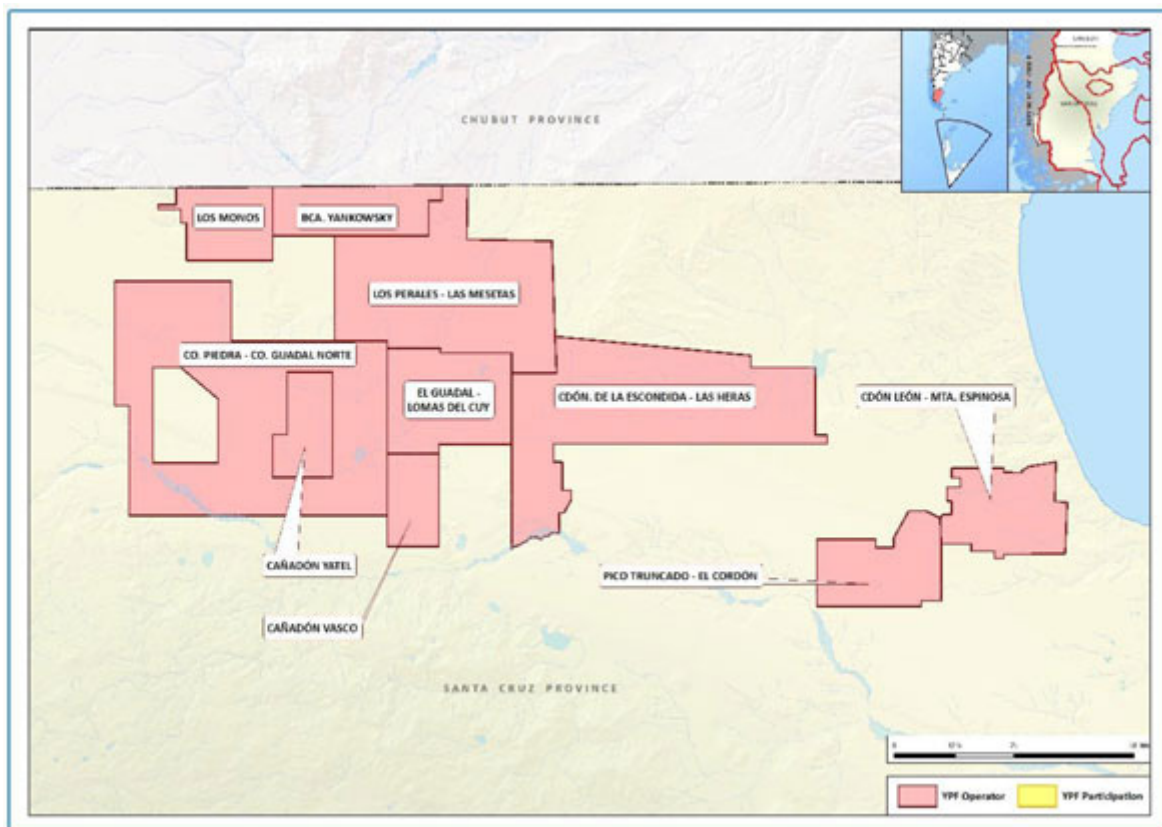
2.4 Santa Cruz

During 2015, we implemented 31 integral development projects across five major development areas in the province of Santa Cruz (Las Heras, El Guadal, Los Perales, Pico Truncado and Cañadon Seco), comprising a total portfolio of 40 projects. The main projects include the following reserve areas: Cañadón Escondida, Cerro Grande, Seco León, Los Perales, Cañadon Yatel and El Guadal, with 243 wells drilled (220 oil wells, 13 injectors and 10 advanced wells), 489 workovers and associated facilities.

The main objectives of these integral projects are:

- Comprehensively developing the areas through the drilling of new wells.
- Acquiring the necessary information with electrical logs, rotated plugs and well testing.
- Increasing the recovery factor with new enhanced oil recovery projects.
- Increasing water injection to improve the sweep efficiency.
- Extending horizontal and vertical limits with new appraisal and exploration wells. Drilling of new advanced wells in Los Perales.
- Providing development support through the appropriate surface facilities.

Santa Cruz YPF Concession



2.5 Tierra del Fuego

After five years with no activity, in June 2015 drilling activity in the area resumed with one rig. The 2015 campaign focused on drilling of oil development wells.

1. *Carmen Silva field:*

In this partially developed field, one well was drilled during 2015 (CS-2003), targeting the Springhill formation classic reservoir with average oil production of 20 bbl/d and an initial daily production of 113 bbl/d.

2. *Cañadón Piedras field:*

Two development wells were drilled in this mature oil field. The pressure ranges from 40% to 50% of the original well in the Springhill formation. One of the wells, CP-2003(d), was a dry hole well. The other, CP-2004(d), was put on production with average oil production of 19 bbl/d in 2015, below the expected production level.

A workover program consisting of six wells was executed, three of which obtained initial average daily production of 10.6 bbl/d (CP-69, CP96, CP50) and three of which did not produce (CP-73, CP109, RC-14). The results were lower than expected.

3. *Cabo Nombre field:*

Two development wells were drilled in this mature oil field, where a waterflooding project is ongoing, targeting primarily Springhill formation. One of them, CN-2002, had average oil production of 79 bbl/d, and met the expected production. The other well, CN-2001, began production in January 2016.

A workover program consisting of five wells was executed, four of which obtained initial average daily production of 7.5 bbl/d (CN-78, CN-1, CN17, CN-37). The other (CN-8) obtained initial production of 1.2 bbl/d. The results were lower than expected.

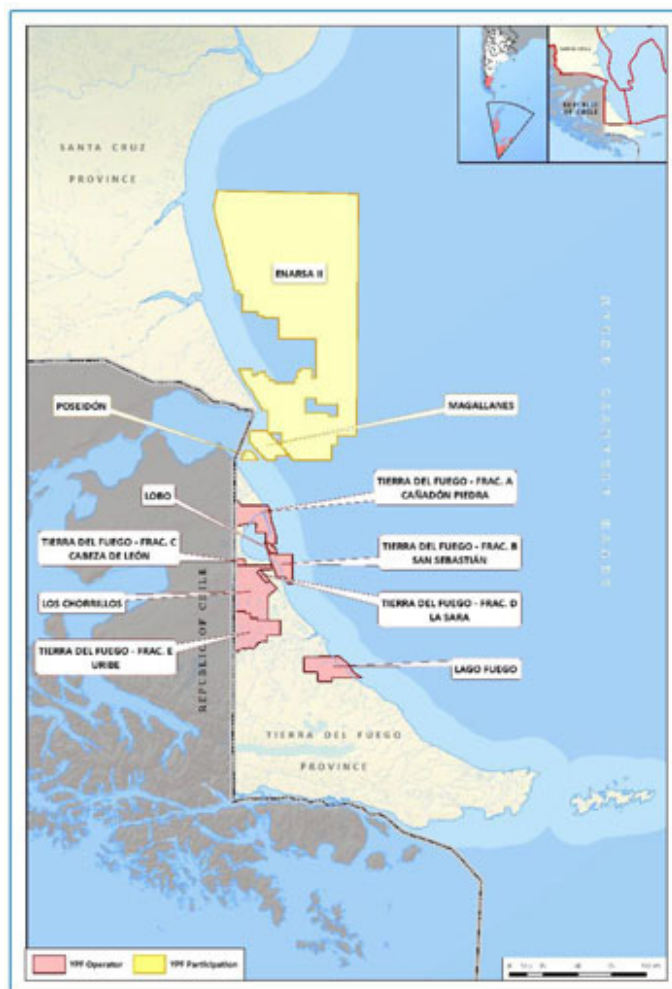
4. *San Sebastián field:*

A workover program consisting of nine wells was executed in this very mature gas field. The program reversed the declining output in the field.

During 2015, seismic reprocessing and 5D interpolation of 1,821 km² in the Los Chorrillos and Uribe blocks was performed. It will be applied to the development of the fields located in Los Chorrillos block and in the review of Uribe's exploratory prospects.

The 2016 campaign calls for drilling of gas development wells in the San Sebastián and Lago Fuego fields.

Tierra del Fuego YPF Concession



3. Non-operated areas

- *Exploration activities:*

We obtained positive results in exploration wells drilled in the Lindero Atravesado block, which is operated by Pan American Energy, and CNQ7/A, which is operated by Pluspetrol.

- *Development activities:*

1. El Tordillo and La Tapera-Puesto Quiroga blocks:

Beginning in January 2014, under an agreement between YPF and the province of Chubut related to the negotiation of an extension of YPF concessions there, YPF transferred 41% of its working interest in the joint venture's ET/LT-PQ to Petrominera Chubut S.E. As a result, the participation of YPF in the joint venture is 7.196%.

During 2015, 19 wells were drilled. Of those, 17 were producing in line with our expectations and two were pending completion as of December 2015.

2. Magallanes block:

On November 17, 2014, we agreed to extend the joint venture contract with ENAP Sipetrol Argentina S.A. in the Magallanes block. The objective of this agreement was to extend the rights and obligations of ENAP in the original joint venture agreement and confirm its role as operator, maintaining its 50% share until the end of the concession. On January 8, 2016, the Argentine government approved a concession extension through November 17, 2027. See "Item 4. Information on the Company—Regulatory Framework and Relationship with the Argentine Government—Extension of Exploitation Concessions in the Cuenca Marina Austral."

During 2015, an incremental production project began, known as “PIAM.” This project aims to increase the production capacity of the area by approximately 1.6 mmcm/d of gas beginning mid-2017. Currently, a portion of the engineering tasks have been in process. This project involves laying a marine pipeline, expanding compression capacity and reopening approximately 24 wells that are currently shut-in. The total estimated value of the project is approximately U.S.\$354 million and its completion is expected during the second half of 2017.

3. Aguada Pichana block:

This block is operated by Total S.A. YPF holds a 27.2% working interest in this block.

Tight gas projects: during 2015, we continued tight gas development in different areas of the block and seven wells were drilled. Six of them are in production or waiting to put into production. The last well, APO-25(h), is pending its producing line to begin production.

Production improvements: during 2015, we continued our efforts to maintain or improve daily production. We continued the campaign initiated during the first half of 2013, under which six velocity strings and five capillary strings were initiated, three wells were refractured and three workovers were conducted.

Unconventional: we continued drilling the pilot wells for unconventional development, which consisted of six horizontal wells. During the second half of 2015, the completion stage began, which consisted of ten fractures by well and treatment facilities.

4. Lindero Atravesado block:

This block is operated by Pan American Energy LLC. YPF holds a 37.5% working interest in this block.

During 2015, a new non-conventional concession through 2060 was granted by the government of Neuquén, according to the Hydrocarbons Law as amended by Law No. 27,007. This non-conventional concession is based on developing and drilling the Lajas formation. The original scope of the concession includes 97 wells and three new gas plants, as well as the renovation of two existing gas plants. The 2015 drilling campaign, consisted of 28 wells, all of which are in production. The project also includes building the corresponding field facilities. Additionally, two wells were drilled in the Sierras Blancas formation.

5. Aguaragüe block:

This block is operated by Tecpetrol, and YPF holds a 53% working interest in this block. Two gas wells were drilled in the Tupambi formation of the Campo Durán field, with better results than expected. One oil well was drilled in the Los Monos formation of the Altos de Yariguarenda field, with results meeting expectations.

Properties and E&P activities in rest of the world

1. United States:

During 2015, Maxus relinquished a total of three blocks in the Green Canyon area and one in the Mississippi Canyon area.

As of December 31, 2015, we had mineral rights in 16 blocks in U.S. territorial waters in the Gulf of Mexico, comprised of 13 exploratory blocks, with a gross surface area of 303 km² (128 km² net to Maxus), and three development blocks, with a gross surface area of 70 km² (10.5 km² net to Maxus). Our U.S. subsidiaries' net proved reserves as of December 31, 2015 was 2.266 mmbob. Our U.S. subsidiaries' net hydrocarbon production for 2015, including in the GOM area and Crescendo (ORRIs), was 0.584 mmbob.

The Neptune field is located approximately 120 miles off the Louisiana coast in the deepwater region of the Central Gulf of Mexico. The field is made up of the Atwater Valley 574, 575 and 618 blocks. 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 W&T Offshore (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 the Green Canyon 613 block in 4,230 feet of water. The platform supports seven sub-sea development wells that are tied back to the TLP via a subsea gathering system.

In addition, YPF Holdings entered into various operating agreements and capital commitments associated with the exploration and development of its oil and gas properties. These contractual, financial and 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.”

2. *Chile:*

We were selected to operate in two exploratory blocks of the Magallanes basin: (i) San Sebastián, which we will operate and in which we will hold a 40% working interest with Wintershall, which will hold a 10% working interest, and ENAP, which will hold a 50% working interest; and (ii) Marazzi/Lago Mercedes, which we will operate and in which we will hold a 50% working interest along with ENAP, which will hold a 50% working interest.

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 eight exploratory wells. Between 2013 and 2014, 679 km² of 3D seismic data were registered. Exploratory wells were drilled during 2015. In 2015, YPF requested to access a second exploration period in the San Sebastián block. However, Wintershall and ENAP have formally decided not to enter the second exploration period. Subsequently, the Marazzi/Lago Mercedes block was relinquished.

3. *Colombia:*

Blocks COR12 and COR33 are located in the Cordillera Oriental basin, which we operate pursuant to authorization by the Colombian National Hydrocarbons Agency (Agencia Nacional de Hidrocarburos) (“ANH”). Our working interest in these blocks ranges from 55% to 60%. The net acreage relating to our working interest in the blocks is 700 km². As of the date of this annual report, we have requested approval from the ANH to farm out our working interest in the COR 12 block. YPF and its partners informed the ANH of their decision to relinquish the COR 33 block. As of the date of this annual report, no confirmation from the ANH has been received.

4. *Uruguay:*

4.1 *Deep Water Offshore — Punta del Este basin:*

- Area 3: We owned a 40% working interest in this area and acted as operator, in partnership with Shell, which had a 40% working interest it took over from Petrobras Uruguay, and GALP, which had a 20% working interest. The permit expired on October 6, 2014 and a 120-day extension application was submitted to the authorities. The consortium declined to opt for a second exploration period.

5. *Ecuador*

In October 2014, we signed a service contract with Petroamazonas, the national oil company of Ecuador, to optimize production in Yuralpa field. The 15-year agreement contemplates drilling of at least ten wells, using technologies for enhanced oil recovery and performing activities to increase oil production in this field, located in Block 21 in the Amazonian province of Napo.

During 2015, we opened an office in Quito and constituted its project team, composed of 16 members. A geological and reservoir model of the Hollín reservoir was constructed, allowing YPF to design the field development strategy, and the first workover operation was performed on the YRCA-012 well.

In October 2015, Petroamazonas EP requested that YPF suspend operations and immediately start renegotiating terms and conditions of the contract noting the abrupt drop in crude oil prices.

Additional information on our present activities

The following table shows the number of wells in the process of being drilled as of December 31, 2015.

<i>Number of wells in the process of being drilled</i>	<i>As of December 31, 2015</i>	
	<i>Gross</i>	<i>Net</i>
Argentina	57	50
Rest of South America	—	—
North America	—	—
Total	<u>57</u>	<u>50</u>

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, 2015, we were not contractually committed to deliver material quantities of crude oil to third parties in the future.

As of December 31, 2015, we were contractually committed to deliver 12,806 mmcm (or 452 bcf) of natural gas in the future, without considering interruptible export supply contracts, of which approximately 3,690 mmcm (or 130 bcf) will have to be delivered from 2016 through 2018. According to our estimates as of December 31, 2015, 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 domestic 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. 31 million, Ps. 52 million and Ps. 174 million have been recorded in 2015, 2014 and 2013, 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, compelling us 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 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, 2015, supply requirements under 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 approved the "Procedure for Applications, Confirmations and Control of 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."

In addition, on May 3, 2012, the Expropriation Law was passed by the Argentine 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, our strategy intends to reaffirm our commitment to creating a new model of the Company in Argentina that 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) continuing to increase production, especially of natural gas; (ii) improving efficiency and productivity to enable us to adapt to a scenario of a prolonged decline in international oil prices; (iii) increasing exploration of mature areas; (iv) developing unconventional resources; (v) improving our capacity to refine in order to accommodate the growth in demand for refined products; (vi) exploring conventional and unconventional resources and pushing the limits of existing deposits and exploring new frontiers, including offshore; and (vii) maintaining a solid capital structure. These initiatives have required and will continue to 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 needs to 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. See “Item 3. Key Information—Risk Factors—Risks Relating to Argentina.”

Natural gas supply contracts

The Argentine government has established regulations for both the international and domestic natural gas markets, which have affected the ability of producers in Argentina to export natural gas 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 (the “Agreements”). Pursuant to instructions from the Argentine government, deliveries have been interrupted since 2007. In connection with these contracts, the Company has renegotiated them through 2018 and has agreed to make investments, export gas and temporarily import certain final products, subject to approval by the relevant government authorities, which have been obtained. As of the date of this annual report, the Company has fulfilled the agreed commitments mentioned above. As a result, current commitments under the Agreements amount to a daily quantity of 46 mmcf/d through 2019. To the extent that the Company does not comply with the Agreements, we could be subject to significant claims, subject to the defenses that the Company might have.

We are currently engaged in a 15-year contract signed in 2003 with Gas Valpo, a natural gas distributor, to supply 35 mmcf/d (or 1 mmcm/d) 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).

The contracts with Colbun and Gas Valpo were modified to become interruptible supply contracts.

We 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 in Neuquén, Argentina with Chile. The contract was modified reducing its deliver or pay obligation to 7.1 mmcf/d (or 0.2 mmcm/d).

We 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 were modified to become 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 Uruguaiana Empreendimentos S.A. (“AESU”) through a pipeline linking Aldea Brasileira, Argentina, to Uruguaiana, Brazil (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.”

Because of certain regulations implemented by the Argentine government, 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 “—The Argentine natural gas market” and “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,” during recent years we have been forced to reduce the export volumes authorized to be provided under the relevant agreements and permits.

The Argentine natural gas market

We estimate (based on preliminary reports of amounts delivered by gas transportation companies) that natural gas consumption in Argentina totaled approximately 1,732 bcf (or 49.1 bcm) in 2015. We estimate that the number of users connected to distribution systems throughout Argentina was approximately 8.5 million as of October 31, 2015.

In 2015, we sold approximately 40% of our natural gas to local residential distribution companies, approximately 9% to compressed natural gas end users, approximately 44% to industrial users (including our affiliates, Mega and Profertil) and power plants, less than 1% in exports to foreign markets (Chile) and 7% to YPF downstream operations. Sales were affected by increased consumption by residential consumers during winter months (June to August). During 2015, approximately 85% of our natural gas sales were produced in the Neuquina basin. In 2015, our domestic natural gas sales volumes were 2% higher than 2014.

The Argentine government has taken a number of steps aimed to satisfy domestic natural gas demand, including pricing, export regulations, 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 YPF, 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.

Argentine natural gas supplies

Most of our proved natural gas reserves in Argentina (approximately 75% as of December 31, 2015) are situated in the Neuquina basin, 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.

YPF has provided regasification services to ENARSA since May 2008. In 2011, YPF executed an extension to the charter party agreement and a regasification services agreement with Excelerate Energy to provide and operate a 151,000 cm (or 533,25 cf) regasification vessel moored at the Bahía Blanca port facilities, which allowed for the supply of up to 17 mmcm/d of natural gas (or 600.34 mmcf/d). In December 2013, as a result of the first automatic extension of 36 additional months already included in this charter party agreement, the expiration date of the agreement was extended to October 2018.

Since the beginning of its operations, the regasification vessel has converted 17.4 bcm (or 614.12 bcf) of LNG into natural gas, which has been injected into a pipeline which feeds the Argentine national network. Most of this volume was supplied during the peak winter demand period. In 2015, natural gas injected into the network amounted to approximately 3.1 bcm (or 109.0 bcf).

YPF is the operator of UTE Escobar (a joint venture formed by YPF and ENARSA), which operates an LNG Regasification Terminal (“LNG Escobar”) located in the km 74.5 of the Paraná River. 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 Excelerate 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 the beginning of its operations, the total volume injected into the network by this vessel was 10.02 bcm (or 353.9 bcf). In 2015 natural gas injected into the network amounted to approximately 2.4 bcm (or 86.9 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 limited volumes of natural gas during periods of low demand and selling such natural gas 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.

Downstream

During 2015, our Downstream 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 and also power generation and natural gas distribution.

The Downstream segment is organized into the following divisions:

- Refining and Logistic Division;
 - Refining Division;
 - Logistic Division;
 - Trading Division;
- Domestic Marketing Division;
- LPG General Division; and
- Chemicals.

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

Refining division

We wholly own and operate three refineries in Argentina:

- La Plata refinery, located in the province of Buenos Aires;
- Luján de Cuyo refinery, located in the province of Mendoza; and
- Plaza Huincul refinery, located in the province of Neuquén.

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 2015, our crude oil production, substantially all of which was destined to our refineries, represented approximately 82.8% of the total crude oil processed by our refineries, while in 2014 it was 84.5%. 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, 2015, 2014 and 2013:

	For the Year Ended December 31,		
	2015	2014	2013
		(mmboe)	
Throughput crude	109.1	106.0	101.4
Throughput feedstock	4.4	4.2	4.1
Throughput crude and feedstock	113.5	110.2	105.5
Production			
Diesel	40.6	40.3	38.8
Motor gasoline	24.5	22.4	23.1
Petrochemical naphtha	7.0	6.5	5.7
Jet fuel	6.1	6.1	6.1
Base oils	1.1	1.4	1.0

	For the Year Ended December 31,		
	2015	2014	2013
		(thousands of tons)	
Fuel oil	1,878	1,715	1,338
Coke	770	746	803
LPG	612	638	607
Asphalt	171	185	198

During 2015, our global refinery utilization reached 93.6%, compared to 90.9% in 2014, both calculated over a nominal capacity of 319.5 mboe/d.

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 fluid catalytic cracking units, a coking unit, a coker naphtha hydrotreater unit, a platforming unit, two diesel hydrofinishing units, a gasoline hydrotreater, an isomerization unit, an FCC (fluid cracking catalysts) naphtha splitter and desulfuration unit and a lubricants complex, in addition to a petrochemical complex that generates MTBE, TAME and aromatics compounds used for blending gasoline, and other chemical products for sale. 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 2015, the refinery processed approximately 163.9 mbbbl/d. The capacity utilization rate at the La Plata refinery for 2015 was 86.7%, slightly above 163.3 mbbbl/d processed in 2014, with a utilization rate of 86.4%. The crude oil processed at the La Plata refinery, 84.9 % of which was YPF-produced in 2015, comes mainly from the Neuquina and San Jorge basins. Its crude oil supplies come from the Neuquina basin by pipeline and from the San Jorge basin by vessel, in each case to Puerto Rosales, and then by pipeline from Puerto Rosales to the refinery.

During 2015, a revamping in Vacuum B unit was successfully completed, which will permit us to increase our crude utilization rate by 1.5%, with an increase in unit capacity of approximately between 14% and 20%, depending on the operation program.

In order to increase the conversion capacity, a new Coke A facility is under construction and is expected to be commissioned by 2016. The capacity of the new unit will be 1,160 bbl/h of fresh feed pumped from the bottoms of the Topping and Vacuum units, providing the refinery with an increase in crude processing capacity utilization of 23.800 bbl/d, representing an increase of almost 12% in the capacity utilization rate. The production of the new facility will be a component for the blend to be used in the generation of diesel, motor gasoline and coke.

The Luján de Cuyo refinery has a nominal capacity of 105,500 bbl/d, the third largest capacity among Argentine refineries. The refinery includes two distillation units, a vacuum distillation unit, two coking units, one fluid catalytic cracking unit (FCCU), a platforming unit, a MTBE unit, an isomerization unit, an alkylation unit, a naphtha splitter, a hydrocracking unit, a naphtha hydrotreater unit and two gasoil hydrotreating units. During 2015, the refinery processed approximately 109.2 mbbbl/d, with a capacity utilization rate of more than 100%. In 2014, the refinery processed 103.2 mbbbl/d with a capacity utilization rate of 97.8%. The lower capacity utilization during 2014 was due to several planned maintenance shut-downs of units: Topping IV from March to April, vacuum distillation from March to April, Coke II from March to April and fluid catalytic cracking from October to November, all of which were executed successfully on time.

Due to its location in the western province of Mendoza and its proximity to significant distribution terminals we own, the Luján de Cuyo refinery has become the primary facility responsible for providing to the central and northwest 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 77.8% of the crude oil processed at the Luján de Cuyo refinery in 2015 (and 77.9% of the crude oil processed in this refinery in 2014) 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.

The Plaza Huincul refinery, located in the province of Neuquén, has an installed capacity of 25,000 bbl/d. During 2015, the refinery processed approximately 25.8 mbbbl/d, with a capacity utilization rate of more than 100%, far from the 24.0 mbbbl/d processed in 2014 at a lower capacity utilization rate of 95.9%. The only products currently produced at the refinery are gasoline, diesel 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 our facilities in La Plata for further processing. The Plaza Huincul refinery receives its crude supplies from the Neuquina basin by pipeline. The crude supplies are mostly produced by us. In 2015, 1.7% of the refinery's crude supplies were purchased from other companies, while in 2014, such purchases were 0.3% of the refinery's crude supplies.

Since 1997 and 1998, each of our refineries (La Plata, Luján de Cuyo, and Plaza Huincul) have been certified under International Organization for Standardization ("ISO") 9001 (quality performance) and ISO 14001 (environmental performance). All of them are also certified under the OHSAS 18001 (occupational health and safety performance) standard. Since 2009, inventories of industrial greenhouse gases and savings of CO2 emissions equivalent (MDL projects) have been verified in accordance with ISO 14064 in both the La Plata and Lujan de Cuyo refineries. The refineries maintain their systems under continuous improvement and revision by authorized organizations.

Logistics Division

Crude oil and products transportation and storage

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

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

<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⁾

- (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 operates the Argentine portion of the pipeline, and an 18% interest in Oleoducto Transandino Chile S.A., which operates 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. (previously ESSO, a former subsidiary of ExxonMobil which was 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 seventeen 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 Huincol. Ten of our storage and distribution plants have maritime or river connections. We operate 53 airplane refueling facilities (40 of which are wholly-owned) with a capacity of 22,500 mcm, 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.

YPF currently blends ethanol in the Luján de Cuyo, Monte Cristo, San Lorenzo, La Plata, Junín, Plaza Huincol, Barranqueras, Concepción del Uruguay, Villa Mercedes and La Matanza storage plants.

In 1998, our logistics activities were certified under ISO 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) and recertified in 2013. In 2014, our trucking activities were certified under ISO 39001 (road traffic safety management system).

Trading Division

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 oil, LPG, light naphtha and virgin naphtha.

The division exports mainly to countries in South America, Africa and North America. Sales to international customers for 2015 and 2014 were Ps. 2,387 million and Ps. 4,081 million, respectively. In 2015, refined products accounted for 25% of total sales, up from 8% in 2014. In 2015, 73% of total sales corresponded to marine fuels, down from 77% in 2014. In 2015 and 2014, sales volumes to customers outside Argentina consisted of 1.6 mmbbl and 0.89 mmbbl of refined products, respectively, and 3.3 mmbbl and 4.3 mmbbl of marine fuels, respectively.

For the domestic market, sales of crude oil totaled Ps. 712 million, or 1.1 mmbbl, in 2015 and Ps. 914 million, or 1.4 mmbbl, in 2014. Sales of marine fuels totaled Ps. 1,516 million, or 1.4 mmbbl, in 2015 and Ps. 1,352 million for the same volume in 2014. In addition, imports of high and low sulfur diesel in 2015 totaled 7.3 mmbbl in 2015, a decrease of 7% compared with 2014.

Marketing Division

Our Marketing Division supplies gasoline, diesel, LPG and other petroleum products throughout the country and other countries in the region. We supply several industries, including retail, transport and agriculture.

During 2015, YPF extended its leadership in Argentina, reaching a market share of 57.9% for liquefied fuels.

YPF sells two types of gasoline: Infinia, a premium 98 octane gasoline, and Super, a regular 95 octane gasoline.

During 2015, we continued to hold a leading position from sales of Infinia and Super gasolines, reaching a market share, according to our estimates, of 62.0% and 55.1%, respectively, as of December 31, 2015, compared with 61.3% and 56.9%, respectively, in 2014. Our sales volume for Infinia was 1,461 mcm in 2015 (26.0% higher than in 2014) and 3,392 mcm for Super in 2015 (3.3% less than in 2014).

After its launch in November 2014, sales of premium Infinia gasoline increased slightly as a percentage of our total gasoline sales to 30.1% in 2015, compared to 29.6% in December 2014. The marketing and communication activities carried out during 2015 for Infinia gasoline resulted in an improvement in the product's image. Results for the same poll carried out in 2014 and 2015 showed an increase in "very good" responses from 48% in 2014 to 59% in 2015 (48% from December to March 2015 and 59% from August to October 2015). The loyalty program Serviclub, which actively promotes tourism in Argentina among other things, reached more than 1.1 million members in 2015.

With respect to diesel, according to our own estimates, as of December 2015 our market share was 58.5%, compared to 60.0% in 2014, with a decrease in our share of high sulphur content products. Along with D-Euro (10 ppm), for which sales volume was 1,271 mcm in 2015 compared to 1,015 mcm in 2014, our diesel (500 and 1500 ppm) reached a sales volume of 6,688 mcm compared to 6,928 mcm in 2014. Finally, market penetration for D-Euro and Diesel 500 reached 42% of total diesel sales volumes, up from 39.5% in 2014.

YPF markets lubricants through three segments of the domestic market: retail, agriculture and industry. Our three manufacturing facilities, part of the CIE industrial complex, include lubricant, asphalt and paraffin production lines. Our line of automotive lubricants, including mono-grade, multi-grade and oil, has received approval and recommendations from leading global automotive and engine manufacturers, including Ford, Volkswagen, Renault, Audi, Deutz, Cummins, Volvo, MAN Truck, GM, Porsche, Scania, Detroit Diesel and Caterpillar.

We are engaged in the LPG wholesale business, which encompasses LPG storage, logistics and commercialization to 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, used in the aerosols manufacturing processes.

YPF also markets lubricants in Brazil and Chile, where we have subsidiary companies. Additionally, through a network of exclusive resellers, we market lubricants in three bordering countries (Uruguay, Paraguay and Bolivia).

Retail Division

As of December 31, 2015, the Retail Division's sales network in Argentina consisted of 1,538 retail service stations, compared to 1,534 as of December 31, 2014. Of these, 112 are owned by YPF. The remaining 1,426 service stations are associated service stations. OPESSA, our wholly-owned subsidiary, actively operates 174 retail service stations of which 89 are owned by YPF, 27 are leased to the Automóvil Club Argentino and 58 are leased to independent owners. Additionally, YPF owns 50% of Refinor, a company operating 69 service stations.

According to our estimates, as of December 31, 2015, we were the main fuel retailer in Argentina, with 35% of the country's gasoline service stations, followed by Shell, Axion, Petrobras and Oil with 14.1%, 11.4%, 6.1% and 6.3%, respectively. During 2015, our market share in diesel and gasoline, marketed in all segments, decreased from 59.2% to 58.0%, from December 31, 2014 to December 31, 2015. This was due to increased market competition stemming primarily from an increase in the number of service stations of our competitors and a smaller gap between our competitors' prices and YPF's during 2015.

The "Red XXI" program, released in October 1997, has significantly improved operational efficiency in service stations. This program provides performance data for each active and on-line station, connecting most of our network. As of December 31, 2015, 1,283 service stations were linked to the Red XXI network system, unchanged from 2014.

Our convenience stores, YPF Full and YPF Full Express, are present in 391 and 100 points of sale, respectively, as of December 31, 2015. Additionally, a modern oil change service shop called YPF Boxes is present in 251 service stations across the country.

During 2015, a service station operation manual was rolled out across the Retail Division sales network. The purpose of this model is to promote self-management of our service stations.

In April 2015 we launched Opressa Leones, Argentina's biggest service station, located on the highway between the cities of Rosario and Cordoba. As the only rest area in the area, we expect 10,400 customers per day. With a footprint of 16,000 square meters, it includes parking for 250 cars, a YPF full convenience store accommodating more than 170 people and 24 fuel supply islands.

The project incorporates advanced fuel supply technology. Truck fueling is the fastest on the market, with a 30% performance increase. The service station has six tanks equipped with a drive system with dual containment and sensors, giving more control and the ability to detect potential leaks. The storage capacity of the service area exceeds 240,000 liters of fuel.

Agriculture Division

The Agriculture Division provides diesel, fertilizers, lubricants, agrochemicals, and ensiling bags ("silobolsa"), among other products, directly or through a network of 105 wholesaler bases (nine owned by YPF), offering an extensive portfolio of products to agricultural producers, including the delivery of products to the consumption site. Many of these wholesaler bases operate under a "one stop shop" concept, with an audited operating system, offering a complete range of products under a unified brand image. During 2015, YPF has launched several new products (mainly agrochemicals, fertilizers, biologic fertilizers and seeds), under our own brand or through distribution agreements with leading local suppliers. At the option of the customer, we accept different types of grains as payment (canje), mainly soybean, some of which is processed by third-party companies to obtain oil and other sub-products that we generally export. In 2015, revenue from these exports was U.S.\$398 million, a 6.8% increase compared to 2014. Although the fall of international commodity prices affected local farmers, reducing overall sowing surface, we received approximately 1,348,000 tons of grains (oilseed and cereal), primarily soy, a 10.6% increase compared to 2014. In addition, the Agriculture Division provides approximately 8% of YPF's fatty acid methyl esters ("FAME") needs (a natural product added to commercial grade diesel), which is obtained from soybean oil.

Industry Division

This division supplies the national industry and transportation (ground and air) sectors' needs, consisting of a broad portfolio of products and services. The division develops specific solutions for the mining, oil & gas, aviation, transport, infrastructure and construction sectors. We supply products such as fuels (diesel, gasoline, fuel oil, jet A-1), lubricants, coal, asphalts, paraffin and derivatives (sulfur, CO₂, decanted oil, aromatic extract), either directly from our refineries to the point of consumption (more than 5,000 direct customers) through our own ground and waterway network, or through a network of twelve distributors. Regarding the 37 distributors for 2014, twelve of them remain in the Industry Division and the remaining 25 were serviced by the Agriculture Division.

The Industry Division's mission is to promote efficiency in the value chains of the industries we serve through energy solutions, supplies and services. In line with this, our strategy is based on the closeness and relationship with the client and the development of innovative solutions focused on creating value for YPF and the region's industry.

Lubricants and Specialties Division

During 2015, our lubricants and complementary products sales in the domestic market amounted to almost 127.7 mcm (an increase of 2.6% compared to 2014) while exports decreased 14.1% from 20.0 mcm in 2014 to 17.2 mcm in 2015. Sales of asphalts decreased 13% and paraffin increased 7% compared to 2014.

We export to two main markets. First, to our wholly-owned companies in Brazil and Chile. Sales volumes decreased 55% in Brazil, due to market recession and increased 11% in Chile compared to 2014. In both countries, we produce lubricants locally. However, local production in Chile has been replaced by Argentinean production due to lower tax withholdings in Argentina. On the other hand, we export through our distribution network in Bolivia, Uruguay and Paraguay, in which sales volume increased 15% compared to 2014. This increase was primarily due to a decrease in export taxes beginning in 2015, according to resolution S.E. 1077/14. Our Lubricants and Specialties Division has followed a strategy of differentiation, allowing it to achieve and maintain a leading position in the Argentinean market. Our market share as of December 31, 2015 was 39.1% (a decrease of 2.2% compared to 2014) according to information provided by the Argentine Secretariat of Energy. As indicated above, our line of automotive lubricants has received approvals and recommendations from leading global automotive and engine manufacturers (Ford, Volkswagen, GM, Porsche and Scania).

With respect to lubricants, sales of the high-end light and heavy products, under the Elaion and Extravida brand names, were 43.7 mcm in 2015, compared to 43.6 mcm in 2014.

The Elaion brand reached sales volumes of 14.6 mcm in 2015, a 4% increase compared to 14.0 mcm in 2014. The Extravida brand reached sales volumes of 29.1 mcm, remaining stable compared to 29.1 mcm in 2014.

Sales of the Elaion Moto lubricant, used for motorcycles, increased by 4% to 2.1 mcm from 2.0 mcm in 2014.

The Lubricants and Specialties Division has had an integrated management system since 1995. This division currently holds the following certifications: ISO 9001:2008, ISO 14001:2004, OSHAS 18001:2007 ISO/TS 16949-third edition.

LPG Division

Through our LPG Division, we sell LPG to the foreign market, the domestic wholesale market and to distributors that supply the domestic retail market. The LPG Division does not directly supply the retail market. It is supplied by YPF Gas S.A., which is not a YPF-controlled company. During 2015, we sold approximately 40% of our LPG production to YPF Gas S.A. for the domestic market.

We are the largest LPG producer in Argentina, with sales in 2015 reaching approximately 559 mtn, compared with 572 mtn in 2014. Of this, approximately 378 mtn were sold in the domestic market, compared to 414 mtn in 2014. Our main clients in the domestic market are companies that sell LPG in cylinders or bulk packing to end-consumers, also providing LPG to households in some regions. Additionally, exports in 2015 reached approximately 181 mtn, compared to 159 mtn in 2014. The main destinations were Chile, Paraguay and Bolivia. Transportation 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. 1,415 million and Ps. 1,678 million in 2015 and 2014, respectively.

The LPG Division obtains LPG from natural gas processing plants and from our refineries and petrochemical plants. We produced 447 mtn of LPG in 2015, not including LPG destined for petrochemical usage, and purchased LPG from third parties, as detailed in the table below:

	<i>Purchase (tons)</i> <u>2015</u>
LPG from Natural Gas Processing Plants⁽¹⁾	
General Cerri	12,569
El Portón	108,479
San Sebastián	0
Total Upstream	<u>121,048</u>
LPG from Refineries and Petrochemical Plants	
La Plata refinery	182,514
Luján de Cuyo refinery	110,255
CIE	33,072
Total refineries and petrochemical plants ⁽²⁾	<u>325,841</u>
LPG purchased from joint ventures⁽³⁾	<u>25,684</u>
LPG purchased from unrelated parties	62,997
Total	<u>535,569</u>

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

(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 241 mtn of LPG in 2015.

Chemicals Division

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

Petrochemical production operations in the *Complejo Industrial Ensenada* (“CIE”) are closely integrated to the refining activities at the La Plata refinery, allowing a flexible supply of feedstock, the efficient use of by-products, such as hydrogen, and the supply of aromatics to increase gasoline octane levels.

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

	<u>Capacity</u> (tons per year)
<i>CIE</i>	
BTX (Benzene, Toluene, Mixed Xylenes)	526,000
Paraxylene	38,000
Orthoxylene	25,000
Cyclohexane	95,000
Solvents	66,100
MTBE	60,000
Butene I	25,000
Oxoalcohols	35,000
TAME	105,000
LAB	52,000
LAS	32,000
PIB	26,000
Maleic Anhydride	17,500
<i>Plaza Huincul</i>	
<i>Methanol</i>	411,000

During 2015, the LAS plant was revamped increasing its capacity from 25,000 to 32,000 tons/year.

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 divisions.

We also use high carbon dioxide-content natural gas for methanol production, which allows us to keep the methanol plant working at 50% of its production capacity during winter periods.

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

In 2015 and 2014, 72% and 73%, respectively, of our petrochemicals sales (including propylene), were made in the domestic market, while we export to Mercosur countries, the rest of Latin America, Europe and the United States.

We also participate in the fertilizer business, directly and through Profertil, a 50%-owned subsidiary. Profertil is a joint venture with Agrium, a worldwide leader in fertilizers, which initiated operations in 2001. Profertil has a production facility in Bahía Blanca which produces 1.1 million tons of urea and 750,000 tons of ammonia per year. In addition, Profertil markets other nutrients and special blends of prepared land to optimize soil performance.

The CIE was certified under ISO 9001 in 1996 and recertified in 2013 (2008 version). The La Plata petrochemical plant was certified under ISO 14001 in 2001 and recertified in 2013. The plant was also certified under OHSAS 18001 in 2005 and recertified in 2013. Since 2008, the plant verified the inventory of CO₂ emissions under ISO 14064: 1 and, in 2011, inventories of CH₄ and N₂O emissions were verified as well. The Ensenada petrochemical complex laboratory was certified under ISO 17025, in 2005 and recertified in 2013.

The CIE has recently attained ISO 50001 certification (version 2011), covering the following processes: production of complex aromatics, olefins, maleic, polybutenes and the energy generation facilities that operate within the La Plata petrochemical complex.

The methanol plant was certified under ISO 9001 in December 2001 and recertified in August 2012. The methanol plant was also certified under ISO 14001 in July 1998 together with the Plaza Huincul refinery, and recertified in August 2012. In addition, the plant was also certified under OHSAS 18001 in December 2008, and the last date of recertification was August 2012.

The certification of our petrochemical business covers the following processes:

- refining process of crude oil and production of gas and liquid fuels, base stocks for lubricants and paraffin, petroleum coke (green coke) and petrochemical products in the units of refining, conversion, lubricants, aromatics, olefins PIB / Maleic and LAB / LAS, methanol production and storage.
- management and development of the petrochemical business of the Company, planning and economical and commercial control, marketing and post-sale service of petrochemical products.

Other investments and activities

NGLs

We participated in the development of our affiliate Mega to increase its ability to separate liquid petroleum products from natural gas. Through the fractionation of gas liquids, Mega increased production at the Loma La Lata gas field by approximately 5.0 mcm/d (or 176.5 mmcf/d) in 2001 with the assistance of YPF.

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 NGL fractionation plant, which produces ethane, propane, butane and natural gasoline and is located in the city of Bahía Blanca in the province of Buenos Aires.
- A pipeline that links both plants and that transports NGLs.
- Transportation, storage and port facilities in the proximity of the fractionation plant.

Mega's maximum annual production capacity is 1.4 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 in the Argentine federal courts. On October 27, 2015, the Argentine Supreme Court ruled on the appeal filed by Mega covering the period up to the issuance of Law No. 26784. It ruled that Decree 2067/08 was unconstitutional and did not apply to Mega.

Electricity market—generation

The Argentine Electricity Market

Argentina's overall power generation was 4.6% higher in 2015 than 2014 according to Compañía Administradora del Mercado Mayorista Eléctrico S.A. ("CAMMESA"). In 2015, 63% of Argentina's power generation came from thermal power plants, 30% from hydroelectric power plants, 5% from nuclear power plants, 1% from spot imports from Uruguay and Paraguay and the balance from unconventional sources such as wind and solar power.

Thermal power plants consumed 2,237,761 cm of diesel oil, a 24.7% increase compared to 2014, 3.1 million tons of fuel oil, a 13.4% increase compared to 2014, and 14.4 billion cm of natural gas, a 0.2% increase compared to 2014.

The average electricity price was Ps. 490.90/MWh, a 26% increase compared to 2014, while the annual average marginal cost of production was Ps.1,567/MWh, an 8.8% increase compared to 2014.

In 2014, Resolution No. 95/2013 of the Secretariat of Energy changed the procedures and increased rates of remuneration that power generation plants receive, giving incentives to increase power plant reliability. In 2014, this rule was updated with Resolution No. 529/14 of the Secretariat of Energy, increasing the remuneration to be received by 75%. In 2015, the same rule was updated with Resolution No. 482/15 of the Secretariat of Energy, increasing the remuneration to be received by 25% and adding some new concepts.

YPF in Power Generation

We participate in three power generation plants with an aggregate installed capacity of 1,622 MW:

- a 100% interest in Central Térmica Tucumán (410 MW combined cycle) through YPF Energía Eléctrica S.A ("YPF EE");
- a 100% interest in Central Térmica San Miguel de Tucumán (370 MW combined cycle) through YPF EE in which we have 100% interest; 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.

On August 1, 2013, as a result of the spinoff of the assets of PlusPetrol Energy S.A., YPF EE was created to continue the power generation operations and businesses of Central Térmica Tucumán and Central Térmica San Miguel de Tucumán.

In 2015, YPF EE generated 5,276 GWh with its two combined cycles. Central Térmica Tucumán's production was 3,071 GWh, and Central Térmica San Miguel de Tucumán's production was 2,205 GWh. Additionally, Central Dock Sud generated 3,799 GWh. The energy produced by YPF EE and Central Dock Sud (9,075 GWh in total) represented 6.6% of Argentina's electricity generation in 2015.

Energy produced by both combined cycles in Tucumán was 1.4% higher in 2015 compared to 2014, despite major overhauls on units SMTUTV01 and SMTUTG02 in May and September 2015, respectively.

In August 2013, after taking over the power plants, YPF EE accepted Resolution No. 95/2013 issued by the Secretariat of Energy, which allowed the company to increase rates of remuneration it received for spot electricity sales.

Energy produced by Central Dock Sud in 2015 decreased by 20.6% compared to 2014 because of a major overhaul and a serious failure in the electrical connection.

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.

In addition to YPF EE, we also own and operate power plants supplied with natural gas produced by YPF, which produce power to supply our upstream and downstream activities:

- 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).

During 2015, YPF EE developed an important new generation project. A new thermal power generation plant will be located in Añelo, Neuquén. This additional generation plant was designed in order to supply YPF energy demand all over the country. The project will be financed with those additional revenues from CAMMESA, which were recovered after the takeover, and others.

Finally, as a consequence of new legislation about renewable energy, YPF EE has commenced design of a renewable generation project near Comodoro Rivadavia, Chubut, in order to supply a percentage of YPF total demand with clean generation.

Natural gas distribution

We currently hold through our subsidiary YPF Inversora Energética S.A. (“YPF Inversora Energética”) a 100% stake in Gas Argentino S.A. (“GASA”), which in turn holds a 70% stake in Metrogas S.A. (“Metrogas”), a natural gas distribution company in the capital region and southern suburbs of Buenos Aires, and one of the main distributors in Argentina. During 2015, Metrogas distributed approximately 19.5 mmcm (or 688 mmcf) of natural gas per day to 2.3 million customers in comparison to approximately 19.2 mmcm (678 mmcf) of natural gas per day to 2.3 million customers in 2014. During May 2013, the Company, through its subsidiary YPF Inversora Energética gained 100% ownership of GASA, the controlling company of Metrogas, by acquiring shares representing the remaining 54.7% interest in GASA. Prior to this acquisition, the Company through its interest in YPF Inversora Energética S.A. owned 45.3% of the capital of GASA. See Note 13 to the Audited Consolidated Financial Statements.

GASA’s debt restructuring.

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. On February 10, 2012, GASA presented a draft debt restructuring proposal addressed to verified unsecured creditors who have been declared admissible. On August 6, 2012, GASA filed with the court an amended debt restructuring proposal. The final proposal includes a debt reduction of 61.4% of the claims admitted by the court and the issuance of new debt securities, with a maturity date of December 31, 2015, an option to extend to December 31, 2016 in case all accrued interest is paid on December 31, 2015, and an interest rate of 8.875%.

In compliance with the reorganization proceeding, on March 15, 2013, GASA issued new notes which were delivered in exchange for outstanding claims to financial creditors and non-financial creditors who were admitted and declared acceptable.

On December 14, 2015, YPF SA informed GASA that it acquired 100% of GASA’s outstanding securities, and it intends to cancel them in light of GASA’s planned merger with YPF. YPF irrevocably waived compliance by GASA with any of its obligations under the indenture as of March 15, 2013.

On March 3, 2016, the Board of Directors of the Company approved the merger of YPF Inversora Energética S.A. and GASA, whereby the former will absorb the latter. GASA will be dissolved without liquidation.

Metrogas debt reorganization.

Given the adverse business conditions, Metrogas decided to file a voluntary reorganization petition in June 2010. On the same date, Metrogas was notified of Resolution No. I-1260 issued by ENARGAS, which provided for the judicial intervention of the company. The resolution based the intervention decision on the filing of a voluntary reorganization petition by Metrogas, and stated that the intervention would control administration and disposition of Metrogas’ activities that may in any manner affect its normal gas distribution. On July 15, 2010, the judge approved the commencement of Metrogas’s voluntary reorganization proceedings. On July 2011, Metrogas filed with the court a debt restructuring proposal, which was subsequently amended. The final proposal included a debt reduction of 46.8% of the 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 Argentina’s bankruptcy law, where the company’s proposal was unanimously approved. On July 13, 2012, Metrogas informed the Judge that it considered that the legal majorities established in the Article 45 of the Bankruptcy Law had been obtained to approve the proposal.

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

Under the terms of the debt restructuring proposal, Metrogas was required to deliver new notes in exchange for outstanding claims. The proposal consists of the issuance of two new classes of notes: Class A (for the equivalent of 38.6% of existing notes), and Class B (contingent notes, for the equivalent of 61.4% of existing notes). The new Class B Notes would become due and payable only if the New Class A Notes were accelerated as a result of the occurrence of an event of default on or before December 2015. If an event of default had occurred prior to December 2015, the new Class B Notes would have been automatically cancelled.

In compliance with the reorganization, on January 11, 2013, Metrogas issued new notes which were delivered in exchange for outstanding claims to financial creditors and non-financial creditors who were admitted and declared acceptable.

- In exchange for existing notes, classified as reorganization liabilities originated on financial debt:
 - Series A-L for an amount of U.S.\$163,003,452
 - Series B-L for an amount of U.S.\$122,000,000
- In exchange for non-financial debt:
 - Series A-U for an amount of U.S.\$16,518,450
 - Series B-U for an amount of U.S.\$13,031,550

On February 1 and February 13, 2013, Metrogas submitted to the intervening court the documentation evidencing compliance with the debt exchange and the issuance of the new notes in order to obtain the removal of all general inhibitions and the formal declaration of completion of the reorganization proceedings, in accordance with the terms and conditions of Section 59 of the Bankruptcy Law.

On March 26, 2013, the Metrogas Board of Directors decided by a majority of votes to capitalize 100% of the portion subject to capitalization of accrued interest payable on June 30, 2013 and to issue additional negotiable obligations to effect the capitalization. Furthermore, the Board also decided to issue new negotiable obligations for the new unsecured creditors, as long as their claims have been verified in the relevant court in the reorganization proceedings.

On July 25, 2013, Metrogas issued:

- Negotiable Obligations of Late Verification:
 - Series A-U: U.S.\$5,087,459
 - Series B-U: U.S.\$4,013,541
- Negotiable Obligations of Capitalization:
 - Additional Series A-L: U.S.\$6,756,665
 - Additional Series A-U: U.S.\$704,581

On May 31, 2013, ENARGAS published Resolution ENRG I-2,587/13 providing for the termination of the ENARGAS intervention in Metrogas.

On September 9, 2013, Metrogas made a formal presentation in connection with the reorganization proceedings requesting that the court formally declare the completion of the proceedings.

On October 9, 2013, the Metrogas Board of Directors decided by a majority of votes to capitalize 50% of the portion subject to capitalization of accrued interest payable on December 31, 2013 and to issue additional negotiable obligations to effect the capitalization.

On November 18, 2013 Metrogas received a notice from the National Commercial Court of First Instance No. 26, Clerk's Office No. 51, on the file entitled Metrogas S.A. about Reorganization Proceedings (filed on 10/17/2010 Court "D"). This notice, dated November 8, 2013, sets forth the court's decision to terminate the reorganization proceedings following Metrogas's compliance with the terms of Section 59 of the Argentine bankruptcy law.

On January 29, 2014, Metrogas issued:

- Negotiable Obligations of Capitalization:
 - Additional Series A-L: U.S.\$3,516,500
 - Additional Series A-U: U.S.\$371,456

On April 28, 2014, the Board of Directors of Metrogas decided by a majority of votes to pay in cash interest for up to U.S.\$4,750,000, capitalize the remaining amount of the portion subject to capitalization of interest due on June 30, 2014 and issue additional negotiable obligations for said capitalization.

On July 17, 2014, Metrogas issued:

- Negotiable obligations of capitalization
 - Additional Series A-L June 2014: U.S.\$3,516,500
 - Additional Series A-U June 2014: U.S.\$371,044

Given the fact that no event of default has occurred prior to June 30, 2014, the Class B Notes were cancelled without any further obligation.

No event of default has occurred as of December 31, 2015. During the present fiscal year Metrogas has complied with the terms and covenants established under the offering circular.

Metrogas tariff issues: In January 2002, pursuant to the Public Emergency Law, the tariffs that Metrogas charges to its 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 change to Argentine peso prices.

The Public Emergency Law, which was originally scheduled to be terminated in December 2003, has been extended until December 31, 2017. 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, ENARGAS published Resolution No. 2,407/12 that authorizes Metrogas, following the terms of the temporary agreement discussed above, 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.

Metrogas has been invoicing this new tariff charge since December 3, 2012.

Resolution ENRG 2851/2014 issued by ENARGAS on April 7, 2014 approved new applicable tariffs effective April 1, 2014, June 1, 2014 and August 1, 2014 under a price scheme whereby customers that register a decrease in consumption of over 20% will continue with the same tariff level as that which was in effect until March 31, 2014, while customers that achieve a reduction of between 5% and 20% will be charged a tariff approximately 50% lower in relation with the actual price variation, which will be applied to customers unable to reduce their consumption or whose reduction is below 5%.

Temporary Economic Assistance

On June 8, 2015, the Official Gazette published ES Resolution No. 263/2015 whereby the Argentine Energy Secretariat approved the allocation of funds as temporary economic assistance to be paid in ten consecutive installments for Metrogas and other natural gas distributors effective from March 2015. The compensation was intended to cover expenditures and investments related to the regular operation of the natural gas public service and in advance for the Comprehensive Tariff Revision to be carried out in the future.

This resolution establishes that the beneficiaries will assign a portion of the funds received by each of the monthly installments to cancel unpaid past due debt as of December 31, 2014 with natural gas producers, and moreover, that distributor shall not take more debt resulting from the purchase of natural gas after the above-mentioned Resolution has taken effect.

In the case of Metrogas, ENARGAS established a need for funds for 2015 to be disbursable monthly according to the schedule between March and December. ENARGAS also established that the company will assign a portion of the temporary economic assistance to pay debts to producers from December 31, 2014 in 36 monthly installments, plus interest, as from January 2015, calculated using the current “Average Active Rate of Banco Nación for Commercial Discount Operations” (2.05% monthly), and will begin to pay the installments in March 2015.

ENARGAS stated that distributors will proceed to pay gas purchase invoices due in 2015, estimating payments within 30, 60 and 90 days in line with the receipt of invoices by clients.

At the date of this annual report, Metrogas has received seven of the ten installments provided as a temporary economic assistance, amounting to Ps. 561.7 million from a total of Ps. 711 million. Metrogas has also entered into payment agreements with the majority of producers in terms of ES Resolution No. 263/15, this subject to availability of the amounts committed.

Funds from a letter of understanding executed on November 21, 2012 with ENARGAS, a provisional agreement executed on March 26, 2014 with the UNIREN and collections from the temporary economic assistance program have been insufficient so far to restore the financial condition of Metrogas.

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

At the end of 2013, YPF created YPF Tecnología S.A (“Y-TEC”), a highly specialized company focusing on research and development activities. YPF holds an equity stake of 51% and CONICET, a state-owned research and development organization, holds an equity stake of 49%.

The lines of R&D carried out by Y-TEC are mainly aligned with the needs of YPF. The Board of Directors of Y-TEC consists of three directors appointed by YPF and two directors appointed by CONICET. Additionally, the chairman and the general manager of Y-TEC are appointed by YPF.

For the operations of Y-TEC, five hectares on the farm belonging to the National University of La Plata (“UNLP”) were acquired and a 12,000 m² building consisting of 48 labs and 12 experimental plants is under construction. Completion of the work is expected in 2016. We expect that about 320 professionals will work in the new building, and their main goal is to create innovative solutions for the energy sector. The R&D will be supported by a staff of over 6,000 researchers of different scientific backgrounds, available to the CONICET through agreements with different universities and institutes of research and development.

As of December 2015, we managed a R&D portfolio consisting of 122 projects, 37 of which are short-term, high impact “quick wins,” and more than 150 technical assistance and specialized service projects.

In 2015, U.S.\$29.7 million was allocated to R&D activities, and U.S.\$22.7 million (related to YPF’s working interest in projects) was invested in a new laboratory building and equipment.

R&D projects are related to the entire energy value chain, including exploration of new sources of oil or gas, extraction and conditioning for transportation, transformation and manufacturing of products at industrial facilities and their distribution to the end customer, renewable energies and environmental solutions.

R&D efforts are focused on the design, development and application of very specific technologies for the exploration and exploitation of unconventional resources. Our most important challenges include the design and development of simulation and modelling tools, specific software, measuring devices, proppants, fluids and materials for optimizing perforation, hydraulic stimulation and production operations in our oilfields.

To optimize production from mature fields, we focused on the development of enhanced oil recovery technologies and the development of new processes and materials to reduce the operational costs of our facilities.

Regarding refining and marketing of petroleum products, we applied our technological knowledge to optimize refinery operations and improve product quality, with a strong focus on achieving energy efficiency and environmental improvements. In the petrochemical business, R&D activities are mainly focused on the development of new products with higher added value, such as special solvents, fertilizers and several agricultural products.

Renewable energy is a strategic R&D area. Energy storage, bioenergy and energy efficiency are among the larger challenges.

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, Santa Cruz 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, recent changes introduced in the Hydrocarbons Law through Law No. 27,007 limit the ability of provincial companies to possess future exclusive rights over permits and concessions, which creates competition, driven by investment and technical capacities, in the Argentine oil and gas industry. See “Regulatory Framework and Relationship with the Argentine Government—Law No. 27,007, amending the Hydrocarbons Law.”

Over the past few years, several measures to promote the development of the industry occurred. The Argentine government established a program to encourage additional production of natural gas which provides participating companies with a natural gas price of U.S.\$7.50/mmBtu for such additional production. Initially, larger producers with diversified portfolios joined the program. Later on, the program was adapted to include mid and small sized oil and gas companies with less diversified portfolios, so as to further promote the development of indigenous natural gas resources. Currently, more than 90% of natural gas production in Argentina is included into this program. Still another measure to promote the oil and gas industry was the creation of the “Investment Promotion Scheme for the Exploitation of Hydrocarbons” in Argentina set forth in in Decree 929/13. The decree creates an allowance to export, free of export taxes, up to 20% of hydrocarbons produced from projects requiring an investment in excess of U.S.\$1 billion. Companies accessing the allowance can also retain dollars from their exports abroad. Both the natural gas pricing program and the investment promotion scheme were recently incorporated into the Hydrocarbons Law, as amended by Law No. 27,007, reinforcing their position as an instrumental part of the energy policy in Argentina. Furthermore, the investment threshold for investments funded with dollars brought to Argentina’s financial market has been reduced to U.S.\$250 million. At the same time, exploration and development programs of different play types are allowed different, progressive benefits, according to their anticipated level of complexity and investment intensity. YPF believes that the new measures further help attract strategic partners for the development of its unconventional resource base. Following Chevron and Dow Chemical, YPF was able to create development projects with Pampa Energía and more recently Petronas. At the same time, other companies were able to advance their exploration projects, in some instances with new partners, including YPF as a non-operating party to some existing JVs where YPF is used to participating. We believe that increasing the number of participants in the market causes the industry to become more dynamic in the long term and that with additional critical mass it will become more efficient as well.

In our Refining and Marketing businesses, we face competition from several major international oil companies, such as Axion (previously ESSO, a former subsidiary of ExxonMobil 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.

In Argentina, we operate in a competitive oil and gas industry with a dynamic market. Crude oil and most refined products prices are subject to international supply and demand and, in certain cases, to Argentine regulations. Although the Argentine market has its own dynamics and fundamentals, changes in the domestic and international prices of crude oil and refined products have some 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, including the recent decline in global prices for oil and gas, could affect our business.”

On May 3, 2012, the Expropriation Law was passed by the Argentine congress, by which the government regained control of 51% of the capital structure of YPF. The Expropriation Law also declared that achieving energy self-sufficiency was of public interest, and that the exploitation, industrialization, transportation and sale of hydrocarbons are priorities 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.” Despite all these overarching objectives, the Law maintained YPF as a commercial corporation with the focus on keeping competitiveness in the market. That competitive drive, along with the Company’s widely recognized professionalism, has driven its decision-making and will continue to do so.

During 2015, the Argentine government continued promoting the industry which, along with the competitive responses of different market participants throughout the year, further strengthened the competitive nature of our industry and fostered a positive business environment. In October 2014, the Argentine congress passed Law No. 27,007 which amended the Hydrocarbons Law and introduced very important changes in order to have a more modern framework that recognizes specific considerations for new petroleum companies, such as those working in unconventional resources, offshore and in enhanced oil recovery. The changes further strengthen synergies, promote investments and seek uniformity. Besides recognizing the benefits of the gas pricing scheme and the promotional regime for investments, Law No. 27,007 reflects new terms and conditions for permits and concessions according to the types of exploration projects. The 35-year concession term for unconventional exploitation is a distinctive, key feature for the development of the unconventional resources in Argentina. See “—Regulatory Framework and Relationship with the Argentine Government—Law No. 27,007, amending the Hydrocarbons Law.”

Finally, on a daily basis our business manages competitive factors that are in turn influenced by international and local variables, such as international and local crude oil and refining products pricing, inflation, foreign exchange rates and employment rates. YPF continually adjusts its product offerings and the costs of its operations in order to adapt to these variables. One such change relates to the agreement among industry participants and the Argentine government to address the steep decline in international crude oil prices that occurred at the end of 2014, prices that continued at a relatively low level during 2015. As of December 30, 2014, the National Executive Office decided to reduce taxes on the sale of fuels, which partially compensated for the decrease in the price of domestic fuels. Subsequently, the National Executive Office also reduced export taxes to the minimum allowed by law, so that exporting producers of crude oil with no use in local refining could also partially compensate the decrease in the price of international hydrocarbon products. These two measures were part of a comprehensive plan set forth by the Argentine government, producers and the refiners. The principal Argentine producers and refiners privately negotiated an approximately U.S.\$7 reduction to the domestic crude oil price per barrel as a function of the decline in international prices in order to continue developing local production as well as to secure certain refining margins. In addition, on February 4, 2015 the Commission issued Resolution 14/2015 creating the Crude Oil Production Stimulus Program (*Programa de Estímulo a la Producción de Petróleo Crudo*) which was in place from January 1, 2015 through December 31, 2015 and through which the Argentine federal government, subject to certain requirements, paid an export stimulus or a production stimulus for companies registered under that program. The plan is intended to offset the potential impact international crude oil prices could have had on the local industry which, in turn, created a comparatively more attractive oil and gas market for Argentina during 2015. As of the beginning of 2016, the National Executive Office, which took office on December 10, 2015, along with producers and refiners agreed to a reduction of the local price of crude oil beginning January 2016, setting a new price for Medanito of U.S.\$67.50/bbl and U.S.\$54.90/bbl for Escalante. At the same time, and further to the efforts initiated in 2015, producers and refiners continue working closely to encourage contractors and unions to acknowledge the fundamental changes in the industry worldwide by significantly reducing costs and increasing productivity, thus making 2016 an opportunity to further improve the competitiveness of the industry as a whole towards international standards. See “Item 3. Key Information—Risk Factors” for a description main risks and uncertainties we face.

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 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 diesels. In the La Plata refinery, a new ultra-low sulfur diesel desulfurization plant was started up during 2012. In Luján de Cuyo refinery, new HDS III (diesel desulfurization) and HTN II (gasoline desulfurization) plants were started up in 2013. Additionally, we are increasing the tankage capacity of several of our terminals in order to optimize fuel distribution logistics. During 2013, new diesel tanks were implemented in Luján de Cuyo refinery and Montecristo terminal. In 2014, a diesel tank was completed at Terminal Villa Mercedes (“TVM”), and engineering projects advanced at the Luján de Cuyo and La Plata refineries.

First stage projects related to biofuels, such as the addition of bioethanol to gasoline and FAME to diesel, were accomplished by the end of 2009 and were operational by the beginning of 2010. During 2010 and 2011, additional bioethanol facilities at several terminals were installed and became ready to operate. Also, during this period, further investments were made in several terminals in order to allow the increased addition of FAME to diesel and to improve the related biofuel logistics. A new facility for FAME blending was started up in 2013 in the Montecristo terminal. In 2014, a 3,000 cm FAME tank at Terminal Dock Sud (“TDS”) and a 3,000 cm FAME tank at TVM were built. Also, two 200 cm ethanol tanks at Concepción del Uruguay were built. These projects are expected to enable YPF to comply with governmental requirements and to enter into the renewable energy sources market.

At each of our refineries during 2015, we continued with the initiatives relating to 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, during 2013 we started up a new Continuous Catalyst Regeneration (“CCR”) unit which involved an investment of U.S.\$453 million. The plant uses the latest worldwide technology to perform chemical processes and improvements in productivity, safety and environmental standards. Additionally, the plant produces aromatics that can be used as octane enhancers for gasoline and automotive applications, as well as increases hydrogen production to feed the fuel hydrogenation processes to increase fuel quality and reduce sulfur content, further reducing the environmental impact of internal combustion engines

We also continue construction of a new coke unit at La Plata refinery, which will involve an aggregate investment of approximately U.S.\$1,015 million (the total amount disbursed as of December 31, 2015 was U.S.\$869 million), replacing the one that was 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 during 2016.

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, such as a new flare in the Luján de Cuyo refinery, wastewater treatment and fire protection facilities, new flare in CIPH, improvement of fireproofing in existing facilities and implementation of bottom loading systems in terminals.

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

In 1991, we entered into an agreement 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. During 1997 and 1998, each of our refineries (La Plata, Luján de Cuyo, and Plaza Huincul) were certified under the ISO (International Organization for Standardization) 9001 (quality performance) and ISO 14001 (environmental performance). All of them are also certified under the OHSAS 18001 (occupational health and safety performance) standard. In addition, since 2008, the La Plata and Luján de Cuyo complexes have been verified in accordance with ISO 14064 for the inventories of industrial greenhouse gases. The refineries maintain their systems under continuous improvement and revision by accredited organizations.

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;
- a new internal corporate commitment on climate change and energy efficiency which was developed in June 2015. This document obligates the company to work on reducing greenhouse gas emissions, contributing to mitigation activities while promoting sustainable development and preserving natural resources;
- intensified the execution of internal projects to obtain 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 the approval of the United Nations in December 2010 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 2015 the La Plata project reduced carbon dioxide emissions by 111,115 tons;
- obtained the approval of the United Nations in December 2011 for an industrial project developed by YPF in Argentina defined as a CDM at the Luján de Cuyo refinery. During 2015 the project reduced carbon dioxide emissions by 24,521 tons;
- secured the approval of the CDM project. YPF developed a new methodology which was approved by the United Nations in 2007 under the name of AM0055 “Baseline and Monitoring Methodology for the recovery and utilization of waste gas in refinery facilities.” Currently, five CDM projects are being developed around the world (Argentina, China, and Egypt) applying this methodology designed by YPF;
- undertook and verified third-party greenhouse gas emission inventories for refining and chemical operations in accordance with the ISO 14064 standard. The inventory at CIE has been verified since 2008. In June 2015, the inventory verification process of greenhouse gases in the La Plata complex and the Luján de Cuyo refinery was completed. A 2016 inventory check, ending in the first half of 2016, is planned in all the refineries;
- estimated the contribution that its forestry projects located in the province of Neuquén had with respect to climate change. These projects constitute approximately 6,500 hectares of trees forested under a long-term work program. Using the afforestation methodologies and tools available at the United Nations Framework Convention on Climate Change (“UNFCCC”) Clean Development Mechanism web site, it was possible to arrive to a conservative estimated amount of approximately 760,000 tons of carbon dioxide equivalents that were captured by the afforestation project activities from 1984 (when the first afforestation activity occurred) through 2013; and
- strengthened the relationship established with the Argentinean Environmental Authority (*Secretaría de Ambiente y Desarrollo Sustentable de la Nación*), in particular with its Climate Change Unit (*Dirección de Cambio Climático*) in order to collaborate with the development of the Third National Communication on Climate Change to the UNFCCC.

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.

Unconventional oil and gas efforts led by YPF

Organically rich shale gas and oil accumulations are drawing increasing attention worldwide as sources of significant natural gas and oil reserves.

Since 2008, YPF has led various exploration and development projects related to unconventional resources in Argentina, the most important being in the Vaca Muerta formation within Neuquina basin.

The Vaca Muerta formation is found between 2,500 and 4,000 meters of depth, more than 2,000 meters below the water table, which is usually located at depths of 300-500 meters. See "Item 3. Key Information—Risk Factors—Risks Relating to the Argentine Oil and Gas Business and Our Business—Our domestic operations are subject to extensive regulation" and "—Oil and gas activities are subject to significant economic, environmental and operational risks."

Hydraulic stimulation, a long time proven technology, allows these resources to be extracted in an efficient and environmentally-friendly way. Hydraulic stimulation consists of injecting high pressure fluids and sand into the wellbore to crack the rock and enable the trapped hydrocarbons in the formation to flow to the surface like in any conventional well.

Generally, this technique uses water and sand (99.5% of the water can be recycled) and additives (0.5%). These additives are the same as those used in products for household and commercial applications, such as sodium chloride (used in table salt), borate salts (used in cosmetics), potassium carbonate (used in detergents), guar gum (used in ice cream) and isopropyl alcohol (used in deodorants).

The water used for the development of these reservoirs is acquired from bodies of running water and it represents only a small percentage of the total flow, which involves much lower volumes than those used for agricultural and human consumption in the province of Neuquén.

From the beginning of unconventional operations, YPF has considered the environmental protection as one of the values of its quality, health, safety and environment policy.

In accordance with law Disposition No. 112/2011 of the Environmental Subsecretary of Neuquén, the project has an Environmental Baseline Study ("EBS"). The EBS includes the current description and environmental characterization of the concession areas and specifically environmental components that may be affected significantly by the projects and activities.

YPF is currently developing a water management framework, which focuses on three key areas of water use: water resources (sustainability factors, measures that consider the needs of other local water users, and the net environmental effect); water use and efficiency (controls of replacing water use, reducing water consumption, and the reuse and recycling to consider the net environmental effect); and wastewater management (consider similar sustainability factors and the net environmental effect as outlined for water resources).

In addition, YPF commissioned the following studies: (i) a hydrogeological study of confined and semi-confined aquifers of Neuquén and Rayoso Groups and hydrogeological study of the unconfined aquifer of the alluvial plain of the Neuquén River in the Loma Campana area beginning in December 2014, (ii) an air quality and noise study in the Loma Campana area beginning 2016 and (iii) aquatic and terrestrial environmental studies in the Loma Campana, El Mangrullo and El Orejano areas beginning 2016 to 2017.

YPF Holdings-Operations in the United States

Laws and regulations relating to health and environmental quality in the United States affect the operations of YPF Holdings, a 100% owned 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 by Maxus of Diamond Shamrock Chemicals Company (“Chemicals Company”) to a subsidiary of Occidental Petroleum Corporation (“Occidental”) in 1986, Maxus had agreed to indemnify Chemicals Company and Occidental from and against certain liabilities relating to the business and activities of Chemicals Company 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 Company prior to the Closing Date.

In addition, under the agreement pursuant to which Maxus sold Chemicals Company to Occidental (the “1986 Stock Purchase Agreement”), Maxus is obligated to indemnify Chemicals Company and Occidental for certain environmental costs incurred on projects involving remedial activities relating to chemical plant sites or other property used to conduct Chemicals Company’s 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 Company and as to which Chemicals Company provided written notice prior to September 4, 1996, irrespective of when Chemicals Company 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 Company was controlled by other companies.

See “Item 8. Financial Information—Legal Proceedings—YPF Holdings” for a description of environmental matters in connection with YPF Holdings.

Offshore Operations

All the offshore blocks in which we have a working interest are included in a Health, Safety and Environmental (“HSE”) Management system to address risks and environmental impacts during each phase of the offshore activities.

Neptune

Under the Neptune Joint Operating Agreement, the operator of the field is required to maintain an HSE 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 HSE 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 HSE 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
- ESD procedures
- evacuation procedures
- fire 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, HSE, planning, logistical and regulatory notification support and other technical expertise. An incident management center is established for the IMT in one room of the operator building in Houston. The IMT is also supported by a drilling-specific team from the World Wide Drilling group for any incidents during drilling and completions activities.
- Emergency Management Team ("EMT")—petroleum/asset response (level 3 to 5 severity): Provides support to the IMT with emphasis on strategic issues affecting the asset and petroleum including internal and external stakeholder management, financial, legal, and communication support. An emergency management room for the EMT is established in one room of the operator's building in Houston.
- Crisis Management Team ("CMT")—operator response (level 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 HSE 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 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, 2015, more than 99% of our proved reserves were located in Argentina. We also own property outside Argentina, mainly in the United States. See "—Exploration and Production Overview—Main 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, 2015, we leased 85 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.

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.\$2 billion per incident combined for downstream and upstream operations, with varying deductibles of between U.S.\$1 million and U.S.\$10 million, including loss of production or profits with deductibles of 90 days for downstream operations and 60 days 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*) insurance covering the risk of personal injury and loss of life of our employees. Our insurance policies cover medical expenses, lost wages and loss of life, in the amounts set forth in the applicable regulations. These regulatory requirements also apply to all of our contractors.

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

In connection with losses or liabilities resulting from damages caused below the surface, we have agreed with some contractors that YPF assumes responsibility for indemnifying our contractors 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. However, we have also agreed with a number of contractors that YPF shall be responsible and shall indemnify contractors for damages or liabilities caused below the surface, unless such damages or liabilities result from the gross negligence or willful misconduct of contractors, in which case contractor shall be liable in full or, in certain cases, up to a limited amount.

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 that 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 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% coverage), with deductibles ranging from U.S.\$0.75 million (100% coverage) to U.S.\$1.25 million (100% coverage).
- Coverage for operator's extra expenses is subject to a limit of U.S.\$250 million (100% coverage) per incident, with a U.S.\$1 million deductible (100% coverage). 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 firefighting 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 preventer, storm chokes or other equipment; or (b) stopped by increasing the weight by volume of drilling fluid or by use of the other conditioning materials in the well; or (c) safely diverted into production; or (2) which flow is deemed to be out of control by the appropriate regulatory authority.
- Loss of production following damage to insured property or extra expenses paid by the operator arising from an incident is covered up to a limit of U.S.\$29.1 million (15% coverage) with a waiting time of 60 days.
- Gulf of Mexico windstorm coverage is subject to a limit of U.S.\$20 million (for the insured's interest) with respect to each and every occurrence and in the aggregate in respect of a named Gulf of Mexico windstorm (this limit applies across property, OEE and loss of production); which is excess of a retention of U.S.\$10 million (100% coverage) each and every occurrence plus 90 days waiting time in respect of loss of production.
- 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% coverage) per incident, without a deductible.

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 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 enacted in 2007 and Law No. 27,007 enacted in 2014, 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. See “—Law No. 27,007, amending the Hydrocarbons Law.”

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, 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 km² and 50 production concessions covering approximately 32,560 km². Limits under the Hydrocarbons Law on the number of concessions for transportation that may be held by any one entity, and the total area of exploration permits that may be granted to a single entity, were eliminated by Law No. 27,007. 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). Law No. 25,943 has been modified by Law No. 27,007, as described below, eliminating all permits and hydrocarbon production concessions where association agreements with ENARSA have not been signed and reverting them to the Argentine Secretariat of Energy (except for permits and concessions granted prior to Law No. 25,943). Additionally, Law No. 27,007 provides for a six month negotiating period to convert association agreements with ENARSA into permits or concessions. In September 2015, the National Executive Office and YPF began negotiating the conversion of association agreements executed with ENARSA. As of the date of this annual report, these negotiations are ongoing.

Decree No. 13/15 modified article 1 of the Law of Ministries No. 22,520 and created the Ministry of Energy and Mining, absorbing the functions of the Secretariat of Energy.

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 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, 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.

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

- 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;
- Convert hydrocarbon resources to proved reserves and their exploitation and the restoration of reserves;
- Integrate public and private capital, both national and international, into strategic alliances dedicated to the exploration and exploitation of conventional and unconventional hydrocarbons;
- Maximize the investments and the resources employed for the achievement of self-sufficiency in hydrocarbons in the short, medium and long term;
- 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;
- Promote the industrialization and sale of hydrocarbons with a high added-value;
- Protect the interests of consumers with respect to the price, quality and availability of hydrocarbon derivatives; and
- 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 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 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. and its controlled or controlling entities. According to the Expropriation Law, the shares subject to expropriation, which have been declared of public interest and were transferred to the Republic of Argentina, 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 provided 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 the 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 that 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 Argentine congress by a vote of two-thirds of its members.

In accordance with Article 9 of the Expropriation Law, the appointment of YPF S.A. Directors representing the expropriated shares shall be made proportionately considering the holdings of the Argentine federal government and provincial governments, and one Director shall represent the employees of the Company.

In accordance with Article 16 of the Expropriation Law, the federal 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.

See "—Law No. 26,932" for descriptions of the agreement between Repsol and the Argentine Republic relating to compensation for the expropriation of 51% of the share capital of YPF owned, directly or indirectly, by Repsol, and the arrangement between Repsol and YPF for the withdrawal of certain claims and actions relating to such expropriation.

Legal nature of the Company

YPF will continue to operate as a publicly traded corporation pursuant to Chapter II, Section V of Law No. 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 federal 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.

Law No. 26,932

On February 25, 2014, the Republic of Argentina and Repsol reached an agreement (the “Repsol Agreement”) in relation to compensation for the expropriation of 200,589,525 of YPF’s Class “D” shares pursuant to the Expropriation Law under the Repsol Agreement. Repsol accepted U.S.\$5.0 billion in sovereign bonds from the Republic of Argentina and withdrew judicial and arbitral claims it had filed, including claims against YPF, and waived additional claims. YPF and Repsol executed a separate agreement (“the Repsol Arrangement”) on February 27, 2014, pursuant to which YPF and Repsol each withdrew, subject to certain exclusions, all present and future actions and/or claims based on causes occurring prior to the date of execution of Repsol Arrangement arising from the expropriation of the YPF shares owned by Repsol pursuant to the Expropriation Law, including the intervention and temporary possession for public purposes of YPF’s shares. YPF and Repsol agreed to withdraw reciprocal actions and claims with respect to third parties and/or pursued by them and to grant a series of mutual indemnities, which at the time were subject to certain conditions precedent. The Repsol Arrangement entered into force the day after Repsol notified YPF that the Repsol Agreement had entered into force. The Repsol Agreement was ratified on March 28, 2014 at a Repsol general shareholders meeting and approved by the Argentine congress by Law No. 26,932 enacted Decree No. 600/2014. On May 8, 2014, YPF was notified of the entrance into force of the Repsol Agreement. As of that date, the expropriation pursuant to the Expropriation Law has been concluded, and as a result the Republic of Argentina is definitively the owner of 51% of capital stock of each of YPF S.A. and YPF GAS S.A.

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 that 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 federal 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 federal 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 of Decree No. 1212/89 and sections 3 and 5 of Decree No. 1589/89. Decree No. 1277/12 enacted the “Hydrocarbons Sovereignty Regime Rules”, regulating the Expropriation Law.

This regulation created a commission, that was later dissolved by Decree No. 272/2015, the Commission for Planning and Strategic Coordination of the National Plan of Hydrocarbons Investments (the “Commission”). This Commission was entrusted with annually making the National Plan for Hydrocarbons Investments.

Decree No. 1277/12 required 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 was also responsible for a National Hydrocarbons Investments Registry for all companies performing the activities of exploration, exploitation, refining, transport and commercialization. All these companies were required to file an annual plan of investments before the Commission.

With respect to the refining industry, Decree No. 1277/12 gave the Commission the power to regulate the minimum utilization rates for primary or secondary refining. It also had 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 was 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 had to 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.

Decree No. 13/2015

On December 11, 2015, Decree No. 13/2015 was published in the Official Gazette of the Republic of Argentina, modifying the Ministries Law No. 22,520. Among other changes, it created the Ministry of Energy and Mining, which absorbs the functions of the Secretaries of Energy and Mining and decentralized entities, from the Ministry of Federal Planning, Public Investment and Services. The responsibilities of the Ministry of Energy and Mining include participating “in the management of the State’s shareholdings in the corporations and companies operating in the area of its competence.”

Decree No. 272/2015

On January 4, 2016, Decree No. 272/2015 was published in the Official Gazette of the Republic of Argentina, which modified Decree No. 1277/12. Among other changes, it dissolved the Commission, derogated certain responsibilities of the Commission and stated that the tasks assigned to the Commission will be performed by the Ministry of Energy and Mining.

Furthermore, the decree established that the rights derived from the shares owned by the Argentine National State in YPF S.A. and YPF GAS S.A., with the exception of the shares that belong to the Sustainability Guarantee of the Public Securities Regime Fund, created by Decree No. 897/07, will be exercised by the Ministry of Energy and Mining, as of its publication date.

In addition, the decree established that the Ministry of Energy and Mining will conduct a comprehensive review and reorganization regarding the creation of records and information duties in the hydrocarbon industry, which remain in force as long as they are not derogated by the dispositions of the decree or addressed by the re-organization plan to be determined by the Ministry of Energy and Mining.

Law No. 27,007, amending the Hydrocarbons Law

On October 31, 2014, Law No. 27,007 amending the Hydrocarbons Law was published in the Official Gazette of the Republic of Argentina. The Hydrocarbons Law would apply in certain aspects of some of the Company’s existing concessions as well as future concessions. The most relevant modifications in that law are detailed below.

- With respect to exploration permits, it distinguishes between those with conventional and unconventional objectives, and those in which exploration is undertaken in the territorial sea and continental shelf. Law No. 27,007 modifies the basic time periods governing such activities, from three to two periods and limiting the two basic periods to (i) three years each for exploration with conventional objectives and (ii) four years each for exploration with unconventional objectives and (iii) four years each for exploration in the territorial sea or on the continental shelf. In each of these cases, the extension period of up to five years (already established in the Hydrocarbons Law) is maintained, although it is subject to the permit holder having complied with its investment and other obligations. At the end of the first basic period and so long as the permit holder has complied with its obligations under the permit, the permit holder may continue to hold the entire area. After the second basic period ends, the permit holder may surrender the entire area or, if the holder decides to trigger the extension period, 50% of the remaining area.
- In relation to concessions, Law No. 27,007 provides for three types of concessions: conventional production, unconventional production and production in the territorial sea or on the continental shelf. Each of these concessions will last 25, 35, and 30 years, respectively. In addition, permit holders or production concessionaires may request unconventional production concessions on the basis of the development of a pilot plan. So long as the concessionaires (i) have complied with their obligations, (ii) are producing hydrocarbons in the areas under consideration and (iii) present an investment plan for the development of such areas as requested by the competent authorities up to a year prior to the termination of each term of the concession, they may request extension periods of ten years each.

- The amounts to be paid with respect to annual surface fee pursuant to Sections 57 and 58 of the Hydrocarbons Law for the periods of exploration and production have been increased with the goal of incentivizing exploration and development of these areas. Additionally, beginning with the second basic exploration period, these may be reduced partially in light of investments actually carried out in the relevant areas. Restrictions on the number of exploration permits and/or production concessions that an individual or legal entity may hold were eliminated.
- The Hydrocarbons Law established a 35-year term for those concessions granted for the transportation of oil, gas and petroleum products that holders of production concessions are entitled to receive. Law No. 27,007 modified the awarded term for hydrocarbon transportation concessions, to be synchronized with the production concession periods.
- In connection with exploration and production offerings, tenders may be made by Argentine and foreign companies, with the goal of obtaining the highest number of tenders possible. In addition, the bidding documents must be prepared by the competent authorities on the basis of the model bidding document which will be drafted jointly by the competent authorities of the Provinces and the Argentine Secretariat of Energy. This model bidding document must be prepared within 180 days of the entry into force of Law No. 27,007. Tenders will be awarded to offerors who present the most relevant offer, in particular, the one proposing the highest amount of investments or exploratory activity.
- Royalties have been set at a maximum of 12% on the results of liquid hydrocarbons or natural gas production. Royalties may be reduced considering productivity of the area and the type of production. In cases of extension periods, an additional royalty of 3% will be added for each extension, up to a maximum of 18%. In addition, in case of such extensions, the competent authority may include the payment of an extension bond which maximum amount shall be equal to the result of multiplying the remaining proved reserves at the end of the concession period to be extended by 2% of the average basin price, for the two years period prior the moment when the extension is granted, applicable to the hydrocarbons at issue.
- Law No. 27,007 also provides that the Argentine federal government and the provinces may not establish, in the future, new areas reserved in favor of state-owned entities or companies with state participation. Further, with respect to existing reserved areas that do not have association agreements with third parties as of the date of this new law, associative schemes may be carried out so long as, during the development phase, the participation of state-owned entities or companies with state participation is proportional to the effective investments promised and carried out by them.
- Law No. 27,007 additionally incorporates into the Investment Promotion Regime for the Exploration of Hydrocarbons (Decree 929/2013) projects, as authorized by the Commission, that imply direct investments in foreign currency greater than U.S.\$250 million to be invested during the first three years of the project. Also, it modifies the percentages of hydrocarbons that, beginning with the third year, will be subject to the benefits of the regime. For conventional and unconventional production concessions, as well as offshore concessions at depths less than or equal to 90 meters, the percentage shall be 20%; for offshore concessions at depths greater than 90 meters, the percentage shall be 60%.
- Within the framework of the Investment Promotion Regime for the Exploration of Hydrocarbons, Law No. 27,007 provides for contributions by companies to the provinces where the projects take place, which amount to 2.5% of the initial investment amount of the project, to be directed to “Corporate Social Responsibility” contributions. In addition, an amount to be determined by the Commission in light of the extent of the project, to finance infrastructure, have to be contributed by the Argentine federal government.
- Law No. 27,007 establishes that capital goods and inputs that are essential to the execution of the investment plans of companies registered in the National Registry of Hydrocarbon Investments shall pay import duties as indicated in Decree 927/13 (reduced rates). This list may be extended to other strategic products.
- According to Law No. 27,007, the federal government and the provinces shall attempt to establish uniform environmental legislation and the adoption of uniform fiscal treatment in this sector. The competent authorities, including the Argentine Secretariat of Energy and the Commission, will promote unification of procedures and registries.
- All national off shore permits and off shore hydrocarbon production concessions that had no association agreements with ENARSA as of the date of the new law reverted and were transferred to the Argentine Secretariat of Energy. Permits and concessions granted prior to Law No. 25,943 shall be exempted from this provision. The National Executive Office may negotiate, for 180 days following the enactment of the new law, the conversion of association agreements signed with ENARSA to permits or production concessions. In September 2015, the National Executive Office and YPF began negotiating the conversion of association agreements executed with ENARSA. As of the date of this annual report, there has been no agreement on the conversion.

Resolution 14/2015

On February 4, 2015, the Commission issued Resolution 14/2015 that created the Crude Oil Production Stimulus Program (Programa de Estímulo a la Producción de Petróleo Crudo) (the “Program”), which was in force from January 1, 2015 through December 31, 2015. This Program provided for a payment in Argentine pesos to beneficiary companies, in an amount of up to U.S. \$3.00 per barrel when such company’s quarterly production of crude oil was equal to or greater than the base production level under the Program, in addition to the compliance with certain other requirements related to the level of activity of the Company as set for Resolution 33/2015. The base production level under the Program was the total production of crude oil of the beneficiary company for the fourth quarter of 2014. Those beneficiary companies that had satisfied the demand of all of the domestic refineries operating within Argentina may direct a portion of their production to the international market and receive an additional payment of U.S. \$2.00 or U.S. \$3.00 per barrel of crude oil exported, depending on the volume exported.

The payments would be made in Argentine pesos using the Reference Exchange Rate of BCRA Communication “A” 3500 of the last business day prior to the presentation of the information of the corresponding quarter to the Commission. See “Item 5. Operating and Financial Review and Prospects—Results of Operations—Revenues.”

Resolution 21/2016

On March 9, 2016, Resolution 21/2016 of the Ministry of Energy and Mining was published in the Official Gazette and established an export stimulus program of crude oil surplus, after domestic demand for crude oil Escalante from the San Jorge Gulf Basin is satisfied. The stimulus will be paid for each shipment and to the extent that the average price of Brent oil does not exceed U.S.\$47 per barrel two days before and two days after the shipment. It is valid until December 31, 2016. The compensation to be paid by the Argentine government will amount to U.S.\$ 7.50 per barrel, as long as the criteria is met.

Public Emergency

On January 6, 2002, the Argentine congress enacted the 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 the National Executive Office the authority to enact all necessary regulations in order to overcome the economic crisis that Argentina was then facing. The situation of emergency declared by Law No. 25,561 has been extended until December 31, 2017 by Law No. 27,200. 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 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 No. 26,732. See “—Taxation.”

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 were granted to third parties in connection with the deregulation and demonopolization process and permits covering areas in which our predecessor company, Yacimientos Petroliferos Fiscales Sociedad del Estado, was operating at the date of the Privatization Law 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. Under the Hydrocarbons Law, each exploration permit may cover only unproved areas not to exceed 10,000 km² (15,000 km² 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 surrender 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. Under Law No. 27,007, which will apply to future exploration permits, each exploration permit may have a term of up to 11 years for conventional objectives and 13 years for unconventional objectives and offshore exploration. The terms are divided into two basic terms and one extension term. The first and second basic terms are up to three years, for conventional objectives and up to four years for unconventional objectives and offshore exploration, and the extension term is up to five years, so long as the permit holder has complied with its investments and other obligations. At the expiration of the first basic term, the permit holder will have the right to continue exploring the entire area for the second basic term so long as it has complied with all its obligations under the permit. At the expiration of the second basic term, the permit holder is required to surrender all of the remaining acreage, 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, as modified by Law No. 27,007, provides that new conventional oil and gas production concessions shall remain in effect for 25 years from the date of the award of the production concession, new unconventional oil and gas production concessions shall remain in effect for 35 years from that date, and new offshore oil and gas production concessions shall remain in effect for 30 years from that date, in addition to any remaining exploration term at the date of such award. The Hydrocarbons Law, as modified by Law No. 27,007, further provides for the concession term to be extended for periods of up to ten additional years each, subject to terms and conditions approved by the grantor at the time of the extension. Such conditions may include the payment of an extension bond with a maximum amount equal to the result of multiplying the remaining proved reserves at the end of the concession period by 2% of the average basin price, for the period two years prior to the date the extension is granted, applicable to the hydrocarbons at issue. 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 twelve 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, must be producing hydrocarbons in the area at issue and must present an investment plan to develop the concession. 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.”

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. As modified by Law No. 27,007, royalty rates are set at a maximum of 12% (though 3% will be added for each extension up to a maximum of 18%). They are 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 sold. These royalty rates may be reduced considering productivity and the type of production at issue. Notwithstanding the foregoing, in concessions extended prior to the entry into force of Law No. 27,007, the previous conditions adopted remain in force. In some cases, an additional 3% royalty has been added. See “—Extension of Exploitation Concessions in the province of Neuquén, —Mendoza, —Salta, —Santa Cruz, —Chubut and —Tierra del Fuego.” In the extension of our concessions in Santa Cruz, we agreed to a 10% royalty (instead of 12%) for unconventional 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 October 2014, the Ministry of Economy issued Resolution 803/2014 incorporating exhibit III to Resolution 394/07 of the Ministry of Economy, thus modifying the applicable percentages of duties of exports for certain products below certain prices.

However, on December 29, 2014 Resolution 1077/2014 repealed Resolution 394/07, as amended, and set forth a new withholding program based on the international price of crude oil (the “International Price”). The International Price is calculated based on the Brent value for the applicable month less U.S.\$8 per barrel. The new program establishes a 1% general nominal withholding applicable to all products covered by the resolution, including crude oil, diesel, gasoline and lubricants as well as other petroleum products, to the extent that the International Price is below U.S.\$71 per barrel. The resolution further provides an increasing variable withholding rate for crude exports oil exports to the extent the International Price exceeds U.S.\$71 per barrel. As a result, the maximum a producer may charge is approximately U.S.\$70 per barrel exported, depending on the quality of crude sold. The resolution also sets forth increasing withholding rates for exports of diesel, gasoline, lubricants and other petroleum when the International Price exceeds U.S.\$71 per barrel at rates that allow the producer to receive a portion of the elevated price.

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 that varies depending on the phase of the operation, such as exploration or production, and in the case of the former, depending on the relevant period of the exploration permit. These amounts were updated by Law No. 27,007 and may be partially adjusted as from the second basic exploration period in light of investments actually carried out. Exploration permits and production or transportation concessions may be terminated upon any of the following events:

- failure to pay annual surface taxes within three months of the due date;
- failure to pay royalties within three months of the due date;
- substantial and unjustifiable failure to comply with specified production, conservation, investment, work or other obligations;
- repeated failure to provide information to, or facilitate inspection by, authorities or to utilize adequate technology in operations;
- in the case of exploration permits, failure to apply for a production concession within 30 days of determining the existence of commercially exploitable quantities of hydrocarbons;
- bankruptcy of the permit or concession holder;
- death or end of legal existence of the permit or concession holder; or
- failure to transport hydrocarbons for third parties on a non-discriminatory basis or repeated violation of the authorized tariffs for such transportation.

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

When a production concession expires or terminates, all oil and gas wells, operating and maintenance equipment and facilities automatically revert to the province where the reservoir is located or to the Argentine federal government in the case of reservoirs under federal jurisdiction (for instance, 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. See “Item 3. Key Information—Risk Factors—Risks Relating to the Argentine Oil and Gas Business and Our Business—Argentine oil and gas production concessions and exploration permits are subject to certain conditions and may be cancelled or not renewed.” 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, as modified, provides that applications must be submitted at least one year 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 requiring 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 Overview—Oil and Gas Reserves.”

In March 2007, the Argentine Secretariat of Energy issued Resolution No 407/07 that 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 expire between 2026 and 2027. As a condition to the extension of the concession terms, YPF has undertaken to do the following under the relevant agreements: (i) to make initial payments to the province of Neuquén in an aggregate amount of approximately U.S.\$204 million; (ii) to pay the province of Neuquén an extraordinary production royalty of 3% of the production of the areas affected by this extension (in addition, the parties agreed to make additional adjustments of up to an additional 3% in the event of extraordinary income, as defined in each agreement); (iii) to carry out exploration activities in the remaining exploration areas and make certain investments and expenditures until the expiration of the concessions in an aggregate amount of approximately U.S.\$3,512 million; and (iv) to make corporate social responsibility contributions to the province of Neuquén in an aggregate amount of approximately U.S.\$23 million.

Decree No. 1208/2013 of the province of Neuquén approves an agreement entered into between the province of Neuquén and YPF dated July 24, 2013, that (i) separates from the Loma La Lata—Sierra Barrosa concession a surface area of 327.5 km²; (ii) incorporates the separated surface area into the Loma Campana concession and (iii) extends the Loma Campana concession to November 11, 2048, according to Decree 929/13.

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, Llancañelo, Llancañelo 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 to 2027; and

- YPF agreed:

(i) to make initial payments to the province of Mendoza in an aggregate amount of approximately U.S.\$135 million; (ii) to pay the province of Mendoza an extraordinary production royalty of 3% of the production of the areas included in the agreement; (iii) a fee for extraordinary income based on 10%, 15% or 20% of the difference between the price actually received by YPF and certain benchmarks set out 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.\$4.1 billion until the expiration of the extended term; (iv) to contribute 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.

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, were extended for a 25-year term to 2042; 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;
 - (ii) to pay the province of Santa Cruz a Production Royalty of 12% plus an additional 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;
 - (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 the Tierra del Fuego and Chorrillos exploitation concessions which are jointly held by YPF (30%), Petrolera LF Company S.R.L. (35%), and Petrolera TDF Company S.R.L. (35%). Petrolera LF Company S.R.L. and Petrolera TDF Company S.R.L. were subsidiaries of Apache which we acquired in 2013. The final agreement was executed by the province of Tierra del Fuego, YPF, Petrolera LF Company S.R.L. and Petrolera TDF Company S.R.L. on December 18, 2013. The agreement was ratified by the Parliament of the province of Tierra del Fuego on October 10, 2014 through the enactment of Provincial Law No. 998. The agreement grants an extension of the Tierra del Fuego concession until November 2027 and an extension of the Chorrillos concession until April 2026.

As of the date of this annual report, the Company had not filed the request to extend the portion of the Magallanes concession located in the province of Tierra del Fuego.

Extension of Concessions in the province of Chubut

The Company has obtained the extension of the following concessions in the Province of Chubut:

- El Tordillo – La Tapera and Puesto Quiroga Exploitation Concessions: On October 2, 2013 the province of Chubut published the Provincial law approving the agreement for the extension of the El Tordillo, La Tapera and Puesto Quiroga concessions located in the province of Chubut. YPF holds a 12.196% interest in these concessions while Petrobras Argentina S.A. holds a 35.67% interest and Tecpetrol S.A. holds the remaining 52.133%. The concessions were extended for a period of 30 years from the original 2017 expiration. The following are the main terms and conditions of the extension agreement entered into by and between the province of Chubut and the parties that hold interests in the concessions:
 - (i) To make initial payments to the province of Chubut in an aggregate amount of U.S.\$18 million.
 - (ii) To pay an “Extraordinary Production Royalty” of 4% of the production of the areas included in the extension.
 - (iii) To make disbursements and investments aimed at the conservation and protection of the environment.
 - (iv) To maintain operational a minimum number of drilling and work-over rigs.
 - (v) Upon expiration of the first ten years of the extension period, the Parties shall transfer and assign to Petrominera S.E., the provincial oil company, a 10% interest in the areas covered by the extension agreement.
- Restinga Alí, Sarmiento, Campamento Central – Cañadón Perdido, Manantiales Behr and El Trébol—Escalante – Escalante Exploitation Concessions: On December 26, 2013 YPF executed an agreement with the province of Chubut for the extension of the original term of duration of these concessions. YPF holds a 100% interest in all the concessions except for the Campamento Central – Cañadón Perdido Concession where ENAP Sipetrol S.A. and YPF each hold a 50% interest.

The concessions were extended for a period of 30 years following the expiration of the original concession terms, which would have expired in 2017 (Campamento Central – Cañadón Perdido and El Trébol – Escalante), 2015 (Restinga Alí) and 2016 (Manantiales Behr).

The following are the main terms and conditions agreed by and between YPF and the province of Chubut.

- (i) To make initial payments to the province of Chubut in an aggregate amount of U.S.\$30 million.
- (ii) To pay an “Extraordinary Production Royalty” of 3% of the production of the areas included in the extension agreement.
- (iii) To comply with a minimum investment program.
- (iv) To maintain a minimum number of drilling and work-over rigs operational.
- (v) To assign to Petrominera S.E., 41% of YPF’s interest in the El Tordillo, La Tapera and Puesto Quiroga exploitation concessions (equal to 5% of the total interest in the concessions).

ENAP Sipetrol S.A. has agreed to fulfill the obligations set forth in the extension agreement on a pro-rata basis relative to its participation interest in the Campamento Central – Cañadon Perdido concession agreement.

Extension of Exploitation Concessions in the province of Salta

In October 2012, YPF entered into an agreement with the province of Salta to extend the original terms of the exploitation concessions identified below, subject to the approval of the National Executive Office by decree.

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 for the following:

- Concessions involved: Sierras de Aguara Güe, Campo Durán-Madrejones, La Bolsa and Río Pescado.
- Exploitation concession terms are extended for a 10-year term following the expiration of the original 25 year term, until November 14, 2027.

- YPF has agreed:
 - (i) to conduct in Aguara Güe, the following investments: a minimum level of activity in development plans, involving the drilling of development wells (at least three) and expansion of production facilities and treatment of hydrocarbons of U.S.\$36 million,
 - (ii) to pay the province a special extraordinary contribution equal to 25% of the amount corresponding to royalties of 12% referred to in Article 59 and 62 of the Hydrocarbons Law,
 - (iii) to pay the province an additional payment, when extraordinary income the sale of crude oil and natural gas from the concessions, under conditions where 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.

Extension of Exploitation Concessions in the province of Río Negro

In December 2014, YPF entered into an agreement with the province of Río Negro to extend the original terms of the exploitation concessions identified below. Effectiveness of the agreement was subject to the ratification of its terms by the Parliament of the province of Río Negro that was granted on December 30, 2014 through the enactment of Provincial Law No. 5027.

The agreement was signed between YPF, YSUR Energia Argentina S.R.L. (formerly named Apache Energia Argentina S.R.L.), YSUR Petrolera Argentina S.A. (formerly named Apache Petrolera Argentina S.A.) and the province of Río Negro and provides the following:

- Concessions involved: (i) El Medanito, Barranca De Los Loros, Señal Picada-Punta Barda, Bajo Del Piche and Los Caldenes, where YPF holds a 100% undivided interest; (ii) Estacion Fernandez Oro, where YSUR Energia Argentina S.R.L. holds a 100% undivided interest; and (iii) El Santiagueño, where YSUR Petrolera Argentina S.A. holds a 100% undivided interest.
- Exploitation concession terms are extended for a 10-year term following the expiration of the original 25 year term, until November 14, 2027, except for the exploitation concessions in (i) Los Caldenes which was extended until September 18, 2036, (ii) Estacion Fernández Oro which was extended until August 16, 2026 and (iii) El Santiagueño which was extended until September 6, 2025.
- YPF has agreed:
 - (i) to make an initial payment to the Province of Río Negro in an aggregate amount of U.S.\$46 million;
 - (ii) to make contributions to social development and institutional strengthening within the province of Río Negro in an amount equivalent to 20% of the initial payment;
 - (iii) to pay an “Extraordinary Production Royalty” of 3% of the monthly production;
 - (iv) to contribute annually to training, research and development, the amount depends on the volume of production;
 - (v) to comply with a minimum investment program; and
 - (vi) to make disbursements and investments aimed at the conservation and protection of the environment.

Extension of Exploitation Concessions in the Cuenca Marina Austral

The National Executive Office (*Poder Ejecutivo Nacional*), through Administrative Decision No. 1/2016 published January 8, 2016 in the Official Gazette of the Republic of Argentina, extended the term of the hydrocarbon exploitation concession in the Magallanes area held by YPF in the Marina Austral basin, as of November 14, 2017, for ten years, in the section corresponding to the jurisdiction granted by the Argentine federal government, pursuant to Article 35 of the Hydrocarbons Law No. 17,319.

Additionally, Administrative Decision No. 1/2016 establishes the following terms and conditions, among others: (i) approval of the investment and works plan for the above-referenced concession from 2017 to 2027, (ii) payment of U.S.\$12.5 million as an extension bonus with respect to the section corresponding to the jurisdiction granted by the Argentine federal government, and (iii) payment to the Argentine Federal Government of 15% royalties on the production of hydrocarbons extracted from the section of the Magallanes area under its jurisdiction, in accordance with Article 59, paragraph 2 of Law No. 27,007.

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, as was the case when we were controlled by Repsol 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 had 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 No. 17,319 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 Hydrocarbons Law No. 27,007, which will apply to future concessions, other than those already governed by previous laws, for the transportation of liquid hydrocarbons, permits the National Executive Office to award concessions for the transportation of oil, gas and petroleum products for terms equivalent to those granted for production concessions linked to those transport concessions, following submission of competitive bids. The term of a transportation concession may be extended for additional terms equivalent to those of the associated production concession. 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 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 Sociedad del Estado at the time. Gas pipelines and distribution systems sold in connection with the privatization of Gas del 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.

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 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 for the crude oil and petroleum products, not lower than that of imported crude oil and petroleum products of similar quality.

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, in May 2012, the Expropriation Law was passed by the Argentine congress and became effective. 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 the 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 of Decree No. 1212/89 and sections 3 and 5 of Decree No. 1589/89 (the “Oil Deregulation Decrees”). Decree No. 1277/12 enacted the “Hydrocarbons Sovereignty Regime Rules,” regulating Law No. 26,741. This regulation created the Commission, which among other matters was entitled to publish reference prices of every component of the costs and sales prices of hydrocarbons and fuels, which should permit recovery of production costs and obtaining a reasonable profit margin. See “—The Expropriation Law” and “—Decree No. 1277/2012” and “—Decree No. 272/2015.”

On July 15, 2013, Decree No. 929/2013 was published in the Official Gazette and provides for the creation of an Investment Promotion Regime for the Exploitation of Hydrocarbons (the “Promotion Regime”), both for conventional and unconventional hydrocarbons to be applied across the Argentine territory. Applications to be included in this Promotion Regime may be filed by subjects duly registered with the National Registry of Hydrocarbon Investments who are holders of exploration permits and/or exploitation concessions and/or third parties associated with those holders and who submit an Investment Project for Hydrocarbon Exploitation (the “Investment Project”) to the Commission of Strategic Planning and Coordination of the National Hydrocarbons Investment Plan created by Decree No. 1,277/12, entailing a direct investment in foreign currency of at least U.S.\$1 billion, calculated at the time of submission of the Investment Project, and to be invested in the first five years of the Investment Project. Beneficiaries of this Promotion Regime shall enjoy the following benefits, among others: i) they shall be entitled, under the terms of the Hydrocarbons Law, from the fifth anniversary of the start-up of their respective Investment Project, to freely export 20% of the production of liquid and gaseous hydrocarbons produced under such Investment Projects, at a 0% export tax rate, if applicable; ii) they shall freely dispose of 100% of the proceeds derived from the export of the hydrocarbons mentioned in i) above, provided the approved Investment Project would have generated an inflow of foreign currency into Argentina’s financial market equal to at least U.S.\$1 billion, following the requirements mentioned above; iii) if hydrocarbon production in Argentina is not enough to cover domestic supply needs in accordance with section 6 of the Hydrocarbons Law, beneficiaries of the Promotion Regime, from the fifth anniversary of the start-up of their respective Investment the Projects, shall be entitled to obtain, in relation to the aforementioned exportable rate of liquid and gaseous hydrocarbons produced in the Investment Projects, a price not lower than the reference export price calculated without deducting any export duties that would have been applicable. Law No. 27,007, as described above, has incorporated into this regime projects submitted to the Commission of Strategic Planning and Coordination of the National Hydrocarbons Investment Plan entailing a direct investment in foreign currency of at least U.S.\$250 million, calculated at the time of submission of the Investment Project, and to be invested in the first three years of the Investment Project. Further, Law 27,007 modifies the percentages of hydrocarbons to be benefitted under this regime to 20% of the production of conventional, unconventional and offshore concessions at depths less than or equal to 90 meters and 60% of the production of offshore concessions at depths greater than 90 meters. See “—Law 27,007, amending the Hydrocarbons Law” and “Decree No. 272/2015.”

Additionally, the decree discussed above created a new type of concession for the “Exploitation of Unconventional Hydrocarbons,” which has been incorporated in the Hydrocarbons Law by Law No. 27,007, consisting of the extraction of liquid and/or gaseous hydrocarbons through unconventional stimulation techniques applied to reservoirs located in geological formations of schist and slates (shale gas or shale oil), tight sands (tight oil and tight gas), coal layers (coal bed methane) and, in general, from any reservoir that presents low-permeability rock as its main feature. The Decree provides that holders of exploration permits and/or exploitation concessions that are beneficiaries of the Promotion Regime shall be entitled to apply for a “Concession for Unconventional Hydrocarbons Exploitation.” Likewise, holders of a Concession for Unconventional Hydrocarbons Exploitation who are also holders of an adjacent and pre-existing concession may request the unification of both areas into a single unconventional exploitation concession, provided the geological continuity of such areas is duly proven.

As noted above, Law No. 27,007 provides for contributions by companies to the provinces where the projects take place, which amount to 2.5% of the initial investment amount of the project, to be directed to “Corporate Social Responsibility” contributions. In addition, an amount to be determined by the Commission in light of the extent of the project, to finance infrastructure, have to be contributed by the Argentine federal government. Finally, Law No. 27,007 establishes that capital goods and inputs that are essential to the execution of the investment plans of companies registered in the National Registry of Hydrocarbon Investments shall pay import duties indicated in Decree 927/13 (reduced rates). This list may be extended to other strategic products.

Production of crude oil and reserves

Executive Decree No. 2014/08 of November 25, 2008, created the “Petroleum Plus” program to encourage the production of crude oil and the increase of reserves through new investments in exploration and development. The Argentine Secretariat of Energy, by Resolution S.E. No. 1312/08 of December 1, 2008, approved the regulations of the program. The program entitled production companies which increased their production and reserves within the scope of the program, and whose plans were approved by the Argentine Secretariat of Energy, to receive export duty credits to be applied to exports of products within the scope of Resolution No. 394/07 and Resolution No. 127/08 (Annex) issued by the 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 notice. The reasons stated for the 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. Executive Decree No. 1330/2015 of July 13, 2015 provided for the termination of the “Petroleum Plus” program, establishing compensation in BONAR 2024 Argentine public bonds. As of the date of this report, YPF has not been compensated for the benefits accrued and not yet redeemed by YPF.

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 was approved by Executive Decree No. 652/02 and assured the transportation companies their necessary supply of diesel 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.

In March 2009, Executive Decree No. 1390/09 empowered the Chief of Staff to sign annual agreements extending the diesel 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 made under the scheme.

In addition, on January 11, 2012, the Argentine Secretary of Transport filed with the National Antitrust Commission (“CNDC”) a complaint against five oil companies (including YPF) for alleged abuse of a dominant position regarding bulk sales of diesel to public bus transportation companies. The alleged conduct consists of selling bulk diesel 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 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 Resolution No. 6/2012 and requested a preliminary injunction against its implementation. YPF’s preliminary injunction has been granted and the effects of Resolution No. 6/2012 have been temporarily suspended. On December 9, 2014, the Federal Civil and Commercial Appeals Court issued a ruling stating that the case had become moot and that there are no actual consequences for YPF arising from the challenged Resolution, since prices of diesel to public bus transportation companies have suffered several variations since the date such Resolution entered into effect. See “Item 8. Financial Information—Legal proceedings—Argentina—Non-accrued, possible contingencies—CNDC claims.”

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 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 Resolution No. 17/2012 and on May 15, 2012 it was notified that the Federal Civil and Commercial Court of Appeals accepted YPF’s presentation and suspended the effectiveness of Resolution No. 17/2012 until the final judgment regarding its legality. On August 31, 2012, the Court of Appeals declared Resolution No. 17/2012 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. After several years, on

November 3, 2015, the Argentine Supreme Court finally accepted an extraordinary petition submitted by the Argentine government and overruled the previous sentence issued by Federal Civil and Commercial Court of Appeals. As a consequence of this ruling, Resolution No. 17/2012 became effective again. As part of the litigation process, the case is currently in the Federal Civil and Commercial Court of Appeals, Chamber I, which will issue final judgment in accordance with the decision of the Argentine Supreme Court, which, upheld the resolution.

The Argentine Secretariat of Energy has issued a series of resolutions in order to provide the market with information about liquid fuel prices and volumes. 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 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. 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 cost overruns 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. The Disposition has not been imposed by the authorities in cases involving YPF.

Resolution S.E. No. 1679/04 reinstated the registry of diesel 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 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 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 is necessary to obtain authorization to export the products included under Decree No. 645/02 (crude, fuel oil, diesel, 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 demand, by supplying certain minimum volumes (established pursuant to the resolution) to their usual customers, mainly service station operators and distributors. YPF has duly fulfilled its obligation under this Resolution and has not received any type of sanction from the authorities in this regard.

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.

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.

The above resolutions affecting domestic prices expired on November 24, 2013 and are no longer in effect.

In addition, in May 2012, the Expropriation Law was enacted by the Argentine congress and became effective. See “—The Expropriation Law” and “—Decree No. 1277/2012.”

On December 30, 2013, the Commission approved, through Resolution No. 99/2013, the general rules for the grant of quotes of liquid fuels volumes allowed to be imported by locally registered companies, including, among others, oil companies registered in the relevant registries of the Secretariat of Energy. These rules regulate the requirements, grant of volumes to be imported and other conditions to be complied with by the companies that wish to import liquid fuels free of the tax on liquid fuels (imposed by Law No. 23,966) and the tax on diesel (imposed by Law No. 26,098), jointly with other fuels up to a maximum aggregate amount of 7 million cubic meters.

Agricultural Commodity Export Tax Changes

By Executive Decree No. 133/2015 published in the Official Gazette on December 17, 2015, the Argentine government reduced the export tax on soybeans and soybean byproducts by 5 percentage points and eliminated the export taxes on all other commodities. Agricultural commodities with a new zero percent export tax include meat products, grains, fruits, and vegetables, among other products. Finally, by Joint Resolutions Nos. 4/2015, 7/2015 and 7/2015 of the Ministries of Agroindustry, Treasury and Public Finance and Production published in the Official Gazette on December 29, 2015, the export permits known as “ROEs” were eliminated and replaced by the registration of a Sworn Affidavit of Exports Sales, known as a “DJVE.”

Automatic and Non-Automatic Import Licenses

On December 23, 2015, the Ministry of Production published Resolution No. 5/2015, in the Official Gazette, which reinstated the automatic and non-automatic import licenses (“LAI” and “LNA,” respectively), (“Resolution 5”). In 2013 the former Ministry of Economy and Public Finance eliminated the LNA, stating it existed alongside the Prior Import Statement (*Declaración Jurada Anticipada de Importación*) requirement implemented in February 2012 and recently also repealed by AFIP Resolution No. 3823.

Resolution 5 also established that importers of products included in the Mercosur Tariff Code must obtain a LAI prior to the entrance of the product into Argentina.

Certain products which are listed in Annex II to XVII of Resolution 5 will be subject to an LNA. The LNA will be applicable to a wide variety of products, including, but not limited to, textile, footwear, toys, domestic appliances, motorbikes, and automobile parts.

In order to obtain the LNA, importers must submit certain information from the importer itself (name, tax identification number) and the product (FOB value, type and quantity, commercial brand, model, country of origin and of shipping, etc.) through the Import Monitoring System (*Sistema Integral de Monitoreo de Importaciones*) (“SIMI”) created by AFIP Resolution 3823. After submitting this information, importers will have ten business days to complete certain additional information required by Resolution 5. If the ten-day term expires, the SIMI declaration will be automatically cancelled.

Regarding the LNA, Resolution 5 establishes that, at any stage of the process, importers may be required to submit additional information or documents of the product subject to the LNA and request verification of technical agencies, as applicable.

Import licenses will be valid for 90 calendar days, once approved by the SIMI.

The following imports are exempt from the import regime established by Resolution 5:

1. Donation regime.
2. Sample regime.
3. Diplomatic exemption regime.
4. Import of products with duties and tax exemption.
5. Import of products from Special Custom Zone (Tierra del Fuego, Antártida and Islas del Atlántico Sur).
6. Import of products by the General Secretary of Executive Branch (Secretaria General de la Presidencia de la Nación).
7. Courier and mail delivery, only for importer private use or consumption.

Resolution 5 became effective on December 24, 2015 and the Secretary of Trade is the application authority.

Resolution No. 06/2016

By Resolution No. 06/2016 published on January 2016, the Ministry of Energy and Mining established new seasonal reference prices of power and energy in the Wholesale Electricity Market (MEM) for the period from February 1, 2016 to April 30, 2016.

Furthermore, the resolution also establishes a stimulus plan, with reference prices for that residential demand that reduces their consumption over the same month in 2015, and a social tariff.

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 system any volume of natural gas (further regulated by Resolution No. 1,146/04 issued on November 9, 2004 and Resolution No. 882/05 issued by the Argentine Secretariat of Energy). According to Executive Decree No. 180/04, all daily spot sales of natural gas must be traded within the MEG.

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

On June 14, 2007, Resolution No. 599/07 of the Argentine Secretariat of Energy approved a proposed agreement with natural gas producers regarding the supply of natural gas to the domestic market during the period 2007 through 2011 (“Agreement 2007-2011”). We executed Agreement 2007-2011 taking into account that producers that did not enter into 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 Agreement 2007-2011 and will be treated as any producer that has not entered into 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 Agreement 2007-2011 was 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 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). 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.” Resolution S.E. No. 599/07 also states that Agreement 2007-2011 does not prevent the possible suspension or termination of export permits.

We were compelled to execute Agreement 2007-2011, among other reasons, in order to mitigate our potential damages. Producers failing to sign Agreement 2007-2011 could be penalized and subject to other unfavorable measures by regulatory authorities. However, we expressly stated that the execution of 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 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 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. 24/08, establishing the specific conditions petitioners must meet in order to qualify for the Gas Plus program. Certain of such conditions were modified by Resolution No. 695/09 of the Argentine Secretariat of Energy, which demands compliance with commitments already assumed.

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

On March 19, 2012, the Official Gazette published Resolution SE No. 55/2012 of the Secretariat of Energy, which extended the Complementary Agreement for 2012 and established the following with respect to non-signing parties: (i) the natural gas price increase established by the Complementary Agreement will not be applicable to natural gas injected into the gas system by non-signing parties; (ii) natural gas injected by non-signing parties will be consumed first in the order of priority by residential users, which has the lowest tariffs; and (iii) non-signing parties must fulfill all of the commitments undertaken by natural gas producers under Agreement 2007-2011, which was extended by Resolution S.E. No. 172. On March 23, 2012, Resolution S.E. 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 S.E. 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.

Thereafter, on April 19, 2012, December 18, 2012 and, December 19, 2013, YPF signed the 2012, 2013 and 2014 extensions of the Complementary Agreement, respectively.

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, 2009, 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 set forth 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 Agreement 2007-2011 ratified by the Resolution No. 599/07. See “—Exploration and Production Overview—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 Agreement 2007-2011.
- Once the priority demand has been satisfied, the remaining demands are fulfilled with exports last in order of priority.
- In the event a producer is unable to meet the requested demand, transporters are responsible for redirecting gas until a distributor's gas demand is met. The gas deficiency is either (i) deducted from the producer suffering the deficiency if it is able to meet the demands of its other clients in the same basin or (ii) recuperated from the remainder of the gas producers in the event the deficient producer is not able to serve any of its clients in the same basin.

As a result, this regime imposes a jointly liable supply obligation on all producers in the event any producer experiences a gas supply deficiency. We have challenged the validity of the aforementioned regulation. On December 9, 2015 ENARGAS denied our administrative appeal. YPF is currently analyzing possible courses of action against the denial.

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, similar agreements have not been entered into for years subsequent to 2011.

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 February 14, 2013 Resolution 1/2013 of the Commission was published in the Official Gazette. This Resolution creates the “Natural Gas Additional Injection Stimulus Program.” Under this regulation, gas producing companies were invited to file with the Commission before June 30, 2013 projects to increase natural gas injection, in order to receive a compensation up to U.S.\$7.50 per mmBtu 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 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. In addition, the Commission may withdraw a previously approved proposal to increase the total injection of natural gas if some of the following events occur: (i) any omission, inaccuracy or distortion of information provided by a company participating in a project or during its execution; (ii) breach of the obligations set forth in Decree No. 1,277 / 2012 and its regulations or supplementary acts; (iii) breach by a company of its obligations under the program after notice of not less than 15 business days; (iv) if the import price is equal to or lower than the price of the additional natural gas injected for at least 180 days or (v) if the value of a company's supply contracts or invoices used in the monthly calculation corresponding to each month covered by the program had weighted average price decreases or unjustified amounts. On May 23, 2013, the Commission approved the project submitted by YPF. A similar program was created under Resolution 60/2013 of the Hydrocarbon Commission, as amended by Resolution 83/2013 of the Hydrocarbon Commission for gas producers that failed to file their natural gas additional injection program filings before the expiration date established by Resolution 1/2013 of the Hydrocarbon Commission. The compensation to be received under this new program varies from U.S.\$4.00 per mmBtu to U.S.\$7.50 per mmBtu, depending on the production curve reached by the applicable company. Additionally, a third stimulus program entered into effect under Resolution Commission No. 185/2015 for companies without any prior gas production in Argentina at the time of issuance of the resolution. Similar to the Gas Plan, companies with an approved program under this new resolution will receive compensation for the difference between the price obtained in the market for the sale of all their gas production and U.S.\$7.50 per mmBtu. The gas production subject to such compensation only applies to the production from areas acquired by companies with approved programs under either Resolution 1/2013 or Resolution 60/2013, as long as such production was computed under these programs as “increased injection” as opposed to “base injection.”

On April 4, 2014, Resolution SE No. 226/2014 of the Argentine Secretariat of Energy was published in the Official Gazette. Under this resolution the Secretariat set new prices for residential, commercial consumers and compressed natural gas consumers. Residential and commercial consumers that achieve certain consumption savings compared to prior years will be: (i) excluded from the price increase or (ii) subject to a lower price increase. Industrial users and power generation plants are excluded from the price increase. Consumers served by distributor Camuzzi Gas del Sur S.A., which is not an affiliate of YPF, or its sub-distributors are excluded.

On November 17, 2014, Resolution No. 231/2014 of the Commission was published in the Official Gazette. Under this Resolution, the price of compressed natural gas in service stations will be raised by the same percentage as the weighted average price within Argentina, excluding taxes, of “super” quality gasoline over 93 octane or of any product that replaces it in the future as provided for under the resolution.

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 surplus 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 S.S.C. No. 27/04 established a limit on natural gas export authorizations, which, absent an express authorization by the Undersecretariat of Fuels, may not be executed for volumes exceeding exports registered during 2003.

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

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

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

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

Liquefied petroleum gas

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

- creates the registry of LPG bottlers, obliging LPG bottlers to register the bottles of their property;
- protects the trademarks of LPG bottlers;
- creates a reference price system, pursuant to which, the Argentine Secretariat of Energy shall periodically publish reference prices for LPG sold in bottles of 45 kilograms or less;
- required the Argentine Secretariat of Energy to comply with the following tasks: (i) create LPG transfer mechanisms, in order to guarantee access to the product to all the agents of the supply chain; (ii) establish mechanisms for the stabilization of LPG prices charged to local LPG bottlers; and (iii) together with the CNDC, analyze the composition of the LPG market and its behavior, in order to establish limitations on market concentration in each phase, or limitations to the vertical integration throughout the chain of the LPG industry (such limitations apply to affiliates, subsidiaries and controlled companies);
- grants open access to LPG storage facilities; and
- creates a fiduciary fund to finance bottled LPG consumption for low-income communities in Argentina and the extension of the natural gas distribution network to new areas, where technically possible and economically feasible. The fiduciary fund is funded through the following mechanisms: (i) penalties established by Law No. 26,020, (ii) assignments from the General State Budget, (iii) funds from special credit programs that may be arranged with national or international institutions, and (iv) funds that may be assessed by the Argentine Secretariat of Energy on participants in the LPG industry.

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

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 and price stability 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. On July 5, 2013, Resolution No. 429 of the Argentine Secretariat of Energy was published in the Official Gazette, approving the extension of the Complementary Agreement for the provision of LPG bottles of 10, 12 and 15 kilograms for residential users for year. Similar terms to those of the 2012 extension (Resolution No. 77 dated March 16, 2012) were included in the 2013 extension.

Pursuant to Resolutions No. 37 and 532 of the Argentine Secretariat of Energy, published on February 21 and May 18, 2014, respectively, the terms of the Complementary Agreement for the provision of LPG bottles of 10, 12 and 15 kilograms were extended for 2014. Among other provisions, Resolution No. 532/2014 established that LPG producers must offer the volume sold for bottling companies during 2013, plus 25,000 tons in 2014. Resolution No. 380/2014 dated December 29, 2014 and published on January 8, 2015, raised the value of the compensations to be paid to LPG producers under the Complementary Agreement. On January 28, 2015 the sixth amendment to the agreement was signed by YPF.

On April 7, 2015, Resolution No. 73 of the Argentine Secretariat of Energy terminated the fiduciary agreement to which YPF was a party as a natural gas producer, contributing funds for the payment of compensation for LPG producers and bottlers. As a result, natural gas producers that were parties to the Complementary Agreement are no longer required to contribute funds. At the same time, a new program for the provision of bottled LPG at reference prices was established by Decree No. 470/2015 dated March 31, 2015. This decree established that LPG producers and bottlers provide LPG at reference prices in the domestic market, gradually increasing the volumes provided in 2014.

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;
- 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
- the Argentine Civil and Commercial Code, which sets forth the general rules of tort law.

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

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

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

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.

The 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 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. Law No. 27,007 published in the Official Gazette on October 31, 2014 updated amounts that must be paid pursuant to Sections 57 and 58 of the Hydrocarbons Law. See “—Exploration and Production.”

In addition, “net profit” (as defined in the Hydrocarbons Law) of holders of permits or concessions accruing from activity as such holders might be subject to the application of a special 55% income tax. This tax has never been applied. Each permit or concession granted to an entity other than us has provided that the holder thereof is subject instead to the general Argentine tax regime, and a decree of the 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. By Laws 26,028 and 26,181 new taxes on diesel and gasolines sales have been established.

Reduction in tax rates for fuels

On December 30, 2014, Decree No. 2579/2014 set forth a reduction in fuel taxes established Law No. 23,966 and 26,181 with respect to diesel and unleaded gasoline products higher than 92 octane. The reductions took effect on January 1, 2015.

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 oil 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 NGLs 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.

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 was fixed at U.S.\$60.9/barrel, the producer should 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 would apply. If such price was under U.S.\$45/barrel, the applicable export tax was 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.

However, on December 31, 2014 Resolution 1077/2014 was published in the Official Gazette and repealed Resolution 394/07, as amended, setting forth a new withholding program based on the "International Price". The International Price is calculated based on the Brent value for the applicable month less U.S.\$8 per barrel. The new program establishes a 1% general nominal withholding applicable to all products covered by the resolution, including crude oil, diesel, gasoline and lubricants as well as other petroleum products, to the extent that the International Price is below U.S.\$71 per barrel. The resolution further provides an increasing variable withholding rate on crude oil exports to the extent the International Price exceeds U.S.\$71 per barrel. As a result, the maximum price a producer may charge is approximately U.S.\$70 per barrel exported, depending on the quality of crude sold. The resolution also sets forth increasing withholding rates for exports of diesel, gasoline, lubricants and other petroleum derivatives when the International Price exceeds U.S.\$71 per barrel at rates that allow the producer to receive a portion of the price increase.

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.

We cannot give any assurances as to future levels of export taxes.

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 up to 70% of foreign currency proceeds we received from crude oil and gas export sales outside of Argentina, but were required to repatriate the remaining 30% through the exchange markets of Argentina.

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

ITEM 4A. Unresolved Staff Comments.

YPF does not have any unresolved Staff comments.

ITEM 5. Operating and Financial Review and Prospects

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

Overview

We are Argentina's leading energy company, operating a fully integrated oil and gas chain with leading market positions across the domestic upstream and downstream segments. Our upstream operations consist of the exploration, development and production of crude oil, natural gas and liquefied petroleum gas. Our downstream operations include the refining, marketing, transportation and distribution of oil and a wide range of petroleum products, petroleum derivatives, petrochemicals, LPG and bio-fuels. Additionally, we are active in the gas separation and natural gas distribution sectors both directly and through our investments in several affiliated companies. As of December 31, 2015, we had consolidated revenues of Ps. 156,136 million and consolidated net income of Ps. 4,426 million.

Presentation of Financial Information

Our Audited Consolidated Financial Statements are prepared in accordance with IFRS as issued by the IASB. Our Audited Consolidated Financial Statements are fully compliant with IFRS.

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

The financial data contained in this annual report as of December 31, 2015, 2014 and 2013 and for the years ended December 31, 2015, 2014 and 2013 has been derived from our Audited Consolidated Financial Statements included in this annual report, which were approved at the Board of Directors' meeting and authorized to be issued on March 3, 2016 and which include subsequent events until such date.

Finally, certain oil and gas disclosures are included in Note 20 to the Audited Consolidated Financial Statements 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 ("Exploration and Production"); (ii) the refining, transport, purchase of crude oil and natural gas from third parties and intersegment sales, and marketing of crude oil, natural gas, refined products, petrochemicals, electric power generation and natural gas distribution ("Downstream"); and (iii) other activities not falling into the previously described categories ("Corporate and Other"), which includes principally corporate administration costs and assets, environmental matters related to YPF Holdings and construction activities. See Note 4 to our Audited Consolidated Financial Statements and "Item 4. Information on the Company—Business Organization."

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

Summarized Statement of Comprehensive Income

	<i>For the Year Ended December 31,</i>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
	<i>(in millions of pesos)</i>		
Revenues	156,136	141,942	90,113
Cost of sales	(119,537)	(104,492)	(68,094)
Gross profit	36,599	37,450	22,019
Administrative expenses	(5,586)	(4,530)	(2,686)
Selling expenses	(11,099)	(10,114)	(7,571)
Exploration expenses	(2,473)	(2,034)	(829)
Other operating results, net	(853)	(1,030)	227
Operating income	16,588	19,742	11,160
Income on investments in companies	318	558	353
Financial income (expense) net	12,157	1,772	2,835
Net income before income tax	29,063	22,072	14,348
Income tax	(24,637)	(13,223)	(9,269)
Net income	4,426	8,849	5,079
Total other comprehensive income	43,758	16,276	12,031
Total comprehensive income	<u>48,184</u>	<u>25,125</u>	<u>17,110</u>

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 of domestic pricing;
- export administration by the Argentine government and domestic supply requirements;
- international and domestic prices of crude oil and oil products;
- our capital expenditures and financing availability;
- cost increases;
- domestic market demand for hydrocarbon products;
- operational risks, labor strikes and other forms of public protest in Argentina;
- taxes, including export taxes;
- regulation of capital flows;
- 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 operating income in 2015 decreased by 16% compared to 2014. This decrease was attributable to, among other things, the recognition of a loss in the value of assets at the time of completion of the evaluation of impairment of fixed assets and intangible assets mainly driven by lower estimated future oil prices and an increase in depreciation of fixed assets as a result of the higher investment in fixed assets and asset remeasurement in pesos, as a result of devaluation of the Argentine peso against the U.S. dollar, which is our functional currency. Other factors that contributed to this decrease in operating income include increased royalties, driven mainly by higher crude oil prices at the wellhead and higher natural gas prices, 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 increases in Argentina. The above-mentioned negative effects were partially offset by the increase in domestic prices and volumes of diesel, gasoline and natural gas and accruals mainly due to the Crude Oil Production Stimulus Program (Resolution No. 14/2015). On April 2, 2013 our facilities in the La Plata refinery were hit by a severe and unprecedented storm, recording over 400 mm of rainfall (which was the maximum ever recorded in the area). The heavy rainfall during 2013 disrupted refinery systems and caused a fire that affected the Coke A and Topping C units in the refinery. As of December 31, 2015, 2014 and 2013 we have recognized Ps. 523 million, Ps. 2,041 million and Ps. 1,956 million, respectively, relating to insurance compensation for the Coke A unit damage and operational losses for 2015, 2014 and 2013. In addition, on March 21, 2014, a fire occurred at the Cerro Divisadero crude oil treatment plant, located 20 kilometers from the town of Bardas Blancas in the province of Mendoza. As of December 31, 2015, we have recognized Ps. 1,165 million for insurance compensation for Cerro Divisadero crude oil treatment plant damage and production losses for 2015. See “Item 4. Information on the Company—Insurance—Argentine operations.”

Our business is inherently volatile due to the influence of external factors, such as internal demand, market prices, availability of financial resources for our business plan and its corresponding costs and government regulations. Consequently, our past financial condition, results of operations and the trends indicated by such results and financial condition may not be indicative of the financial conditions, results of operations or trends in future periods. We will focus on increasing productivity in 2016. We believe that we need to create a more efficient industry that is sustainable in a lower crude oil price environment. Therefore, we estimate that we will not see meaningful production growth this year. We expect to cut capital expenditures approximately 20% to 25% in U.S. dollar terms, which implies less activity mainly in our Upstream business unit. We already have several drilling and workover rigs in standby mode, and it is likely that some of them will not return to operation soon.

Most of our shale oil production comes from the Loma Campana area through our joint venture with Chevron, which was the first and largest farm-out. As we gathered more experience, drilling activity migrated to horizontal wells of 1,500 meters in lateral length and 18 frack stages, obtaining wells with a promising relation between expected EURs and well costs. These horizontal wells cost approximately U.S.\$13 million each, which we expect to be closer to U.S.\$10 million each by the end of 2016 as we push forward several initiatives to improve efficiency and significantly reduce the well costs. Our strategy is to continue to invest and de-risk, but at a slower pace than the last couple of years.

Crude oil prices in Argentina were recently renegotiated among market participants, which kept them at levels significantly above current international oil prices with the goal of avoiding significant domestic industry disruptions, taking into account that domestic prices and costs are decoupled from international prices. We expect diesel and gasoline prices to increase in peso terms during 2016, primarily to at least partially counteract the effects of the recent significant devaluation of the peso against the U.S. dollar.

Our cash position by the end of 2015 was U.S.\$1.0 billion, which represents approximately 50% of our debt maturing in 2016. However, we believe we will be able to refinance most of the debt maturing in 2016 and have a cash cushion ready to fund negative free cash flow for the year. We intend to start to reverse this trend during 2016 to reach a neutral position, which we expect will become positive by 2017. In addition, we expect to reduce the collection cycle of accounts receivable from government entities in order to increase our cash flow from operations during 2016. See “Item 3. Key Information—Risk Factors—A significant percentage of our cash flow from operations is derived from counterparties that are governmental entities.”

Notwithstanding the foregoing, there can be no assurance that our production, costs, prices or our estimates of future cash flows from operations, among other items, could not be affected by factors beyond our control and, as such, differ from our estimates. See “Item 3. Key Information—Risk Factors.”

Macroeconomic conditions

Substantially all of our revenues are derived from our operations in Argentina and are therefore subject to prevailing macroeconomic conditions in Argentina. Changes in economic, political and regulatory conditions in Argentina and measures taken by the Argentine government have had and are expected to continue to have a significant impact on us.

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 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 devaluation 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.

After the growth in 2010 and 2011, several factors led to a decrease in growth of the Argentine economy in 2012 and 2013. The growth of the global economy was not as strong as expected following the easing of U.S. economic crisis that started in 2007, and financial volatility continued at high levels. The decline in the price of Brent crude to below U.S.\$50 per barrel, the negative trend in prices of major agricultural commodities and the geopolitical tensions between the United States, Russia and Ukraine as well as countries in the Middle East presents a complicated new international scenario that creates uncertainty about the future performance, including potential downside risks, of developed and emerging economies, including Argentina.

Mauricio Macri was elected president of Argentina, and his administration took office on December 10, 2015. The new administration faces challenges in respect of Argentina's economy, such as reducing the rate of inflation and a further devaluation of the Argentine peso, improving the competitiveness of the local industries and normalizing or adjusting prices of certain goods and services, such as electricity and natural gas for certain residential consumers of Argentina. Some of the measures necessary to meet these objectives could be unpopular and generate political and social opposition or unrest. As a result, it is difficult to predict the impact of these measures on the Argentine economy as a whole and the energy sector in particular, including revisions and reforms to pricing mechanisms for oil and gas and elimination of energy subsidies, as well as other policy changes that may affect the energy sector. This includes decisions that the new administration has already taken, such as the elimination of exchange restrictions, or future measures it may take to address inflation or changes to the exchange rate. Uncertainty regarding the measures to be taken by the new administration on the economy could further lead to price volatility of Argentine companies, including in particular companies like ours in the energy sector, given the high level of regulation. In addition, there can be no assurance that current government programs and policies that apply to the oil and gas sector will continue to be in place in the future. See “—Limitations on local pricing in Argentina may adversely affect our results of operations” and “—Oil and gas prices, including the recent decline in global prices for oil and gas, could affect our business.”

According to the IMF's estimates, global economic growth reached 3.1% in 2015, although the rate of growth or, in some cases, contraction, varied significantly from region to region. On March 27, 2014, the Argentine government announced a new method of calculating GDP by reference to 2004 as the base year as opposed to 1993, which was the base reference year under the prior method of calculating Argentine GDP. As a result of the application of this new method, the estimated Argentine GDP growth rate for 2013 was revised from 4.9% to 2.9%. As of the date of this annual report, the provisional figures of Argentina's estimated GDP for 2014 and the first half of 2015 published by the National Statistics Institute (*Instituto Nacional de Estadística y Censos*) (“INDEC”) are 0.5% and 2.2% respectively. As mentioned previously, on January 7, 2016 through Decree No. 55/2016, the new leadership of INDEC issued a report declaring a “national statistical emergency.” INDEC stated that its administration since 2006 was irregular and it would reorganize. As a result, INDEC would not publish new information until at least June 2016.

The official exchange rate of the Argentine peso to the U.S. dollar as of December 31, 2014 was Ps. 8.55 per U.S.\$1.00, a devaluation of approximately 31.1% compared to Ps. 6.52 per U.S.\$1.00 as of December 31, 2013. In December 2015, the new authorities of the national government decided to eliminate certain exchange controls imposed by the previous government. Due to the above, as of December 31, 2015, the peso fell to Ps. 12.99 per U.S.\$1.00, a devaluation of approximately 52% compared to the rate as of the end of 2014 (approximately 40% devaluation from the exchange rate in place on December 16, 2015).

Argentina has confronted and continues to confront inflationary pressures. According to inflation data published by INDEC, from 2008 to 2013, the Argentine consumer price index (“CPI”) increased 7.2%, 7.7%, 10.9%, 9.5%, 10.8% and 10.9%, respectively, and the wholesale price index increased 8.8%, 10.3%, 14.5%, 12.7%, 13.1% and 14.7%, respectively. In 2014, the Argentine government established a new consumer price index known as the IPCNU that more broadly reflects consumer prices by considering price information from the 24 provinces of the country, divided into six regions. According to INDEC, the IPCNU increased 23.9% in 2014 and increased 10.7% from January 2015 to September 2015. The wholesale price index increased 28.3% in 2014 and increased 11.9% from January 2015 to October 2015. Before the new administration took office, certain private sector analysts believed that the inflation was significantly higher than the rate published by INDEC. However, on January 7, 2016, through Decree No. 55/2016, the new leadership of INDEC issued a report declaring a “national statistical emergency.” INDEC stated that its administration since 2006 was irregular and it would reorganize. As a result, INDEC would not publish new information until at least June 2016. There can be no assurance of the potential impact these changes may have on our results of operations and financial condition. According to a price index published by the government of the City of Buenos Aires, inflation in the city was 3.9%, 4.1% and 4.0% in December 2015, January 2016 and February 2016, respectively. Previously, from December 2014 to November 2015, inflation averaged less than 2.0% per month. There can be no assurance that inflation rates will increase in the future. See “Item 3. Key Information—Risk Factors—Risks Relating to Argentina—Our business is largely dependent upon economic conditions in Argentina.”

During 2015, Argentina's trade balance was a deficit of approximately U.S.\$3.0 billion according to preliminary estimates from INDEC, with total exports of approximately U.S.\$56.7 billion during 2015, representing a 16.9% decrease compared to the same period in 2014. Total imports were approximately U.S.\$59.8 billion, representing a decrease of 8.3% compared to the same period in 2014.

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 market conditions and regulations affecting the Argentine market.

The drop in the international price of Brent crude has affected and will likely continue to affect the oil industry's expected activities worldwide, particularly with respect to expected investments in the industry. In 2015, this decline resulted in an approximately U.S.\$7 reduction to the domestic price per barrel compared to the price in effect on December 31, 2014. This change stemmed from negotiations between producers and refiners to reduce the domestic price of Medanito and Escalante crude during January 2015 to U.S.\$77 and U.S.\$63 per barrel, respectively. These prices stood at U.S.\$75 and U.S.\$61, respectively, as of November 30, 2015.

In 2016, following the continuous drop in the international price of Brent crude, a new reduction of approximately 10% in the domestic crude oil price per barrel compared to the price in effect on December 31, 2015 was agreed upon. This change stemmed from negotiations between producers, refiners and the Ministry of Energy and Mining, whereby it was agreed to reduce the domestic price of Medanito crude and Escalante crude since January 2016 to U.S.\$67.50 and U.S.\$54.90 per barrel, respectively.

Energy consumption in Argentina has increased significantly since 2003. Continued growth in demand has led to fuel shortages and power outages, prompting the Argentine government to take additional measures to assure domestic supply. As a result of this increasing demand, declines in the production of certain products and companies in our industry, and actions taken by the Argentine regulatory authorities to prioritize domestic supply the volumes of hydrocarbon product exports, especially natural gas, have declined steadily during this period. At the same time, in recent years, Argentina has increased its imports of natural gas and refined products.

On December 17, 2015, as a result of Decree No. 134/2015, the new government declared an emergency of the national electricity system until December 31, 2017 and instructed the Minister of Energy and Mining to develop and propose measures that would ensure power supply under adequate technical conditions. In light of this circumstance, by Resolution No. 06/2016, published January 2016, the Ministry of Energy and Mining established the new seasonal reference prices of power and energy in the MEM from February 1, 2016 to April 30, 2016. The aforementioned resolution has among its objectives adapting the quality and security of the electric supply and ensuring the provision of the public electric supply under adequate technical and economical conditions, considering, among others, that: a) the remuneration systems established by the MEM from 2003 involved the gradual adoption of regulatory decisions that did not meet the objectives set out in Law No. 24,065 in ensuring the supply and quality under the conditions laid out at the minimum possible cost to the Argentine electricity system; b) the regulatory framework consisting of Laws No. 15,336 and 24,065 prescribed that the price to be paid for the demand for electricity in the MEM must meet the economic cost to supply it; c) the abandonment of economic criteria in the definition of prices in the MEM distorted economic signals, increasing the cost of supply, discouraging risk private investment directed to efficiently increase the offer and subtracting savings incentives and proper use of the energy resources by the consumers and users; and d) only a small proportion of the cost of supply was offset by the electricity fees from demand, requiring the resources of the Argentine national treasury to cover a substantial portion of this cost, which significantly contributed to progressively increased tax pressure. Based on the above, Resolution 06/2016 establishes increases in seasonal reference prices of power and energy from January 1, 2016 to April 30, 2016, thereby substantially eliminating the application of existing subsidies. The resulting percentage price increases depend on the prices and consumption prior to the implementation of the resolution, but it is estimated that on average prices will increase by 500% or more. The increase indicated above does not improve the operational situation for generation or distribution of energy (which is pending), since its main effect is the partial removal of existing subsidies as mentioned previously. Notwithstanding the above increases, the resolution also establishes a stimulus plan, which focuses primarily on efficient users (with reference prices for residential users that reduces consumption over the same month of 2015) and a social tariff for users with basic needs and those that meet the criteria defined in Resolution 7/2016.

In 2005, Argentina restructured a substantial portion of its bond indebtedness with approximately 76% of its bondholders, and in 2006 it settled all of its debt with the IMF. In June 2010, Argentina restructured additional defaulted bond indebtedness that was not swapped in 2005. As a result of the 2005 and 2010 debt swaps, over 92% of the bond indebtedness on which Argentina had defaulted in 2002 has been restructured ("Exchange Bonds").

Certain holders of bonds that were not swapped in the debt restructuring have sued Argentina for payment ("Holdout Bondholders"). On December 7, 2011, the U.S. District Court for the Southern District of New York held that Argentina was required by the *pari passu* clause in the 1994 Fiscal Agency Agreement governing the defaulted bonds to rank its payment obligations to the Holdout Bondholders equally with those of its other debt, including the Exchange Bonds. On February 23, 2012, the District Court enjoined Argentina from making payments on the Exchange Bonds without making ratable payments on the defaulted debt, and on October 2012, the District Court's injunction was affirmed by the U.S. Court of Appeals for the Second Circuit.

On November 21, 2012, the District Court issued an amended order requiring Argentina to pay 100% of the amounts due to the Holdout Bondholders upon payment of the amounts due on the next maturity date to the Exchange Bondholders. Argentina appealed the District Court's November 21, 2012 order to the Second Circuit Court of Appeals, which granted Argentina's request for a stay of the order. On August 30, 2013, the Second Circuit Court of Appeals affirmed the District Court's November 21, 2012 order, but stayed its decision pending an appeal to the U.S. Supreme Court. On June 16, 2014, the U.S. Supreme Court denied Argentina's appeal, and with the appeal process exhausted, the Second Circuit Court of Appeals lifted its stay of the District Court's order on June 18, 2014.

On June 26, 2014, Argentina deposited U.S.\$832 million due to the Exchange Bondholders for the payment of interest that matured on June 30, 2014, of which U.S.\$539 million was deposited in accounts of the Bank of New York Mellon ("BoNY"), as indenture trustee, in the Central Bank of Argentina. On June 27, 2014, the District Court referred to such funds as an illegal payment. On October 22, 2014, the Second Circuit Court of Appeals dismissed Argentina's appeal of the District Court's decision finding that the payment on the Exchange Bonds was illegal and that BoNY, therefore, should retain such funds.

BoNY has invoked the decision of the District Court to not deliver the funds deposited by Argentina to the Exchange Bondholders. Argentina has asserted that it has complied with its obligation to the Exchange Bondholders by making said deposit, and that BoNY, as the indenture trustee, has the obligation to deliver those funds to their beneficiaries.

On September 11, 2014, Argentina promulgated Law No. 26,984, which provided for various mechanisms to pay 100% of the amounts owed on the Exchange Bonds, authorizing for that purpose, among other things, the Minister of Economy and Public Finance to replace BoNY as indenture trustee and appoint Nación Fideicomisos S.A. instead, and to deposit funds owed to the Exchange Bondholders in an account created to that end, providing also the possibility for the bondholders to change the trustee, the jurisdiction or the governing law of the bonds.

On September 29, 2014, the District Court declared Argentina in contempt of court but did not impose sanctions. On October 3, 2014, the District Court ordered Argentina to repair its relations with BoNY, remove Nación Fideicomisos as indenture trustee and resolve the situation with the Holdout Bondholders.

On March 12, 2015, the District Court held that U.S. dollar-denominated bonds issued by Argentina under Argentine Law constitute external indebtedness, and, therefore, are covered by the court's amended injunction dated November 21, 2012.

On May 11, 2015, certain Holdout Bondholders moved to amend the complaint to add two claims: (i) a claim for a declaratory judgment stating that the BONAR 2024 bonds issued by Argentina are considered foreign debt, and (ii) a claim for a *pari passu* order stating that Argentina must make ratable payments to claimants each time the BONAR 2024 bonds or other amounts are paid on past or future external debt. On July 16, 2015, the District Court accepted the amended complaint.

Other holders of bonds that were not exchanged in the 2005 and 2010 debt swaps have sought relief similar to that sought by the Holdout Bondholder plaintiffs ("Me Too Plaintiffs"). On June 5, 2015, the District Court granted summary judgment in 36 of these cases, declaring that Argentina was in breach of the *pari passu* clause contained in their bonds. By an order of October 22, 2014 the District Court granted identical summary judgment in fifteen other Me too Plaintiffs actions. On August 14, 2015, certain Me Too Plaintiffs submitted motions requesting a *pari passu* order similar to that previously obtained by other Holdout Bondholders. Those Me too Plaintiffs were afterwards followed by many others, and on October 30, 2015, the District Court granted 49 such motions.

Since the *pari passu* injunction became effective, litigation has continued regarding Argentina's efforts to make payments to Exchange Bondholders. Payments by Argentina have been blocked from reaching the Exchange Bondholders by judicial orders, and various Exchange Bondholders have sought release of such funds through litigation before the District Court and in various jurisdictions.

In connection with the Holdout Bondholder litigation against Argentina, the Holdout Bondholders served subpoenas on various financial institutions in New York seeking the production of documents concerning the accounts and transfers of hundreds of entities allegedly owned or controlled, in whole or in part, by Argentina, including YPF. During a hearing on September 3, 2013, the District Court ruled that such discovery could proceed as to, among others, YPF, in order for the Holdout Bondholders to determine if those documents supported an argument that YPF is an alter ego of Argentina. YPF is not a recipient of any such subpoenas and, as such, has no obligation to produce documents or otherwise participate in discovery.

On June 17, 2015, the plaintiff NML and other Holdout Bondholders submitted a motion to the District Court alleging Argentina did not comply with the court's discovery order dated September 25, 2013 and seeking sanctions, including precluding Argentina from disputing the Holdout Bondholder's alter ego allegations as to the Central Bank of Argentina, Energía Argentina Sociedad Anónima ("ENARSA"), and YPF, and deeming that Argentina's assets in United States were used for commercial purposes. During a hearing on August 12, 2015, the District Court found that Argentina had not complied with the September 25, 2013 discovery order and ordered that Argentina's assets in the United States, except for diplomatic and military assets, be deemed to be used for commercial purposes. The District Court made no determination as to sanctions, if any, with respect to the alter ego issues.

Notably, the District Court has previously held that BNA is not an alter ego of Argentina, and on August 31, 2015, the Second Circuit Court of Appeals ruled that the Central Bank of Argentina is not an alter ego of Argentina and dismissed claims asserted against it on that basis. On January 7, 2016, NML filed a writ of certiorari before the Supreme Court of the United States on appeal of this issue. In addition, the U.S. District Court for the Northern District of California on December 1, 2015 affirmed a magistrate judge's ruling that the Holdout Bondholders' assertion that YPF was an alter ego of Argentina was insufficient to support discovery concerning YPF. This decision was appealed by NML on December 23, 2015.

In February 2016, Argentina negotiated and reached agreements in principle with respect to a substantial number of the Holdout Bondholders. On February 5, 2016, Argentina published its proposal to other Holdout Bondholder plaintiffs. Argentina has indicated that it estimates that the settlement payments for the Holdout Bondholders covered by the *pari passu* injunctions, if made, would total approximately U.S.\$6.5 billion in cash.

On February 19, 2016, the District Court issued an indicative ruling stating that in light of Argentina's settlement proposal, and upon remand of Argentina's motion to vacate the *pari passu* injunctions in the Me Too Plaintiffs' actions from the Court of Appeals, it would grant a motion to vacate the injunctions in all cases upon the occurrence of two conditions: (1) Argentina's repeal of the legislative obstacles to settlement, and (2) Argentina's payment to all Holdout Bondholders that entered into agreements in principle with Argentina on or before February 29, 2016 in accordance with the terms of such agreements, and notification of such payment to the District Court.

On February 24, 2016, the Court of Appeals remanded the *pari passu* cases on appeal to the District Court, stating that the order formalizing the indicative ruling was subject to a motion from Argentina, with notice to all parties and an opportunity to be heard, and that any such order will be stayed for up to two weeks. Argentina submitted that motion, and the District Court held a hearing of oral arguments on March 1, 2016. On March 2, 2016, the District Court vacated the injunctions on all actions upon the occurrence of the conditions set forth in the indicative ruling. During the two week stay, plaintiffs filed appeals and consented to an extended stay. On March 11, the Second Circuit entered an order staying enforcement of the District Court's March 2 order pending resolution of the appeals.

See "Item 3. Key Information—Risk Factors—Risks Relating to Argentina—Our business is largely dependent upon economic conditions in Argentina" and "—Risks Relating to Argentina."

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

	Year Ended December 31,		
	2015	2014	2013
Crude Oil in Argentina			
Production (mmbbl)	186.63	189.40	191.7
Exports (mmbbl)	13.27	13.41	13.7
Imports (mmbbl)	1.84	3.45	2.6
Diesel oil in Argentina			
Sales (mcm) ⁽¹⁾	14,290.54	14,012.95	14,490.6
Production (mmbbl)	12,181.12	11,521.57	11,680.8
Exports (mcm)	—	—	—
Imports (mcm)	1,933.69	2,001.31	2,427.1
Gasoline in Argentina			
Sales (mcm) ⁽¹⁾	8,720.81	8,360.31	8,579.7
Production (mmbbl)	7,280.89	7,280.89	7,609.8
Exports (mcm)	—	—	14.0
Imports (mcm)	15.00	449.16	378.7

(1) Includes domestic market sales.

Source: Argentine Secretariat of Energy

Policy and regulatory developments in Argentina, including the Expropriation Law

The Argentine oil and gas industry has been 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 (which usually resulted in lower local prices compared to prevailing international market prices before the recent decrease in international oil 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, before the recent decrease in international oil prices and the related measures recently taken by the Argentine government to incentivize domestic investment and production through the temporary reduction of export duties; (v) increasingly higher investment and costs expenditure requirements in order to satisfy domestic demand and (vi) increasingly higher taxes, although certain taxes have recently declined as a result of the incentives set by the Argentine government in response to the decrease in international oil prices to promote domestic activity. 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 and, recently, to incentivize domestic activity as a result of recent decreases in international oil prices. 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 directly affect final consumers. See “—Macroeconomic conditions.” Notwithstanding the foregoing, the Argentine government has implemented from time to time certain price and investment incentives for certain products 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.” In addition, as a result of the decline in international oil prices, the Argentine government had established incentives to domestic oil producers, aiming to promote domestic activity. For more information, see “Item 4. Information on the Company—Regulatory Framework and Relationship with the Argentine Government—Resolution 14/2015.” 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.”
- *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. In addition, the Argentine government launched a series of measures designed to sustain the activity and production in the domestic oil industry, including reductions to withholding taxes applicable to exports of certain petroleum products. For more information, see “Item 4. Information on the Company—Regulatory Framework and Relationship with the Argentine Government—Taxation”. For a description of the most recent export duties on hydrocarbon exports, see “—International oil and gas prices and Argentine export taxes.”
- *Domestic supply requirements.* The Argentine government has at times issued regulatory orders requiring producers to inject natural gas in excess of contractual commitments and supply other hydrocarbon products to the domestic market. As a result, we have had to limit our exports. In addition, we have imported diesel in order to satisfy domestic demand, which has increased our operating costs. See “—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 is not subject to the prices set forth in 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 and formally created the Gas Plan. Under this regulation, gas producing companies were invited to file with the Commission before June 30, 2013 projects to increase natural gas injection, in order to receive an increased price of U.S.\$7.50/mmBtu for all additional natural gas injected. These projects shall comply with minimum requirements established in Resolution 1/2013, and will be subject to approval by the Commission. The projects will have a maximum term of five years, renewable at the request of a company, upon decision of the Commission. If a company in a given month does not reach the committed production increase, it will be required to make up for such volumes not produced. On May 23, 2013, the Commission approved the project submitted by YPF. (c) On November 29, 2013, Resolution 60/2013 of the Commission was published and formally created the “Natural Gas Additional Injection Stimulus Program for Companies with Reduced Injection.” Under this regulation, gas-producing companies with a natural gas average injection lower than 3,500,000 cubic meters per day during the six months preceding the issuance of Resolution 60/2013 may apply, including those with no gas injection at all. Companies were invited to file with the Commission before March 31, 2014 projects to increase natural gas injection. Companies that currently participate in the “Natural Gas Additional Injection Stimulus Program” and are eligible for the new program may withdraw from the original program and apply to the new program. Projects may have a maximum term of four years, and participants may petition the Commission for a one-year extension, granted at the Commission’s discretion. The program sets a range of guaranteed prices from U.S.\$7.50/mmBtu to U.S.\$4.00/mmBtu, depending on the natural gas injection performance of each producer. (d) A similar program was created under Resolution 60/2013 of the Hydrocarbon Commission, as amended by Resolution 83/2013 of the Hydrocarbon Commission, for gas producers that failed to file their natural gas additional injection program filings before the expiration date established by Resolution 1/2013 of the Hydrocarbon Commission. The compensation to be received under this new program varies from U.S.\$4.00 per mmBtu to U.S.\$7.50 per mmBtu, depending on the production curve reached by the applicable company. Additionally, a third stimulus program entered into effect under Commission Resolution No. 185/2015 for companies without any prior gas production in Argentina at the time of issuance of the resolution. Similar to the Gas Plan, companies with an approved program under this new Resolution will receive compensation for the difference between the price obtained in the market for the sale of all their gas production and U.S.\$7.50/mmBtu. The gas production subject to such compensation will be only the production proceeding from areas acquired by companies with approved programs under either Resolution 1/2013 or Resolution 60/2013 and as long as such production was computed under these programs as “increase injection” as opposed to “base injection.”
- 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 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. Executive Decree No. 1330/2015 of July 13, 2015 declared the termination of the “Petroleum Plus” program, establishing compensation in public bonds (“BONAR 2024”). As of the date of this annual report, YPF has not been compensated for the benefits accrued and not yet redeemed by YPF.
- 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. On December 23, 2015, the Ministry of Production published Resolution No. 5/2015, which reinstated the automatic and non-automatic import licenses. See “Item 4. Information on the Company—Regulatory Framework and Relationship with the Argentine Government— Automatic and Non-Automatic Import Licenses.”
- 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.

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 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 Law No. 26,741 (“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.”), 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,		
	2015	2014	2013
	(units sold)		
Natural gas (mmcm)	2	9	27
Gasoline (mcm)	90	72	74
Fuel oil (mtn) ⁽¹⁾	462	607	567
Petrochemicals (mtn)	301	254	281

(1) Includes bunker oil sales of 462 mtn, 607 mtn and 567 mtn in 2015, 2014 and 2013, respectively.

Due to the decreased export product volumes indicated above, the portion of our revenues accounted for by exports decreased steadily in recent years. Exports accounted for 7.9%, 17.1% and 13.3% of our consolidated revenues in 2015, 2014 and 2013, respectively. Export duties are accounted for as tax expenses in our Audited Consolidated Financial Statements.

The Argentine government currently requires companies intending to export crude oil, diesel and LPG to obtain prior authorization from the Argentine Secretariat of Energy by demonstrating that local demand for those products has been satisfied. Since 2005, because domestic diesel oil production has generally not been sufficient to satisfy Argentine consumption needs, exports of diesel oil 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 surged, prior to significant price decreases since late 2014. Notwithstanding the foregoing, the Argentine government launched a series of measures designed to sustain the activity and production in the domestic oil industry, including reductions to withholding taxes applicable to exports of certain petroleum products. 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 and reduced the export parity prices. For more information, see “—Declining export volumes.”

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 in other sectors of the Argentine market. Notwithstanding the foregoing, under the Gas Plan, gas producing companies were invited to file with the Commission before June 30, 2013 projects to increase natural gas injection, in order to receive an increased price of U.S.\$7.50/mmBtu for all additional natural gas injected. These projects shall comply with minimum requirements established in the Gas Plan, and will be subject to approval by the Commission, including a maximum term of five 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. The natural gas pricing program was recently incorporated into the Hydrocarbons Law, as modified by Law No. 27,007.

Critical Accounting Policies

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.b.1) to the Audited Consolidated Financial Statements.
- Impairment of long-lived assets. See Notes 1.b.8) and 1.b.9) to the Audited Consolidated Financial Statements. Furthermore, for additional information regarding assumptions used for our impairment calculation as of December 31, 2015, see Note 1.c to the Audited Consolidated Financial Statements.
- Depreciation of oil and gas producing properties. See Note 1.b.6) to the Audited Consolidated Financial Statements.
- Asset retirement obligations. See Note 1.b.6) to the Audited Consolidated Financial Statements.
- Environmental liabilities, litigation and other contingencies. See Note 10 and 11 to the Audited Consolidated Financial Statements.
- Income tax and deferred tax. See Note 6.i) to the Audited Consolidated Financial Statements.

In addition, for information regarding our estimates of oil and gas reserves, see “Item 4. Information on the Company—Exploration and Production—Oil and Gas reserves.”

It is difficult to predict with reasonable certainty the amount of expected future impairment losses given the many factors impacting the asset base and the cash flows used in the prescribed ceiling test calculation. These factors include, but are not limited to, future prices, operating costs and negotiated savings, foreign exchange rates, capital expenditures timing and negotiated savings, production and its impact on depletion and cost base, upward or downward reserve revisions, reserve additions, and tax attributes. According to the foregoing, and in connection with impairment of long-lived assets according to our estimation as of December 31, 2015, if the average of the oil prices used for impairment tests as of December 31, 2015 were reduced by U.S.\$5 each year, holding all other factors constant, our ceiling test limitation related to the net book value of our proved oil properties would be reduced by approximately U.S.\$2.2 billion. As a result of the estimated reduction in the ceiling test limitation, a negative charge of U.S.\$1.4 billion would be recorded, net of the effect in the income tax. This hypothetical calculation was prepared assuming all other factors remain constant to isolate the impact of commodity prices on our ceiling test limitation. Consequently, as noted above, actual cash flows may be materially affected by other factors. There are numerous uncertainties inherent in the estimation present value of future cash flow, so this hypothetical calculation should not be construed as indicative of our development plans or future results. For more information on recent declines in the international Brent crude oil prices, domestic crude oil prices and domestic gasoline prices, see “—Macroeconomic Conditions.”

For information regarding our domestic oil prices and reserves sensitivity analysis, See “Item 3. Key Information—Risk Factors—Risks Relating to Argentina— Our oil and natural gas reserves are estimates.”

Principal Income Statement Line Items

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

Revenues

Revenues include primarily our consolidated sales of crude oil and natural gas and refined fuel and chemical products net of the payment of applicable fuel transfer taxes and turnover taxes. Customs 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 revenues. See “Item 4. Information on the Company—Exploration and Production—Oil and gas production, production prices and production costs” and Note 6.1 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,		
	2015	2014	2013
	(in millions of pesos)		
Inventories at beginning of year	13,001	9,881	6,922
Purchases for the year	33,886	35,951	25,846
Production costs ⁽¹⁾	85,550	68,840	42,980
Translation effect	6,358	2,821	2,227
Inventories at end of year	(19,258)	(13,001)	(9,881)
Cost of sales	119,537	104,492	68,094

(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,		
	2015	2014	2013
	(in millions of pesos)		
Salaries and social security costs	7,566	5,341	4,211
Fees and compensation for services	775	554	393
Other personnel expenses	2,303	1,622	1,108
Taxes, charges and contributions	1,144	2,260	1,123
Royalties and easements	11,932	9,503	5,845
Insurance	831	705	520
Rental of real estate and equipment	3,360	2,630	1,747
Depreciation of fixed assets	25,706	19,201	10,766
Amortization of intangible assets	185	140	95
Industrial inputs, consumable material and supplies	3,801	3,415	1,992
Operational services and other service contracts	6,261	5,297	2,540
Preservation, repair and maintenance	14,231	11,322	7,673
Contractual commitments	31	52	167
Transportation, products and charges	4,796	3,874	2,582
Fuel, gas, energy and miscellaneous	2,628	2,924	2,218
Total	85,550	68,840	42,980

Our cost of sales accounted for 76.6%, 73.6% and 75.6% of our consolidated revenues in 2015, 2014 and 2013, respectively. Our cost of sales increased by 14.4%% from 2014 to 2015, mainly as a result of: (i) increased purchases of crude oil from third parties driven by the increase in oil prices in pesos in the domestic market; (ii) increased royalties, driven mainly by higher crude oil prices at the wellhead as a result of the foregoing and higher natural gas prices; (iii) higher labor costs; (iv) higher costs related to the renegotiation of certain service contracts and (v) increased depreciation of fixed assets as a result of the higher investment in fixed assets and asset remeasurement in pesos as a result of devaluation of the Argentine peso against the U.S. dollar, which is our functional currency. All of this was partially offset by (i) decreased purchases of refined products, principally gasoline and diesel, in the international market driven by lower volume and lower international prices and (ii) insurance compensation of Ps. 1,688 million recorded in 2015, compared to Ps. 2,041 million in 2014, related to a fire that occurred at the La Plata refinery in April 2013 and a fire that occurred at the Cerro Divisadero crude oil treatment plant in March 2014.

Other operating results, net

Other operating results, net principally include provisions for pending lawsuits and other claims, provisions for environmental remediation and provisions for defined benefit pension plans and other post-retirement benefits.

The following items, among others, are also included as of December 31, 2015: (i) the recognition of a loss in the value of assets at the time of completion of the evaluation of impairment of Fixed Assets and Intangible Assets driven mainly by a reduction in the estimated future price of oil, (ii) the temporary economic assistance received by Metrogas in accordance with Resolution No. 263/2015 of the Argentine Ministry of Energy and (iii) the incentive for domestic manufacturers of capital goods received by A-Evangelista in accordance with the provisions of the Decree No. 379/2001 of the Ministry of Economy. For more information on the Metrogas temporary economic assistance, see Note 6.o to the Audited Consolidated Financial Statements as of December 31, 2015.

Financial income (expense), net

Financial income (expense), net consists of the net of gains and losses on interest paid and interest earned and foreign 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: 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 asset remeasurement 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.b.1 to our Audited Consolidated Financial Statements. See Note 6.i to the Audited Consolidated Financial Statements for a more detailed description of the difference between statutory income tax rate and effective income tax rate.

Results of Operations

Consolidated results of operations for the years ended December 31, 2015, 2014 and 2013

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

	Year Ended December 31,		
	2015	2014	2013
	(percentage of revenues)		
Revenues	100.0	100.0	100.0
Cost of sales	(76.6)	(73.6)	(75.6)
Gross profit	23.4	26.4	24.4
Administrative expenses	(3.6)	(3.2)	(3.0)
Selling expenses	(7.1)	(7.1)	(8.4)
Other operating results, net	(0.5)	(0.7)	0.3
Exploration expenses	(1.6)	(1.4)	(0.9)
Operating Income	<u>10.6</u>	<u>14.0</u>	<u>12.4</u>

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. Due to the decreased export product volumes, the portion of our revenues accounted for by exports decreased steadily in recent years. Exports accounted for 7.9%, 17.1% and 13.3% of our consolidated revenues in 2015, 2014 and 2013, respectively.

Domestic Market

Product	Year Ended December 31,					
	2015		2014		2013	
	Units sold	Average Price per unit⁽¹⁾ (in pesos)	Units sold	Average Price per unit⁽¹⁾ (in pesos)	Units sold	Average Price per unit⁽¹⁾ (in pesos)
Natural gas	12,365 mmcm	1,620 /mcm	12,028 mmcm	1,315 /mcm	11,092 mmcm	817 /mcm
Diesel	8,134 mcm	6,912 /cm	8,166 mcm	6,466 /cm	8,098 mcm	4,277 /cm
Gasoline	4,894 mcm	6,867 /cm	4,723 mcm	6,146 /cm	4,545 mcm	3,895 /cm
Fuel oil	1,387 mtn	5,095 /ton	1,129 mtn	4,505 /ton	734 mtn	2,963 /ton
Petrochemicals	587 mtn	5,620 /ton	643 mtn	6,109 /ton	579 mtn	4,189 /ton

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

Export Markets

Product	Year Ended December 31,					
	2015		2014		2013	
	Units sold	Average Price per unit ⁽¹⁾ (in pesos)	Units sold	Average Price per unit ⁽¹⁾ (in pesos)	Units sold	Average Price per unit ⁽¹⁾ (in pesos)
Gasoline	90 mcm	6,265 /cm	72 mcm	7,289 /cm	74 mcm	5,274 /cm
Fuel oil	462 mtn	2,972 /ton	607 mtn	4,382 /ton	567 mtn	3,157 /ton
Petrochemicals ⁽²⁾	301 mtn	5,694 /ton	254 mtn	7,751 /ton	281 mtn	5,262 /ton

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

(2) Includes exports of refined paraffinic.

Revenues

Revenues in 2015 were Ps. 156,136 million, representing a 10.0% increase compared to Ps. 141,942 million in 2014. Among the main factors contributing to the increase were:

- Diesel revenues increased by Ps. 3,466 million, or 6.5%, as a result of an increase in the average price for diesel mix of approximately 11.0% with a decrease in sales volumes of approximately 0.4%, reflecting a 24.6% increase in sales volume of Eurodiesel, a premium diesel;
- Gasoline revenues increased by Ps. 4,780 million, or 15.8%, primarily as a result of an increase in the average price for gasoline mix of approximately 14.1% and an increase in sales volumes of approximately 3.6%, reflecting a 25.6% increase of sales volume for Infinia gasoline;
- Fuel oil revenues increased by Ps. 697 million, or 9.0%, primarily as a result of an increase in the average price of fuel oil of approximately 2.3% and an increase in sales volumes of 6.6%;
- Natural gas revenues increased by Ps. 4,629 million, or 26.6%, primarily as a result of an increase in sales volumes of approximately 3.5%, which was driven by increased production. The increase was further due to an increase of 22.4% in the average sale price obtained by YPF in Argentine peso terms (or an 7.2% increase in U.S. dollar terms). This includes not only higher prices from third parties but also the Gas Plan, which increased the average prices obtained by YPF as a result of increasing YPF's natural gas production;
- Crude oil revenues decreased by Ps. 826 million, or 31.4%, primarily due to a decrease in the average price for crude oil of approximately 7.0% and a decrease in sales volumes of approximately 26.2%, mainly as a result of a single significant export event in February 2014;
- LPG and aviation fuel sales to foreign markets decreased by Ps. 1,434 million, or 27.2%, mainly due to a decrease in international aviation fuel prices of approximately 31.9%, which was partially offset by an increase in sales volumes of 6.9%;
- Exports of flour, grain and oil increased by Ps. 570 million, or 18.6%, due to an increase in sales volumes of approximately 35.6%, which was partially offset by a decrease in international prices of 12.5%.

In addition, in 2015, the Company recorded Ps. 1,988 million of revenue corresponding to the Crude Oil Production Stimulus Program (*Programa de Estímulo a la Producción de Petróleo Crudo*) set forth under Resolution 14/2015 of the Hydrocarbon Commission. See "Item 4. Information on the Company—Regulatory Framework and Relationship with the Argentine Government—Market Regulation—Resolution No. 14/2015" in the 2015 20-F.

Revenues in 2014 were Ps. 141,942 million, representing a 57.5% increase compared to Ps. 90,113 million in 2013. Among the main factors contributing to the increase were:

- Diesel revenues increased by Ps. 18,165 million, or 52.4%, primarily as a result of an increase in the average price for diesel mix of approximately 51.2% and an increase in sales volumes of approximately 0.8%;
- Gasoline revenues increased by Ps. 11,325 million, or 64.0%, primarily as a result of an increase in the average price for gasoline mix of approximately 57.8% and an increase in sales volumes of approximately 3.9%;
- Fuel oil revenues increased by Ps. 3,777 million, or 95.3%, primarily as a result of an increase in the average price for fuel oil of approximately 46.4% and an increase in sales volumes of 33.4% in 2014, which were directed primarily to the domestic electricity generation market; and
- Natural gas revenues in the domestic market increased by Ps. 8,317 million, or 91.5%, primarily as a result of an increase in sales volumes of approximately 21.7%, which was driven by (i) increased production, (ii) the YSUR acquisition, accounting for an increase of revenues of approximately Ps. 1,476 million and (iii) increased sales of natural gas by YPF Energía Eléctrica, accounting for an increase in revenues of approximately Ps. 84 million. The increase was further due to an increase of 57.4% in the average sale price obtained by YPF in Argentine peso terms (or a 6% increase in U.S. dollar terms), which includes not only higher prices from third parties but also the Gas Plan, which increased the average prices obtained by YPF as a result of increasing YPF's natural gas production.

Cost of sales

Cost of sales in 2015 was Ps. 119,537 million, representing a 14.4% increase compared to Ps. 104,492 million in 2014. Among the main factors contributing to this increase were:

- Fixed asset depreciation costs increased by Ps. 6,505 million, or 33.9%, primarily as a result of (i) increased investments in assets and (ii) overall increases in Argentine peso terms of the value of fixed assets, which was related to the depreciation of the Argentine peso against the U.S. dollar, which is the functional currency of the Company;
- Total lifting costs increased by Ps. 5,994 million, or 26.2%, primarily as a result of an increase of the unit indicator, expressed in pesos, of 22.9% and the previously mentioned increase of crude oil and natural gas production;
- Refining costs increased by Ps. 912 million, or 17.8%. This increase was driven by inflation, wage increases and a higher processing level of refineries as mentioned above;
- Royalty payments increased by Ps. 1,535 million, or 15.5%, primarily as a result of increases of (i) Ps. 692 million related to crude oil production and (ii) Ps. 843 million related to natural gas production;
- Transportation costs increased by Ps. 922 million, or 23.8%, mainly due to increases in rates in 2015;
- Imported gasoline, diesel, and jet fuel, especially “premium” and “ultradiesel,” decreased by Ps. 4,425 million, or 41.5%, primarily as a result of lower international prices of 40.6% and lower purchase volumes of 16.1%;
- Purchases of crude oil from third parties increased by Ps. 1,175 million, or 11.5%, primarily as a result of an increase in average prices charged by third parties in Argentine peso terms of approximately 6.6%, which was mainly related to the devaluation of the Argentine peso and an increase in purchased volumes of approximately 4.6%. In comparison, there was a 7.0% decrease in average prices charged by third parties in U.S. dollar terms;
- Purchases of biofuels increased by Ps. 803 million, or 11.6%, primarily as a result of an increase in volume purchased of FAME and bioethanol of 7% and 30%, respectively, partially offset by an approximately 3.6% decrease in the price of FAME and a 5.7% decrease in the price of bioethanol.

Additionally, insurance payments related to the losses suffered from an incident at our La Plata refinery in April 2013 were Ps. 615 million in 2015, compared to Ps. 2,117 million in 2014. This had a negative impact on cost of sales for the current period compared to the same period last year. In addition, with respect to the incident that affected the facilities of our oil treatment plant in Cerro Divisadero in Mendoza in March 2014, an insurance payment amount of Ps. 1,165 million was recorded in 2015, of which Ps. 794 million was recorded as a lower cost for purchases and Ps. 371 million as other operating income.

Cost of sales in 2014 was Ps. 104,492 million, representing a 53.5% increase compared to Ps. 68,094 million in 2013. Among the main factors contributing to this increase were:

- An increase in imported gasoline and diesel, especially “premium” and “ultradiesel,” of Ps. 2,745 million, or 42.4%, primarily as a result of devaluation of the Argentine peso against the dollar (slightly lower in U.S. dollars), while diesel imported volumes remained flat and gasoline imported volumes increased slightly;
- A net increase in purchases of crude oil from third parties of approximately Ps. 2,267 million, or 28.6%, primarily as a result of an increase in average prices charged by third parties in Argentine peso terms of approximately 55.3%, which was mainly related to devaluation of the Argentine peso. In comparison, there was a 5% increase in average prices charged by third parties in U.S. dollar terms. This increase was partially offset by (i) a 527,000 cm decrease in purchased volumes, primarily as a result of higher than usual purchases of heavy crude oil during the first quarter of 2013 to supply higher fuel oil production for electricity generation and (ii) the inclusion of crude oil production of YSUR;
- An increase in purchases of biofuels of Ps. 2,799 million, or 70.3%, primarily as a result of an approximately 37% increase in the price of fatty acid methyl esters, known as FAME, and a 50% increase in the price of bioethanol. The volumes purchased of FAME and bioethanol increased 5% and 49%, respectively;
- An increase in fixed assets depreciation costs of Ps. 8,435 million, or 78.4%, primarily as a result of (i) increased investments in assets, (ii) overall increases in Argentine peso terms of the value of fixed assets, which was related to the devaluation of the Argentine peso against the U.S. dollar (which is the functional currency of the Company), (iii) increases in production volumes with a consequential effect on depreciation rates and (iv) the depreciation of additional assets incorporated as a result of the YSUR acquisition;
- An increase in the costs of operational services and other repair and maintenance service contracts of Ps. 6,201 million, or 64.5%, primarily as a result of (i) increases in services provided in the Upstream business segment related to oil and natural gas production increases, (ii) operational costs linked to YSUR’s operations since the acquisition in early 2014 and (iii) an overall increase in prices;
- An increase in royalty payments of Ps. 3,617 million, or 65.7%, primarily as a result of increases of (i) Ps. 2,586 million related to crude oil production of YPF S.A., (ii) Ps. 543 million related to natural gas production of YPF S.A., (iii) Ps. 460 million related to crude oil and natural gas production of YSUR and (iv) Ps. 28 million related to crude oil and natural gas production of YPF Energía Eléctrica S.A. These increases resulted from higher production volumes and also from higher prices in Argentine peso terms, which were mainly related to the devaluation of the Argentine peso against the U.S. dollar;
- Increases in salaries and other personnel expenses of Ps. 1,644 million or 30.9%, mainly as a result of negotiations and agreements with corresponding unions;
- Increases in environmental provisions of Ps. 205 million, primarily as a result of developments related to environmental liabilities in both the Exploration and Production and Downstream business segments; and
- An increase in other production costs of Ps. 323 million, primarily as a result of the acquisition and incorporation of YSUR in our consolidated financial statements.

These increases were partially offset by insurance compensation of Ps. 2,041 million recognized during 2014, which stemmed from YPF’s insurance coverage related to the April 2013 La Plata refinery fire. This compensation was recorded primarily as lower costs for purchases. In relation to this event, in 2013 we recorded compensation of Ps. 1,479 million under other operating results, net by way of pecuniary damage compensation and Ps. 477 million in lost profits, which is reflected as lower costs for purchases. We used a similar approach to record the compensation in 2014.

Administrative expenses

Administrative expenses in 2015 were Ps. 5,586 million, representing a 23.3% increase compared to Ps. 4,530 million in 2014, primarily as a result of increases in personnel costs and IT service contracts.

Administrative expenses in 2014 were Ps. 4,530 million, representing a 68.7% increase compared to Ps. 2,686 million in 2013, primarily as a result of increases in publicity and advertising expenses, personnel cost increases for wage increases, IT service contracts and higher expenses due to the incorporation into the consolidation process as a result of the acquisitions of Metrogas since the takeover of that company in May 2013 and YSUR, as discussed in Note 2 to the Audited Consolidated Financial Statements.

Selling expenses

Selling expenses in 2015 increased to Ps. 11,099 million, representing a 9.7% increase compared to Ps. 10,114 million in 2014, primarily as a result of higher charges for product transportation, mainly related to increased rates of transportation fuels in the domestic market and higher volumes transported and sold and higher personnel cost. This increase was partially offset by lower export taxes, mainly due to the rate reduction established by Resolution No. 1077/2014, lower export volumes of crude oil and the fall in prices for exports of LPG and petrochemicals, as well as lower charges related to recoveries of provisions for doubtful accounts in the segment of natural gas distributors.

Selling expenses in 2014 increased to Ps. 10,114 million, representing a 33.6% increase compared to Ps. 7,571 million in 2013, primarily as a result of higher bank transaction taxes as a consequence of our increased activity and increased transportation fees for fuel products in the domestic market.

Exploration expenses

Exploration expenses in 2015 increased to Ps. 2,473 million, representing a 21.6% increase compared to the Ps. 2,034 million in exploration expenses in 2014, primarily as a result of an increase in exploration activities in which the Company made investments. Total investments in exploration increased to Ps. 503 million, representing a 22.2% increase compared to the total investment in exploration in 2014. In addition, negative results from unproductive exploratory drilling in 2015 compared to 2014 increased by Ps. 160 million. Additionally, expenditures for the performance of geological and geophysical studies increased by Ps. 253 million, mainly as a result of seismic survey studies in the Chachahuén and Zampal Norte areas in the province of Mendoza.

Exploration expenses in 2014 increased to Ps. 2,034 million, representing a 145.4% increase compared to Ps. 829 million in 2013, primarily as a result of an increase in the exploration activity in Argentina. In 2014, investments of exploration assets increased to Ps. 2,259 million, representing an approximately 149% increase compared to the previous year.

Other operating results, net

Other operating results, net in 2015 decreased to a loss of Ps. 853 million, representing a 17.2% decrease compared to a loss of Ps. 1,030 million in 2014. In 2015, while conducting an evaluation of impairment of fixed assets and intangible assets, the Company recognized an impairment of Ps. 2,535 million, which was recorded as other operating results, net. This impacted field assets in Argentina with reserves and production primarily of oil within the Upstream business segment by Ps. 2,361 million, driven mainly by lower estimated future oil prices. Field assets with oil production and intangible assets in the U.S. decreased by Ps. 174 million due to the decline in international crude oil prices.

In addition, our subsidiary Metrogas recorded additional revenues of Ps. 711 related to the temporary economic assistance established by Resolution No. 263/2015 of the Ministry of Energy. Also, the provision for contingencies increased by Ps. 650 million in connection with a ruling against YPF regarding a claim filed by the Union of Consumers and Users (Unión de Usuarios y Consumidores) for claims from 1993 to 1997. The claim alleges that excess fees were charged to GLP consumers during that period. In the fourth quarter of 2015, there was also a decrease in the provision for abandonment and dismantling obligations for wells of Ps. 524 million, mainly due to the agreement reached with our partner in the Magallanes area. In 2014, a provision of Ps. 1,227 million was recorded by Maxus Energy Corporation, a subsidiary of YPF Holdings, linked to third party claims based on alleged breach of contract. See Note 10 to the Consolidated Financial Statements.

Other operating results, net in 2014 decreased to a loss of Ps. 1,030 million, compared to income of Ps. 227 million in 2013, a decrease of Ps. 1,257 million. The net loss recorded in 2014 was primarily as a result of (i) a provision of Ps. 1,227 million that was recorded in 2014 by Maxus Energy Corporation, a subsidiary of YPF Holdings, which was related to third party claims based on alleged contractual responsibilities, which it is contesting (see Note 10 to the Audited Consolidated Financial Statements); (ii) revenues of Ps. 369 million recorded during 2014 from the sale of a 30% interest in the extension of the La Ventana concession area in the province of Mendoza to Sinopec; and (iii) the income for the transfer of assets to Pluspetrol (primarily Cerro Arena) for Ps. 188 million. The net income recorded in 2013 was primarily as a result of (i) expenses during the second quarter of 2013 related to the AESU and Transportadora de Gas del Mercosur ("TGM") arbitration based on a partial award rendered by the International Chamber of Commerce Arbitration Tribunal; and (ii) revenue of Ps. 1,479 million recorded in 2013 corresponding to the accrual of insurance for material damage of the Coke A unit and Topping C unit, both as a result of the previously-discussed April 2, 2013 fire at the La Plata refinery.

Operating income

Operating income in 2015 was Ps. 16,588 million due to the factors discussed above, representing a 16.0% decrease compared to Ps. 19,742 million in 2014.

Operating income in 2014 was Ps. 19,742 million, representing a 76.9% increase compared to Ps. 11,160 million in 2013.

Financial results, net

In 2015, financial results, net were an income of Ps. 12,157 million, representing a 586.1% increase compared to income of Ps. 1,772 million in 2014. The Company registered a higher positive foreign exchange difference in net monetary liabilities in pesos due to higher depreciation of the Argentine peso against the U.S. dollar in 2015 compared to the same period in 2014. The Company registered higher interest expenses as a result of higher average indebtedness and higher interest rates in 2015 compared to the same period in 2014. The average net debt in 2015 was Ps. 64,956 million, while the average net debt in 2014 was Ps. 30,362 million. The average net amount of financial indebtedness was calculated as the linear average of current and non-current loans at the beginning and end of the corresponding period, net of the linear average of cash and cash equivalents at the beginning and end of the corresponding period.

Financial results, net in 2014 were income of Ps. 1,772 million compared to income of Ps. 2,835 million in 2013, primarily as a result of higher net financial interest expenses due to overall higher levels of indebtedness and higher interest rates in 2014, which was partially offset by the effect of higher foreign exchange gains on net monetary liabilities in Argentine pesos related to the devaluation of the Argentine peso against the U.S. dollar. The average net amount of financial indebtedness in 2014 was Ps. 30,362 million, compared to Ps. 16,767 million in 2013. The average net amount of financial indebtedness was calculated as the linear average of current and non-current loans at the beginning and end of the corresponding period, net of the linear average of cash and cash equivalents at the beginning and end of the corresponding period.

Income tax

Income tax in 2015 was Ps. 24,637 million, representing a 86.3% increase compared to Ps. 13,223 million in 2014. This increase was due to higher deferred tax related to greater devaluation of the Argentine peso compared to 2014. This resulted in a deferred tax liability substantially higher than last year. In addition, a lower current tax was recorded in 2015 because the devaluation of the Argentine peso resulted in no current tax in 2015.

Income tax in 2014 was Ps. 13,223 million, representing a 42.7% increase compared to Ps. 9,269 million in 2013, primarily as a result of (i) an increase in current income tax payable of Ps. 4,479 million as a result of increased taxable income for the reasons discussed above and (ii) a decrease of deferred tax liabilities of Ps. 525 million.

Net income and other comprehensive income

Net income in 2015 was Ps. 4,426 million, representing a 50.0% decrease compared to Ps. 8,849 million in 2014.

Other comprehensive income in 2015 was Ps. 43,758 million, representing a 168.8% increase compared to Ps. 16,276 million in 2014. This increase was mainly attributable to higher appreciation of fixed assets.

As a result of the foregoing, total comprehensive income in 2015 was Ps. 48,184 million, representing a 91.8% increase compared to Ps. 25,125 million in 2014.

Net income in 2014 was Ps. 8,849 million, representing a 74.2% increase compared to Ps. 5,079 million in 2013.

Other comprehensive income in 2014 was Ps. 16,276 million, representing a 35.3% increase compared to Ps. 12,031 million in 2013, primarily as a result of higher currency translation difference of fixed assets, taking into account that the U.S. dollar is the functional currency of the Company and changes in the exchange rate.

As a result of the foregoing, total comprehensive income in 2014 was Ps. 25,125 million, representing an approximately 46.8% increase compared to Ps. 17,110 million during the same period in 2013, as a result of the factors discussed above.

Consolidated results of operations by business segment for the years ended December 31, 2015, 2014 and 2013

In 2013, we reorganized our reporting structure by grouping the Chemical and Refining and Marketing business segments into a new Downstream business segment. We made this change primarily because of the common strategy shared by the former Chemical and Refining and Marketing segments, in light of the synergies involved in their activities to maximize the volume and quality of fuel offered to the market.

The following table sets forth revenues and operating income for each of our business segments for the years ended December 31, 2015, 2014 and 2013:

	For the year ended December 31,		
	2015	2014	2013
	(in millions of pesos)		
Revenues ⁽¹⁾			
Exploration and production			
Revenues	16,044	8,853	3,851
Revenue from intersegment sales ⁽³⁾	64,243	61,844	38,846
Total exploration and production	80,287	70,697	42,697
Downstream			
Revenues	138,962	132,254	85,624
Revenue from intersegment sales	1,535	1,489	1,147
Total refining and marketing	140,497	133,743	86,771
Corporate and other			
Revenues	1,130	835	638
Revenue from intersegment sales	6,182	5,212	2,285
Total corporate and other	7,312	6,047	2,923
Less inter-segment sales and fees	(71,960)	(68,545)	(42,278)
Total revenues	156,136	141,942	90,113
Operating income (Loss) ⁽²⁾			
Exploration and production	7,535	12,353	6,324
Downstream	8,446	10,978	6,721
Corporate and other	(2,331)	(3,343)	(1,522)
Consolidation adjustments	2,938	(246)	(363)
Total operating income	16,588	19,742	11,160

- (1) Revenues are net of 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 6.n 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.b.15 to the Audited Consolidated Financial Statements.
- (2) Includes exploration costs in Argentina and the United States and production operations in Argentina and the United States.
- (3) Intersegment revenues of crude oil to Downstream are recorded at transfer prices that reflect our estimate of Argentine market prices.

Exploration and Production

Revenues from the Exploration and Production business segment in 2015 were Ps. 80,287 million, representing a 13.6% increase compared to Ps. 70,697 million in 2014.

Operating income in 2015 for the Exploration and Production business segment was Ps. 7,535 million, a decrease of 39.0% compared to Ps. 12,353 million in 2014. This decrease in operating income was principally due to the following factors:

- The intersegment oil price measured in U.S. dollars decreased 8.4%, while increasing 4.5% in Argentine peso terms. Oil production in respect of our operations in Argentina in 2015 reached 248,500 barrels per day, representing a 2.1% increase compared to 2014. This contributed to the increase of 0.2 million cm of crude oil, or 1.7%, transferred from the Exploration and Production business segment to the Downstream business segment and a decrease of 167,000 cm of crude oil, or 26.2%, in sales to third parties.

- Natural gas production in respect of our operations in Argentina in 2015 reached 44.1 million cm per day, representing a 4.2% increase compared to 2014. With the exception of the YSUR production, all natural gas produced, net of internal consumption, is assigned to the Downstream segment for sale to third parties. Sales volumes increased 3.5% in 2015 compared to 2014. The Exploration and Production business segment records the average price obtained by YPF in such sales net of sales and marketing fees. The Exploration and Production segment also includes revenues from the Gas Plan, which increases the average prices obtained by YPF as a result of increasing YPF and YSUR's natural gas production. The average natural gas revenue recorded by the Company in 2015, including revenues from the Gas Plan, reached U.S.\$4.62 per million BTU, a 7.2% increase compared to U.S.\$4.31 per million BTU in 2014.
- In addition, in 2015, the Company recorded Ps. 1,988 million corresponding to the Crude Oil Production Stimulus Program (*Programa de Estímulo a la Producción de Petróleo Crudo*) set forth by Resolution 14/2015 of the Hydrocarbon Commission. "See "Item 4. Information on the Company—Regulatory Framework and Relationship with the Argentine Government—Market Regulation —Resolution No. 14/2015."
- In addition, with respect to the incident that affected the facilities of our oil treatment plant in Cerro Divisadero in Mendoza in March 2014, an insurance payment of Ps. 1,165 million was recorded in 2015. Of this amount, Ps. 794 million was recorded as a lower cost for purchases and Ps. 371 million as other operating income.

All of this was partially offset by:

- Total operating costs in respect of our operations in Argentina in 2015 were Ps. 67,744 million (excluding exploration costs and impairment charges), representing a 20.3% increase compared to Ps. 56,311 million in 2014. Among the main factors contributing to the increase were:
 - Fixed asset depreciation costs increased by Ps. 5,895 million, or 34.3%, primarily as a result of overall increases of the value of fixed assets in Argentine peso terms, which was related to the devaluation of the Argentine peso against the U.S. dollar, as well as increased investments in fixed assets and increased production;
 - Lifting costs increased by Ps. 5,994 million, or 26.2%, due to an increase of the unit indicator, expressed in pesos, of 22.9% and the increase of crude oil and natural gas production discussed above;
 - Royalty payments increased by Ps. 1,535 million, or 15.5%, primarily as a result of increases of (i) Ps. 692 million related to crude oil production and (ii) Ps. 843 million related to natural gas production.

Exploration expenses in 2015 increased to Ps. 2,473 million, representing a 21.6% increase compared to the Ps. 2,034 million in exploration expenses in 2014, primarily as a result of an increase in exploration activities in which the Company made investments. Total investments in exploration increased to Ps. 503 million, representing a 22.2% increase compared to the total investment in exploration in 2014. In addition, negative results from unproductive exploratory drilling in 2015 compared to 2014 increased by Ps. 160 million. Additionally, expenditures for the performance of geological and geophysical studies increased by Ps. 253 million, mainly as a result of seismic survey studies in the Chachahuén and Zampal Norte areas in the province of Mendoza.

As discussed above, while conducting an evaluation of impairment of fixed assets and intangible assets, the Company recognized an impairment of Ps. 2,535 million, which was recorded as other operating results, net. This impacted field assets in Argentina with reserves and production primarily of oil within the Upstream business segment by Ps. 2,361 million, driven mainly by estimated future lower oil prices. Field assets with oil production and intangible assets in the U.S. decreased by Ps. 174 million due to the decline in international crude oil prices.

Revenues from the Exploration and Production business segment in 2014 were Ps. 70,697 million, representing a 65.6% increase compared to Ps. 42,697 in 2013.

Operating income for the Exploration and Production business segment in 2014 was Ps. 12,353 million, representing a 95.3% increase compared to Ps. 6,324 million in 2013. This increase in operating income was principally due to the following factors:

- The intersegment oil price measured in U.S. dollars increased 2.2%, representing an approximately 51% increase in Argentine peso terms, which was related primarily to the devaluation of the Argentine peso against the U.S. dollar. Oil production in respect of our operations in Argentina in 2014 reached 235,700 barrels per day, representing a 2.0% increase, in addition to 7,800 barrels per day as a result of the YSUR acquisition. This contributed to the increase of 1.2 million cm of crude oil, or 9.3%, transferred from the Exploration and Production business segment to the Downstream business segment and a decrease of 212,000 cm of crude oil sales to third parties principally outside Argentina.

- Natural gas production in respect of our operations in Argentina in 2014 reached 37.6 million cm / day, representing approximately an 11.1% increase, in addition to a 4.8 million cm per day increase as a result of the YSUR acquisition. With the exception of the YSUR production, all natural gas produced, net of internal consumption, is assigned to the Downstream segment for sale to third parties. The Exploration and Production business segment records the average price obtained by YPF in such sales net of sales and marketing fees. The Exploration and Production business segment also includes revenues from the Gas Plan, which increases the average prices obtained by YPF as a result of increasing YPF and YSUR's natural gas production. The average gas income per million BTU recorded by the Company in 2014, including revenues from the Gas Plan, reached U.S.\$4.31 representing a 6.5% increase compared to U.S.\$4.05 per million BTU in 2013.
- Total operating costs in respect of our operations in Argentina in 2014 were Ps. 56,311 million, (excluding exploration costs and impairment charges), representing a 58.4% increase compared to Ps. 35,544 million in 2013. Among the main factors contributing to the increase were:
 - Fixed asset depreciation costs increased by Ps. 7,589 million, or 79.1%, primarily as a result of overall increases of the value of fixed assets in Argentine peso terms, which was related to the depreciation of the Argentine peso against the U.S. dollar, as well as increased investments in fixed assets and increased production;
 - Operational services and other repair and maintenance service contract costs increased by Ps. 5,057 million, or 57.9%, primarily as a result of (i) increases in production activity, including crude oil and natural gas production, (ii) an increase in rates charged due to a general increase in prices and (iii) an increase in prices as a result of the depreciation of the Argentine peso;
 - Environmental expenditures and provisions increased by Ps. 282 million;
 - Royalty payments increased by Ps. 3,617 million, or 65.7%, principally due to increases of (i) Ps. 2,586 million relating to crude oil production of YPF S.A., (ii) Ps. 543 million relating to natural gas production of YPF S.A., (iii) Ps. 460 million relating to the production of crude oil and natural gas of YSUR and (iv) Ps. 28 million relating to the production of crude oil and natural gas of YPF Energía Eléctrica S.A. These increases resulted from higher production volumes and higher prices in Argentine pesos, which was principally due to depreciation of the Argentine peso against the U.S. dollar;
- In 2014, we recorded revenues of Ps. 369 million for the sale of a 30% interest in the extension of the La Ventana concession area in the province of Mendoza to Sinopec and Ps. 188 million for the transfer of assets to Pluspetrol (primarily Cerro Arena). In 2013, expenses related to the AESU and TGM arbitration were recorded, based on a partial award rendered by the International Chamber of Commerce Arbitration Tribunal.
- Exploration expenses in 2014 were Ps. 2,034 million, representing a 145.4% increase compared to Ps. 829 million in 2013, primarily as a result of an increase in domestic exploration activity. In 2014, investment in exploration assets increased to Ps. 2,259 million, representing an approximately 149% increase compared to the previous year.

Downstream

Revenues from the Downstream business segment in 2015 were Ps. 140.497 million, representing a 5.0% increase compared to Ps. 133.743 in 2014.

Operating income for the Downstream business segment in 2015 was Ps. 8.446 million, representing a 23.1% decrease compared to Ps. 10,978 million in 2014. This decrease in operating income is primarily due to the following factors:

- The average volume of oil processed per day in YPF's refineries increased 2.9% to 299,000 barrels of oil per day, with diesel production increasing by 1.4%, gasoline by 7.6% and fuel oil by 10.4%;
- Diesel revenues increased by Ps. 3,466 million, or 6.5%, as a result of an increase in the average price for diesel mix of approximately 11.0% with a decrease in sales volumes of approximately 0.4%, reflecting a 24.6% increase in sales volume of Eurodiesel, a premium diesel;

- Gasoline revenues increased by Ps. 4,780 million, or 15.8%, primarily as a result of an increase in the average price for gasoline mix of approximately 14.1% and an increase in sales volumes of approximately 3.6%, reflecting a 25.6% increase of sales volume for Infinia gasoline;
- Fuel oil revenues increased by Ps. 697 million, or 9.0%, primarily as a result of an increase in the average price of fuel oil of approximately 2.3% and an increase in sales volumes of 6.6%;
- Petrochemical products revenues decreased by Ps. 879 million, or 14.9%, mainly due to the fall in prices in both the domestic and international market;
- LPG and aviation fuel sales to foreign markets decreased by Ps. 1,434 million, or 27.2%, mainly due to a decrease of international aviation fuel prices of approximately 31.9% which was partially offset by an increase in sales volumes of 6.9%;
- Exports of flour, grain and oil increased by Ps. 570 million, or 18.6%, due to an increase in sales volumes of approximately 35.6% which was partially offset by a decrease in international prices of 12.5%.

All of this was partially offset by:

- Oil prices increased in Argentine peso terms as a result of the devaluation of the Argentine peso against the U.S. dollar as well as higher volumes of crude oil transferred from the Exploration and Production business segment and an increase in the volume of crude oil purchased from third parties of approximately 4.6% (about 117,000 cm). The average purchase price in Argentine peso terms for crude oil transferred from the Exploration and Production business segment increased approximately 4.5% compared to an increase for oil purchased from third parties of approximately 6.6%. This variation in the percentage amounts is due to different mixes of grades of crude oil purchased from third parties;
- Imported gasoline, diesel and jet fuel, especially “premium” and “ultradiesel,” decreased by Ps. 4,425 million, or 41.5%, primarily as a result of lower international prices of 40.6% and lower purchase volumes of 16.1%;
- Purchases of biofuels increased by Ps. 803 million, or 11.6%, primarily as a result of an increase in volume purchased of FAME and bioethanol of 7% and 30%, respectively, partially offset by an approximately 3.6% decrease in the price of FAME and a 5.7% decrease in the price of bioethanol;
- Production costs related to refining costs increased by Ps. 912 million, or 17.8%. This increase was driven by inflation wage increases, and also considering a higher processing level of refineries as mentioned above;
- Fixed asset depreciation increased by Ps. 723 million, or 29.6%, primarily as a result of (i) increased investments in assets and (ii) an overall increase in fixed assets values in Argentine pesos, which was related to the depreciation of the Argentine peso against the U.S. dollar, which is the functional currency of the Company;
- Selling expenses increased by Ps. 1,028 million, or 11.0%, primarily as a result of (i) higher product transportation charges, mainly related to increased costs for transportation related to increased fuel prices in the domestic market and (ii) higher volumes transported and sold. This increase was partially offset by lower withholdings over exports, mainly due to the rate reduction established by Resolution No. 1077/2014, the fall of export prices of LPG and petrochemicals and lower charges related to recoveries in provisions for indebtedness in the segment of natural gas distributors; and
- The provision for contingencies increased by Ps. 650 million in connection with a ruling against YPF regarding a claim filed by the Union of Consumers and Users (*Unión de Usuarios y Consumidores*) for claims from 1993 to 1997. The claim alleges that excess fees were charged to GLP consumers during that period. See Note 10 to the Consolidated Financial Statements.
- Our subsidiary Metrogas recorded additional revenues of Ps. 711 million related to the temporary economic assistance established by Resolution No. 263/2015 of the Ministry of Energy.

Revenues from the Downstream business segment in 2014 were Ps. 133,743 million, representing a 54.2% increase compared to Ps. 86,771 million in 2013.

Operating income for the Downstream business segment in 2014 was Ps. 10,978 million, representing a 63.3% increase compared to Ps. 6,721 million in 2013. This increase in operating income is primarily due to the following factors:

- The average volume of oil processed per day in YPF's refineries increased 4.6% to 290,000 barrels of oil per day, primarily as a result of the restoration of the refining capacity at the La Plata refinery after the damage on April 2, 2013 and, to a lesser extent, the increased availability of light crude in 2014.
- An increase in diesel revenues of Ps. 18,165 million, or 52.4%, primarily as a result of an increase in the average price received for diesel mix of approximately 51.2% and an increase in sales volumes of approximately 0.8%;
- An increase in gasoline revenues of Ps. 11,325 million, or 64.0%, primarily as a result of an increase in the average prices received for gasoline mix of approximately 57.8% and an increase in sales volumes of approximately 3.9%;
- An increase in fuel oil revenues of Ps. 3,777 million, or 95.3%, primarily as a result of an increase in the average price received for fuel oil of 46.4% and an increase in sales volumes, mainly in the domestic market, of 33.4%;
- An increase in petrochemical revenues of Ps. 1,989 million, or 50.9%, primarily in the local market as a result of an increase in the average prices received for methanol and aromatics and an increase in sales volumes, which increased revenues by Ps. 1,500 million. Exports increased by Ps. 489 million driven by higher sales volumes of methanol and generally higher prices in Argentine peso terms, which was partially offset by lower overall export volumes of solvents and light paraffinics; and
- An increase in natural gas sales volumes and higher average prices received for sales to third parties, which increases the average prices obtained by YPF when increasing natural gas production. Sales volumes of natural gas, most of which are domestic, increased approximately 22%. This increase in natural gas sales had a positive effect on the Downstream results as a consequence of increased marketing fees.

All of this was partially offset by:

- An increase in costs to purchase crude oil from third parties and the Exploration and Production business segment of Ps. 22,547 million, or 58.2%, primarily as a result of increases in crude oil prices in Argentine peso terms related to the devaluation of the Argentine peso against the U.S. dollar as well as higher volumes of crude oil transferred from the Exploration and Production business segment. This in turn was partially offset by a decrease in the volume of crude oil purchased from third parties of approximately 17% (about 527,000 cm). The average purchase price in Argentine peso terms for crude oil transferred from the Exploration and Production business segment increased approximately 51% compared to an increase for oil purchased from third parties of approximately 55%. This variation in the percentage amounts is due to different mixes of grades of crude oil purchased from third parties;
- An increase in the cost of imported gasoline and diesel, especially "premium" and "ultradiesel," of Ps. 2,745 million, or 42.4%, primarily as a result of the effect of the devaluation of the Argentine peso (slightly lower in U.S. dollars), while diesel imported volumes remained flat and gasoline imported volumes increased slightly;
- An increase in purchases of biofuels of Ps. 2,799 million or 70.3%, primarily as a result of an approximately 37% increase in the price of FAME and a 50% increase in the price of bioethanol. The volumes purchased of FAME and bioethanol increased 5% and 49%, respectively; and
- An increase in production costs of Ps. 1,895 million, representing a 51.5% increase, primarily as a result of increases in (i) freight costs for transporting crude oil and raw material, (ii) fees for use of port facilities, (iii) contracted services rates for refinery repair and maintenance and (iv) insurance policies. These increases were driven by different factors, including general price increases in the economy and wage increases. Decreased costs were also recorded with respect to provisions for environmental liabilities of Ps. 77 million. As a result of these cost increases as well as increased refining activities, refining costs increased 45% in Argentine peso terms during 2014.

These increases to costs were partially offset by insurance compensation of Ps. 2,041 million recorded during 2014, which stemmed from YPF's insurance coverage related to the April 2013 La Plata refinery fire. This compensation was registered primarily as lower costs for purchases. In relation to this event, in 2013 we had recorded a gain of Ps. 1,479 million under Other (expense) income, net by way of pecuniary damage compensation and Ps. 477 million in lost profits, which is reflected as lower costs for purchases. We used with a similar approach to recording the income in 2014.

Corporate and other

The operating loss for the Corporate and Other business segment in 2015 was a loss of Ps. 2,331 million, representing a 30.3% decrease compared to a loss of Ps. 3,343 million in 2014. The results in 2014 were affected mainly by a provision of Ps. 1,227 million recorded by our subsidiary Maxus Energy Corporation linked to third party claims based on alleged breach of contract. See Note 10 to the Consolidated Financial Statements. In addition, in 2015 higher costs from increased wages, social contributions and higher IT services costs were recorded.

The operating loss for the Corporate and Other business segment in 2014 was Ps. 3,343 million, representing a 120% increase compared to a loss of Ps. 1,522 million in 2013, primarily as a result of (i) a provision of Ps. 1,227 million, recorded in 2014 by Maxus Energy Corporation, a subsidiary of YPF Holdings, which was related to third party claims based on alleged contractual responsibilities, which it is contesting (see Note 10 to the Audited Consolidated Financial Statements); (ii) increased wages and social contributions; and (iii) higher fees for services and publicity and advertising, all of which was partially offset by improved results from our subsidiary A-Evangelista S.A.

Liquidity and Capital Resources

Financial condition

Total loans outstanding as of December 31, 2015, 2014 and 2013 were Ps. 105,751 million, Ps. 49,305 million and Ps. 31,890 million, respectively, consisting of (i) current loans (including the current portion of non-current loans) of Ps. 27,817 million and non-current loans of Ps. 77,934 million as of December 31, 2015, (ii) current loans of Ps. 13,275 million (including the current portion of non-current loans) and non-current loans of Ps. 36,030 million as of December 31, 2014 and (iii) current loans of Ps. 8,814 million (including the current portion of non-current loans) and non-current loans of Ps. 23,076 million as of December 31, 2013. As of December 31, 2015, 2014 and 2013, 74%, 66%, and 60% of our loans were 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, 2015, we had repurchased U.S.\$41.9 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.

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

	For the year ended December 31,		
	2015	2014	2013
	(in millions of pesos)		
Net cash flows provided by operating activities	41,404	46,154	20,964
Net cash flows used in investing activities	(64,049)	(53,405)	(22,201)
Net cash flows provided by financing activities	23,665	4,986	6,979
Translation differences generated by cash and equivalents	4,609	1,310	224
Net (decrease) increase in cash and equivalents	5,629	(955)	5,966
Cash and equivalents at the beginning of period	9,758	10,713	4,747
Cash and equivalents at the end of period	15,387	9,758	10,713

Net cash flows provided by operating activities were Ps. 41,404 million in 2015 compared to Ps. 46,154 million in 2014. This 10% decrease was primarily attributable to the increase in working capital in 2015, related to the accrual of accounts receivable, including the Crude Oil Production Stimulus Program and the Gas Plan and higher income tax, which was partially offset by higher operating income of the Company, without considering depreciation of fixed assets and increased non-cash provisions, which did not involve expenditures. We believe that, given the high level of cash flow provided by operating activities, including our expectation of reducing accounts receivable from transactions with government entities (see “Item 3. Key Information—Risk Factors—A significant percentage of our cash flow from operations is derived from counterparties that are governmental entities”), our working capital is reasonable for the current requirements of the Company.

Net cash flows provided by operating activities were Ps. 46,154 million in 2014, compared to Ps. 20,964 million in 2013. This 120% increase was primarily attributable to better operating results, without considering depreciation of fixed assets and increased non-cash provisions. See Note 10 to the Audited Consolidated Financial Statements. In addition, in 2014 we collected Ps. 1,689 million in insurance payments for lost profits in connection with the La Plata refinery fire in April 2013.

Cash flows used in investing activities were Ps. 64,049 million in 2015, compared to Ps. 53,405 million in 2014, representing a 19.9% increase compared with 2014, which related mainly to investments made by our Exploration and Production business segment and investment in our refineries. This was partially offset by the fact in 2014 we registered the acquisitions of YSUR and the additional interests in the Puesto Hernández, Lajas, La Amarga Chica and Bajada de Añelo areas as well as the collection of insurance payments for material damages related to the incident suffered by our La Plata refinery in April 2013.

Cash flows used in investing activities were Ps. 53,405 million in 2014, compared to Ps. 22,201 million in 2013, representing a 140.6% increase, which related mainly to investments made by our Exploration and Production segment and investment in our refineries, and also considering the contributions of capital investments in companies, for a total of Ps. 29,731 million, including the acquisitions of YSUR, and additional interests in the Puesto Hernández, Lajas, La Amarga Chica and Bajada de Añelo areas. Moreover, there was also a lower collection from sale of fixed assets and intangible assets of Ps. 3,291 million, based on 2014 revenues from the sale of assets to Pluspetrol and partial sales extensions concessions of La Ventana and Magallanes concessions, which in 2013 included the collection from the investment agreement with Chevron in the Loma Campana area. There is also the collection in 2014 of Ps. 1,818 million in property damage insurance, related to the loss suffered by our La Plata refinery in 2013.

Net cash flows provided by financing activities in 2015 were Ps. 23,665 million, which came primarily from the issuance of notes in the local market and international markets, net of repayments of principal and interest, including issuance of notes in the international debt capital markets for an aggregate principal amount of U.S.\$2.1 billion.

Net cash flows provided by financing activities in 2014 were Ps. 4,986 million, which came primarily from the issuance of notes in the local market and international markets, net of repayments of principal and interest, including issuance of notes in the international debt capital markets for an aggregate principal amount of U.S.\$1.06 billion, which was the largest made by an Argentine company in history.

In 2015, at the shareholders' ordinary and extraordinary general meeting held on April 30, 2015, a dividend of Ps. 503 million (Ps. 1.28 per share or ADS) was authorized for payment in 2015. In 2014, at the shareholders' general ordinary and extraordinary meeting held on April 30, 2014, and its continuation on May 21, 2014, a dividend of Ps. 464 million (Ps. 1.18 per share or ADS) was authorized for payment in 2014. In 2013, at the ordinary and extraordinary general shareholders' meeting held on April 30, 2013 and its continuation on May 30, 2013, a dividend of Ps. 326 million (Ps. 0.83 per share or ADS) was authorized for payment in 2013.

A Global Medium-Term Notes Program was approved at a shareholders' meeting held on January 8, 2008 for an amount up to U.S.\$1.0 billion. On September 13, 2012 and on April 30, the shareholders' meeting approved the increase of the amount of the program, mentioned above, for an amount of U.S.\$2.0 billion each time, resulting in a maximum nominal amount in circulation at any time under the program of U.S.\$5.0 billion, 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. On February 5, 2015, the shareholders' meeting resolved by a majority of computable votes to approve the increase of the amount of the Company's Global Medium-Term Notes Program of U.S.\$5.0 billion or its equivalent in other currencies by U.S.\$3.0 billion, resulting in the total maximum nominal amount outstanding under the program at any time becoming U.S.\$8.0 billion, or its equivalent in other currencies, or a lower amount as may be determined by the Board of Directors.

Under the Global Medium-Term Notes Program, the Company issued several series of notes in the local and international markets at different interest rates. All such 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. In addition, in 2013 we acquired the control of GASA, including our controlled company Metrogas S.A., which has outstanding notes for an amount of Ps. 2,091 million as of December 31, 2015. For additional information about the outstanding notes of YPF S.A. and our controlled companies as of December 31, 2015, see Note 2 and 6.j to the Audited Consolidated Financial Statements.

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, 2015, plus accrued but unpaid interest as of that date:

	Total	Expected Maturity Date					More than 5 years
		Less than 1 year	1 – 2 Years	2 – 3 Years	3 – 4 Years	4 – 5 Years	
			(in millions of pesos)				
Loans	105,751	27,817	6,888	21,928	3,892	5,914	39,312

For detailed information regarding our indebtedness, see Note 2.i to the Audited Consolidated Financial Statements.

Contractual obligations

The following table sets forth information with regard to our commitments, expressed in U.S. dollars, under commercial contracts for the periods indicated below, as of December 31, 2015:

<u>Contractual Obligations</u>	<u>Total</u>	<u>Less than 1 year</u>	<u>1 – 3 Years</u>	<u>3 – 5 Years</u>	<u>More than 5 years</u>
	(in millions of U.S.\$) ⁽⁵⁾				
Debt ⁽¹⁾	11,983	2,792	3,567	1,560	4,064
Operating lease obligations	864	284	352	196	31
Purchase obligations ⁽²⁾	2,857	1,952	682	198	26
Purchases of services	1,955	1,088	643	198	26
Purchases of goods	903	864	38	0	0
LPG	2	2	0	0	0
Electricity	18	11	7	—	—
Gas	6	5	0	0	0
Steam	14	5	9	—	—
Others	863	841	22	—	—
Other liabilities ⁽³⁾⁽⁶⁾	9,755	3,990	1,420	1,459	2,886
Total ⁽³⁾⁽⁴⁾	25,459	9,018	6,021	3,413	7,008

- (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, 2015 for all periods. See additionally “Item 5 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) Provisions for contingent liabilities under commercial contracts, which amounted to U.S.\$810 million as of December 31, 2015, 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 U.S.\$22.1 million as of December 31, 2015.
- (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, 2015.

We have additional commitments under guarantees. For a discussion of these additional commitments see “—Guarantees provided.”

Covenants in our indebtedness

Our financial debt generally contains customary covenants. With respect to a significant portion of our loans totaling Ps. 105,751 million, including accrued interest (current and non-current debt) as of December 31, 2015, we have agreed, among other things and subject to certain exceptions, not to establish liens or charges on our assets. In addition, approximately 51.5% of our loans outstanding as of December 31, 2015 were subject to financial covenants related to our leverage ratio and debt service coverage ratio.

Regarding our outstanding notes amounting to Ps. 83,962 million as of December 31, 2015, the holders of such notes may, upon an event of default, 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. As of December 31, 2015, we were in compliance with all covenants in connection with our indebtedness.

Guarantees provided

As of December 31, 2015, we have issued letters of credit in an aggregate total amount of U.S.\$27 million to guarantee certain environmental obligations and guarantees in an aggregate amount of U.S.\$199 million in relation with the performance of contracts of certain of our controlled companies.

In addition, see Note 11.c to the Audited Consolidated Financial Statements for a description of the transaction we entered into with Chevron.

Capital investments, expenditures and divestitures

Capital investments and expenditures

Capital investments in 2015 totaled Ps. 62,209 million. The table below sets forth our capital expenditures and investments by activity for each of the years ended 2015, 2014 and 2013.

	2015		2014		2013	
	(in millions of pesos)	(%)	(in millions of pesos)	(%)	(in millions of pesos)	(%)
Capital expenditures and investments(1) Exploration and Production	50,927	82	42,408	81	24,807	82
Downstream	9,343	15	8,392	16	4,903	16
Corporate and Other	1,939	3	1,408	3	453	2
Total	<u>62,209</u>	<u>100%</u>	<u>52,208</u>	<u>100%</u>	<u>30,163</u>	<u>100%</u>

(1) Includes acquisitions of fixed assets and exploration expenses, net of unproductive drilling expenses and well abandonment costs.

Our strategy 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) continuing to increase production, especially of natural gas; (ii) improving efficiency and productivity to enable us to adapt to a scenario of a prolonged decline in international oil prices; (iii) increasing exploration of mature areas; (iv) developing unconventional resources; (v) improving our capacity to refine in order to accommodate the growth in demand for refined products; (vi) exploring conventional and unconventional resources and pushing the limits of existing deposits and exploring new frontiers, including offshore, and (vii) maintaining a solid capital structure. The investment plan related to our growth needs to 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. See “Item 3. Key Information—Risk Factors—Risks Relating to Argentina” and “Item 5. Operating and Financial Review and Prospects—Factors Affecting Our Operations” for additional information regarding 2016 activity.

Capital divestitures

We have not made any significant divestitures in the past three years.

Quantitative and Qualitative Disclosures about Market Risk

For a description of our exposure to market risk, see “Item 11. Quantitative and Qualitative Disclosures about Market Risk.”

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet agreements. Our off-balance sheet agreements are described in “—Liquidity and Capital Resources—Guarantees provided.”

Research and Development, Patents and Licenses, 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 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.

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). Our by-laws provide for a Board of Directors of eleven to 21 members, and up to an equal number of alternates. Alternates are those elected by the shareholders or the Supervisory Committee, when applicable, 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 Board of Directors’ Meeting held on December 22, 2015, our Board of Directors is composed of 15 directors and seven alternates.

In accordance with our by-laws, the Argentine government, as the 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 those connected by video conference), 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 (6)(7)	Chairman, Chief Executive Officer (CEO) and Director	47	2015	2016
Jorge Marcelo Soloaga (6)	Director	58	2015	2016
Gustavo Alejandro Nagel (6)	Director	48	2015	2016
Néstor José Di Pierro (1)	Director	60	2015	2016
Juan Franco Donnini (1)	Director	32	2015	2016
Enrique Andrés Vaquié (1)	Director	51	2015	2016
Nicolás Alfredo Trotta (2)	Director	40	2015	2016
Carlos Alberto Felices (3)	Director	70	2015	2016
Miguel Ángel Gutiérrez (3)	Director	57	2015	2016
Daniel Gustavo Montamat (3)	Director	61	2015	2016
Fabián Jorge Rodríguez Simón (3)	Director	57	2015	2016
Fernando Dasso (6)	Director and Human Resources Vice President	50	2015	2016
Daniel Cristian González Casartelli (6)	Director	46	2015	2016
Carlos Alberto Alfonsi (6)	Director and Downstream Executive Vice President	55	2015	2016
Emilio José Apud (4)	Director	70	2015	2016
Sergio Affronti (6)	Alternate Director and Shared Services Vice President	46	2015	2016
Omar Gutiérrez	Alternate Director	48	2015	2016
Luis Gustavo Villegas (5)	Alternate Director	43	2015	2016
Lucio Mario Tamburo (5)	Alternate Director	55	2015	2016
Pedro Martín Kerchner Tomba (5)	Alternate Director	41	2015	2016
Fernando Pablo Giliberti (6)	Alternate Director and Strategy and Business Development Vice President	49	2015	2016
Jesús Guillermo Grande (6)	Alternate Director and Upstream Executive Vice President	47	2015	2016

- (1) Messrs Di Pierro, Donnini and Vaquié were designated by the Supervisory Committee and assumed the position of Directors at the Board of Directors' meeting held on December 22, 2015, replacing Messrs. Jorge Manuel Gil, Ignacio Perincioli and Omar Chafí Félix, respectively, who resigned.
- (2) Designated by the Supervisory Committee and assumed the position of Director at the Board of Directors' meeting held on November 5, 2015, replacing Mrs. Andrea Mariana Confini, who resigned.
- (3) Designated by the Supervisory Committee and assumed the position of Director at the Board of Directors' meeting held on December, 22, 2015, replacing Messrs. Rodrigo Cuesta, Nicolás Marcelo Arceo, Patricia María Charvay and Juan Franco Donnini, who resigned.
- (4) Representing our Class A shares.
- (5) Messrs Villegas, Tamburo and Kerchner Tomba were designated by the Supervisory Committee and assumed the position of Alternate Directors at the Board of Directors' meeting held on December 22, 2015, replacing Messrs. Oscar Alfredo Cretini, Edgardo Raúl Valfré and Francisco Ernesto García Ibáñez, respectively, who resigned.
- (6) As of March 8, 2016, the person owns less than one percent of our Class D shares.
- (7) On March 9, 2016 our Chairman and CEO Miguel Galuccio announced that he will step down at the end of his term, which ends at our next annual shareholders meeting, expected to be held in April 2016.

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 April 30, 2015. All other officers serve at the discretion of the Board of Directors and may be terminated at any time without notice.

Pursuant to the information published by the Ministry of Energy and Mining, Mr. Miguel Ángel Gutiérrez will be proposed as President of YPF once the term of Mr. Miguel Galuccio ends, as discussed above. Furthermore, the Ministry of Energy and Mining has stated that the Argentine government will propose to separate the positions of President and CEO. To fill this position, a national and international search process has commenced. See “Item 3. Key Information—Risk Factors— Our performance is largely dependent on recruiting and retaining key personnel.”

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. Galuccio was appointed General Manager of the Company during the Intervention period and was appointed Chairman of the Company by the General Shareholders Meeting held in June 4, 2012 and was appointed CEO of the Company by the Board of Directors meeting held on June 4, 2012. Currently he has been the Chairman of the Board and CEO since June 2012.

On March 9, 2016 our Chairman and CEO Miguel Galuccio announced that he will step down at the end of his term, which ends at our next annual shareholders meeting, expected to be held in April 2016. He has committed to supporting the Board of Directors to ensure an orderly transition and cooperating in the search for his replacement.

Jorge Marcelo Soloaga

Mr. Soloaga graduated from the Industrial School in Caleta Olivia as a chemical technician. Currently, he is an employee of the Company and is Chairman of the commune of Cañadón Seco since 2015. Since 1993, he has acted as General Secretary of the Oil and Hydrocarbon Union (*Sindicato Unido Petroleros e Hidrocarburiíferos*), in Santa Cruz. Among other offices, he served as a member of congress in the low chamber of the province of Santa Cruz for the period between 1985 and 1989.

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 at Skanska as the head of Teams and Maintenance (southwest affiliate), as Service and Operations team leader in Venezuela, as business area manager in Neuquén, Mendoza and Rosario), as Oil and Gas manager for Argentina and Bolivia and country manager for the Andean Region, among other positions. He was the Undersecretary 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.

Néstor José Di Pierro

Mr. Di Pierro served among other positions, as Deputy in the Legislature of the Province of Chubut between 1991 and 1995, as Secretary of Social Welfare of the Municipality of Comodoro Rivadavia, Province of Chubut, between 1995 and 1999 and as Councilman in the Deliberative Council of Comodoro Rivadavia between 1999 and 2001. He was appointed Controller of Petrominera Chubut S.E. between 2003 and 2009. Additionally, he was President of Correo Oficial de Argentina S.A. between 2009 and 2011. He served as Mayor of the Municipality of Comodoro Rivadavia from 2011 to December 2015.

Juan Franco Donnini

Mr. Donnini earned an economics degree from the Argentine University of Business (“UADE”). He has completed a specialization in economy of oil and natural gas at the Technological Institute of Buenos Aires and earned a master’s degree in finance from CEMA University. Among other positions, he served as Advisor in the Mining, Energy and Combustible Commission at the Senate in 2012 and as Advisor at the Undersecretary of Economic Policy and Development Planning at the National Ministry of Economy and Public Finance in 2013. Additionally, he worked as Administrative Secretary of the Planning and Strategic Coordination of the National Plan of Hydrocarbon Investments Commission and was Undersecretary of Economic Policy at the National Ministry of Economy and Finance. He is currently Minister of Economy and Public Works for the Province of Santa Cruz.

Enrique Andrés Vaquié

Mr. Vaquié obtained an economics degree from the National University of Cuyo and has a master’s degree in public policy from the Torcuato Di Tella Institute. He served as Undersecretary of Finance of the Province of Mendoza, Minister of Finance of the Province of Mendoza, from 1999 to 2001 and provincial Senator, from 2003 to 2007. He worked as an economic consultant from 2008 to 2011. In addition, he was Advisor of the National Vice-Presidency from 2009 to 2011. He was elected National Deputy for the Province of Mendoza from 2011 to 2015. Currently, he is the Minister of Economics, Infrastructure and Energy of the Province of Mendoza.

Nicolás Alfredo Trotta

Mr. Trotta earned a law degree from the Belgrano University and is a doctoral candidate in education at the Philosophy and Arts School at the University of Buenos Aires (“UBA”). He is also a professor at the Belgrano University. Among other positions, he served in several public functions in the Chief Cabinet of Ministers and also in the Autonomous City of Buenos Aires. Currently, he is Dean of the University for Education and Work and President of the UMETEC Foundation.

Carlos Felices

Mr. Felices holds a bachelor’s degree in business administration from UBA and postgraduate studies in the U.S. He worked in various capacities at Pfizer Inc. He served in Argentina as Treasurer, in Brazil as CFO and in the U.S. as Director of Administration for Latin America. From 1993 to 2002, he worked for YPF, eventually serving as CFO. He was later appointed CEO of Telecom Argentina S.A. until 2007 and Chairman of the Board of Directors of Telecom Argentina S.A. until April 2008.

Daniel Gustavo Montamat

Mr. Montamat holds a degree in Economics, Certified Public Accountant and Law. He has two doctoral degrees in Economic Sciences and in Law and Social Sciences, both from the Catholic University of Córdoba. He obtained a master’s degree in Economy from Michigan State University in the U.S. Among other positions, he was Director of Gas del Estado, Director and President of YPF S.E. and Secretary of Energy of Argentina. In 1991, he founded Montamat & Asociados in the Autonomous City of Buenos Aires, where he is the Executive Director. Currently, he is a consultant at the World Bank and the Inter-American Development Bank. He is a postgraduate professor of the Energetic Regulation Study Centre of UBA.

Miguel Ángel Gutiérrez

Mr. Gutiérrez is a founding partner of The Rohatyn Group, where he is in charge of private investments, real estate, infrastructure and renewable energy activities. From 1980 to 2001, he held various positions at J.P. Morgan, where he became Managing Director responsible for Global Emerging Markets and a member of the Management Committee for Global Markets. In addition, he served as Chairman of the Board of Directors of Autopistas de Oeste S.A. and he was the President and CEO of Grupo Telefonica de Argentina S.A. Currently, he is a member of the Consultative Council of CIPPEC, the Economic and Social Council of the University Torcuato Di Tella, the International Advisory Board of the IAE Business School and the Council of the Fundación Cruzada Argentina.

Fabián Jorge Rodríguez Simón

Mr. Rodríguez Simón earned a law degree from UBA and completed coursework at Harvard Law School. Among other positions, he served as Advisor to the Mayor of the Autonomous City of Buenos Aires, as Chief of Staff of the Ministry of Environment and Public Space of the Autonomous City of Buenos Aires between 2007 and 2009, and President of the Commission Act 1840 “Zero Waste.” He was a founding partner of Llerena & Abogados and was Director of its Executive Committee. He is a member of the Governing Council of the Instituto de Empresa (Madrid) and is President of the Fundación Pericles (Buenos Aires). Currently, he is senior partner of AlfaLegalGroup.

Fernando Dasso

Mr. Dasso earned a degree in labor relations from UBA and completed a management development program at IAE in 1993 company. He has held various positions within the Company. In 2006, he was appointed Director of Human Resources of Argentina, Bolivia and Brazil of the Exploration and Production business. He has been our Human Resources Vice President since July 2007.

Daniel Cristian González Casartelli

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 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 Adecoagro S.A. Mr. Gonzalez has been our Chief Financial Officer since July 2012.

Carlos Alberto Alfonsi

Mr. Alfonsi graduated with a degree in chemistry from the 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 the Company, serving as an operations manager, 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. Mr. Alfonsi has been our Downstream Executive Vice President since June 2010.

José Emilio Apud

Mr. Apud graduated as an industrial engineer from the Engineering School of UBA. He completed postgraduate degrees in Energy Economics and Management Control of Large Projects at the Engineering School of UBA, in Regional Economic Analysis at the Institute for Economic and Social Development Di Tella Institute; and obtained a postgraduate specialization in Energy Conservation at Dupont WL, in the U.S. Among other positions, he served as Director of CAMMESA and Secretary of Energy and Mining of Argentina, in 2001. He was Founder and Vice President of IAE, Energy Institute G. Mosconi, between 1983 and 1989. He has owned Apud & Associates, a consulting firm in energy and the environment, since 2005. He serves as partner and director of AMPAR, a Paraguayan consulting firm and of Ecoriental, an Uruguayan consulting firm. In addition, he serves as Chairman of BAE S.A., a builder and developer, as Counselor at the Fundación Libertad y Progreso and as member of Fundación Pensar.

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. He has more than 20 years of experience in the oil and gas industry in Latin America, Europe and North Africa. Among other positions, he was Strategic Planning Manager for YPF Upstream Latin America, Country and General Manager for Repsol in Ecuador, Director for Corporate Development for Repsol Upstream, Director of Procurement for Repsol Upstream, Director of Planning and Control for Europe, Asia and Africa for Repsol Upstream and Technical Planning Director for Algeria projects. He has been our Shared Services Vice President since June 2012.

Omar Gutiérrez

Mr. Gutiérrez obtained a certified public accountant degree from National University of the Comahue in Neuquén. He served as General Director of Administration from 1992 to 2004 and, during 1995, General Director of Coordination, both within the Ministry of Government of the province of Neuquén. He was administrative prosecretary from 1999 to 2001 and Secretary in the Legislature of the province, from 2002 to 2003. He was the President of the Board of Directors of the Banco Provincia del Neuquén from 2005 to 2011. He was a member of the Deliberate Council of the city of Neuquén's Municipality and President of the Committee on Finance and Budget. He served as Minister of Economy and Public Work of the province of Neuquén. Currently, he serves as Governor of the Province of Neuquén.

Luis Gustavo Villegas

Mr. Villegas has worked in several positions in the oil industry since 1990. Currently, he serves as Undersecretary of the Union of Senior Staff and Professionals of Southern Patagonian Oil and Gas Private Sector and as a senior staff member of the Oil Tankers Mutual Commission.

Lucio Mario Tamburo

Mr. Tamburo graduated as a civil engineer from the National University of the South, Bahía Blanca. Among other positions, he served as Inspection assistant of the Provincial Roads Direction of the Province of Río Negro and as sanitation consultant in the National Undersecretary of Water Resources. He was the Engineering and Construction Manager and Service and Maintenance Chief of Bahía Blanca at Azurix Buenos Aires SA. He also served as Administrator of the National Entity of Water Works of Sanitation ENOHSA until December 2015.

Pedro Martín Kerchner Tomba

Mr. Kerchner Tomba obtained a degree as a certified public accountant from the Economic School of the Argentine Catholic University. He completed postgraduate degrees in financial strategy at the National University of Cuyo and in Taxation at the University of Tres de Febrero with a specialization in local taxation. Among other positions, he served as Administration Director of Justice and Security Minister of the Province of Mendoza, as Secretary of Finance of the Municipality of Godoy Cruz, Province of Mendoza and he was elected as provincial Deputy for the third electoral district of the Province of Mendoza. Currently, Mr. Kerchner Tomba is Minister of Finance of the Province of Mendoza.

Fernando Pablo 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, as South Division Business Support Manager, as Asset Manager of the El Guadal-Lomas del Cuyo, as Business Development Manager and Exploration and Production Business Development Director. In San Antonio, he was Vice President of Business Development and Vice President of the Latin America Division of Pride International. He later served as Vice President of Business Development at Pioneer Natural Resources of Argentina. In 2006, he founded Oper-Pro Services S.A. He has been our Strategy and Business Development Vice President since June 2012.

Jesús Guillermo Grande

Mr. Grande graduated with honors from the National University of Tucumán with an engineering degree. He worked in Schlumberger from 1993 to 2012. Over those 20 years, he held operational, managerial and staff positions in Kuwait, Argentina, Brazil, Angola, France and the United States. In his last five years, he served as Director of Human Resources and President of Testing Services. His specialty is management and operations optimization. Mr. Grande has been our Upstream Executive Vice President since January 2013.

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
Miguel Galuccio ⁽²⁾	Chairman, Chief Executive Officer and Director
Daniel González	Chief Financial Officer
Germán Fernández Lahore ⁽¹⁾	Legal Affairs Corporate Vice President
Jesús Grande	Upstream Executive Vice President
Carlos Alfonsi	Downstream Executive Vice President
Fernando Giliberti	Strategy and Business Development Vice President
Vacant	Communication and Institutional Relations Vice President
Fernando Dasso	Human Resources Vice President
Sergio Affronti	Shared Services Vice President
Daniel Palomeque ⁽¹⁾	Quality, Environment, Security and Health Vice President

(1) Owns less than one percent of our Class D shares as of March 8, 2016.

(2) On March 9, 2016 our Chairman and CEO Miguel Galuccio announced that he will step down at the end of his term, which ends at our next annual shareholders meeting, expected to be held in April 2016. See “—Board of Directors” above.

In addition to the above, the Company recently announced the creation of a new Gas and Energy Vice-President position for our gas and energy activities. Mr. Marcos Browne has been appointed to this position. Mr. Browne obtained his degree in industrial engineering from the Buenos Aires Institute of Technology (“IBTA”). He holds an MBA from Henley Management College in the U.K. and a degree in natural gas management and economics from the College of Petroleum and Energy Studies at the University of Oxford in the U.K. He also holds a specialization in economics of petroleum and natural gas from ITBA and a Management Development Program Certification from IAE Business School. He has held different positions at YPF, including the Head of Supply and Processing of Natural Gas between February 1994 and May 2000. He was the Head of Gas and Liquid Gas Processing business at TGS S.A., a company at which he held various positions between June 2000 and March 2004. He is a founding partner of Endriven S.A. and served as a Director until March 14, 2016. He also served as General Manager of Gas Meridional S.A., General Manager of C3Plus S.A. and President of Fuels Meridional S.A.

In addition to the members of our senior management for whom outside business interests and experience were described above, we include the following:

Germán Fernández Lahore

Mr. Fernández Lahore joined the Oil Affairs Management of YPF in February 2002. Prior to that, he worked as an attorney at Beccar Varela and as a foreign associate at Haynes and Boone, LLP in Dallas, Texas. He earned his law degree from UBA and participated in the Academy for American and International Law. As a Chevening scholar, he earned a master's degree in Natural

Resources Law and Policy from the University of Dundee, Scotland, United Kingdom. He obtained a postgraduate degree in tax law from the Austral University, Argentina. He completed the management development program at IAE. He is a member of the Academic Council of Argentine Journal of Energy, Hydrocarbons and Mining Law (*Revista Argentina de Derecho de la Energía, Hidrocarburos y Minería*). His areas of expertise include Oil, Natural Gas and Mining Law and Natural Resource Taxation and Financing. Among other positions held, he served as YPF Upstream Legal Affairs Manager. He currently serves as our Legal Affairs Corporate Vice President.

Daniel Palomeque

Mr. Palomeque graduated with a degree in Chemical Engineering from UNLP and obtained a master degree in Environmental Engineering from the Technological University of La Plata (“UTN”). He has also studied at the Massachusetts Institute of Technology. He began his career at YPF in 1980 in the area of lubricants at the La Plata refinery in various positions until his appointment as Planning Manager in 1998 and Latin America. Planning Director in 2000. He was promoted as Director of the Lujan Industrial Complex Cuyo in 2002 and in 2005 was appointed Director of the Industrial Complex in La Plata. He was also our Executive Manager Refining, and he is Chairman of the Argentine Institute of Oil and Gas of La Plata and professor at the UTN and UNLP. He has been our Quality, Environment, Security and Health Vice President since June 2014.

The Audit Committee

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

Composition and responsibilities of our Audit Committee

The Stock Market Law as defined in “Item 9. The Offer and Listing Argentine Securities Market” and Resolution No. 622/2013 of the Argentina National Securities Commission (*Comision Nacional de Valores*) (“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.”

The Board of Directors of the Company, at its meeting held on December, 22, 2015, appointed, the current members of the Audit Committee, who as of the date of this filing are: president Carlos Felices, members Miguel Angel Gutiérrez and Daniel Gustavo Montamat. Additionally, Mr. Felices 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 twelve meetings between March 2015 and March 2016.

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 assessment of the CFO 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, 2015, and comparative information, included in our report on Form 6-K submitted to the SEC on March 11, 2016.

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.

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 the date of this annual report, and pursuant to 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 ended December 31, 2015. In addition, the Audit Committee at its meeting in March 2016, as a result of the evaluation process outlined in the preceding paragraph, had no objections to the designation of Deloitte & Co. S.A. as our external auditors for the year ended December 31, 2016, which will be treated in a general shareholders' meeting to be held this year.

Independence of the Members of our Board of Directors and Audit Committee

Pursuant to CNV regulations, a director is not considered independent when such director (i) owns at least a 15% 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" as 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 date of this annual report, Directors Gustavo Alejandro Nagel, Néstor José Di Pierro, Juan Franco Donnini, Enrique Andrés Vaquié, Nicolás Alfredo Trotta, Carlos Felices, Miguel Ángel Gutiérrez, Daniel Gustavo Montamat, Fabián Rodríguez Simón and Emilio José Apud, and Alternate Directors Luis Gustavo Villegas, Lucio Mario Tamburo and Pedro Martín Kerchner Tomba 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 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 our annual reports on Form 20-F, and other information of a financial nature;
- take on activities similar to those stipulated in SEC regulations for a disclosure committee with respect to the existence and maintenance by us of adequate procedures and controls for the preparation and content of the information to be included in the annual financial statements, and any accounting or financial information to be filed with the CNV and other regulators of the stock markets on which our stock is traded; and
- formulate proposals for an internal code of conduct on the stock markets that follow applicable rules and regulations or any other standards deemed appropriate.

In addition, the Disclosure Committee reviews and supervises our procedures for the preparation and filing of:

- official notices to the SEC, the Argentine stock market authorities and other regulators of the stock markets on which our stock is traded;
- interim financial reports;
- press releases containing financial data on results, earnings, large acquisitions, divestitures or any other information relevant to the shareholders;
- general communications to the shareholders; and
- presentations to analysts, investors, rating agencies and lending institutions.

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

<u>Name</u>	<u>Position</u>
Miguel Galuccio ⁽¹⁾	Chairman, Chief Executive Officer and Director
Daniel González	Chief Financial Officer and President of the Disclosure Committee
Germán Fernández Lahore	Legal Affairs Corporate Vice President and Secretary of the Disclosure Committee
Jesús Grande	Upstream Executive Vice President
Daniel Palomeque	Quality, Environment, Security and Health Vice President
Carlos Alfonsi	Downstream Executive Vice President
Fernando Giliberti	Strategy and Business Development Vice President
Vacant	Communication and Institutional Relations Vice President
Fernando Dasso	Human Resources Vice President
Javier Fevre	Internal Auditor

Javier Sanagua

Reserves Auditor

- (1) On March 9, 2016 our Chairman and CEO Miguel Galuccio announced that he will step down at the end of his term, which ends at our next annual shareholders meeting, expected to be held in April 2016. See “—Board of Directors” above.

Recently, the Company announced the creation of a new Gas and Energy Vice-President position for our gas and energy activities. Mr. Marcos Browne has been appointed to this position. See “—Senior Management” above.

In addition to the members of our senior management for whom outside business interests and experience were described above, we include the following:

Javier Sanagua

Mr. Sanagua obtained a degree in geology from the National University of Tucumán with postgraduate studies at the management executive development program from the IAE at Austral University. Following positions as a university teacher and researcher. He joined YPF in 1996. Over 18 years of experience, he held positions in different areas such as Reservoir, Development, Exploration and Production. Also, he was District Chief, Manager of the Los Perales area, Manager of the Economic Unit from Cañadón Seco, province of Chubut, and after that, Director of Business Unit in Mendoza. He has been our Reserves Auditor since February 2013.

Javier Fevre

Mr. Fèvre obtained a certified public accountant degree from UADE. He has served as Auditor at the General Auditor Office, and as Advisor to the Deputy General Syndic at the Argentine Office of the General Comptroller. He was also Assistant Internal Auditor at the Ministry of Foreign Affairs, International Trade and Worship and General Coordinator of Internal Audit at Aerolíneas Argentinas S.A. He has been our Internal Auditor since September 2012.

Compliance with New York Stock Exchange Listing Standards on Corporate Governance

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 nomination 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. 622/13. The Company follows the CNV’s recommendation and has a Compensation Committee, established by the Board of Directors under the option provided in Article 17 clause (xii) of the Company’s by-laws, which currently is composed of Directors Miguel Galuccio, Carlos Alberto Felices, Miguel Ángel Gutiérrez, Fabián Jorge Rodríguez Simón and Fernando Dasso. Miguel Galuccio and Fernando Dasso are not independent. As a result of the foregoing, most of the members of the Compensation Committee are independent.

Shareholder approval of equity compensation plans

The NYSE rules require that, with limited exemptions, all equity compensation plans must be subject to a shareholder vote. Under Argentine law, the approval of equity compensation plans is within the authority of the board of directors.

Separate meetings for non-management directors

In accordance with the 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.

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, 2015 the aggregate compensation accrued to the members of the Board of Directors and YPF's executive officers for services in all capacities was Ps. 208.9 million, without including social security payments made by the Company as required by law, including Ps. 45.7 million in the form of an equity compensation plan, pension, retirement or similar benefits that YPF provides to members of its Board of Directors and executive officers and including Ps. 2.7 million in compensation paid to the members of the Supervisory Committee. During 2015, YPF's performance-based compensation programs included a performance bonus program for approximately 6,700 non-unionized YPF employees and 9,000 unionized YPF employees. This bonus program is intended to motivate and reward individuals for annual achievement of business objectives. The program 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 50% of such employee's annual base salary.

In 2015, our Shareholders' Meeting, as proposed by our Board of Directors, approved the creation of a voluntary reserve of Ps. 120 million to be set aside to fulfill our long-term incentive plan which contemplates compensation in shares for certain employees. To that end, the Company purchased its own shares in accordance with Section 64 et seq. of Law No. 26,831. For additional information see Note 1.b.10.iii to our Audited Consolidated Financial Statements. The share-based benefit plan: (i) encourages the alignment of performance of key personnel with the objectives of the strategic plan of the company, (ii) generates a clear and direct link between the creation of shareholder value and compensation of key personnel, rewarding them for achieving long-term results reflected in share price and (iii) assists in the retention of key personnel in the organization.

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 their 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." In 2015, the aggregate compensation paid to the members of the Supervisory Committee was Ps. 2.7 million.

The current members of the Supervisory Committee, the year in which they were appointed and the year their current term expires are as follows:

<u>Name</u>	<u>Class of Shares Represented</u>	<u>Age</u>	<u>Member Since</u>	<u>Term Expires</u>
Gustavo Adolfo Mazzoni	A	64	2015	2016(*)
Guillermo Cadirola	D	40	2015	2016(*)
Enrique A. Fila	D	56	2015	2016(*)
Raquel Inés Orozco (alternate member)	A	60	2015	2016(*)
Cecilia Carabelli (alternate member)	D	45	2015	2016(*)

(*) Members of our Supervisory Committee are appointed in connection with a fiscal year. Our shareholders, in the ordinary and extraordinary general shareholders' meeting held on April 30, 2015 appointed the members of our Supervisory Committee for fiscal year 2015.

Gustavo Adolfo Mazzoni

Mr. Mazzoni earned a certified public accountant degree and a postgraduate degree in finance from UBA. He also earned a degree in social psychology from the Pichon Riviere School of Psychology. Among other positions, he previously worked as a senior auditor for Price Waterhouse & Co., and 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 is currently the statutory auditor of several companies such as Aerolíneas Argentinas S.A., Austral S.A., Optar S.A., Centro de Ensayos de Alta Tecnología S.A., among others.

Guillermo Leandro Cadirola

Mr. Cadirola earned his degree as a certified public accountant from UBA, 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 Comptroller General, performing duties as statutory auditor at Administración General de Puertos S.E., ADIF S.E., All Central S.A. and All Mesopotámica S.A., among other public companies. He has extensive experience with the management of different multinational companies in the areas of operations, purchasing and finance.

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 is member of the Supervisory Committee of Tandanor S.A.I.C. y N., Aeropuertos Argentina 2000 S.A., Distribuidora de Gas Cuyana S.A., Radio y Television Argentina S.E., Veng S.A. and YPF Gas S.A., and alternate member of the Supervisory Committee 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., Telam S.E., and Sociedad del Estado Casa de Moneda.

Raquel Inés Orozco

Ms. Orozco obtained a law degree from UBA. Currently, she is member of the Supervisory Committee at the following companies: Central Térmica Guemes S.A., Telam S.E., Ubatec S.A., Inder S.E. (e.I), Foncap S.A., LT10 Radio Universidad del Litoral S.A., and alternate member of the Supervisory Committee at Loteria Nacional S.E.

Cecilia Leonor Carabelli

Ms. Carabelli has a law degree from the School of Law and Social Science of UBA. She completed postgraduate studies in Governmental Control at the Economics School of UBA. Among other positions she previously worked for the legal affairs Direction of the National Social Security Administration, in the Secretary of Social Development, she was also head of a Senators' Bureau at the Argentine National Senate, and she served as Member of the Administration Committee to the Fiduciary Fund for Mortgage Debtors, representing the Argentine National Ministry of Economy and Finance. She worked as Manager on behalf of the National Social Security Administration for the Federal Projects "Anses I and Anses II," financed partly by the World Bank. Currently, she is a member of the Argentine National Office of the Comptroller General, and is member of the Supervisory Committee of SIDERAR SACI (since 2001) and Nación Fideicomisos S.A.

Employee Matters

Our total workforce consists of permanent and temporary employees. As of December 31, 2013, 2014 and 2015, we had 17,747, 22,032 and 22,025 employees, respectively. In 2015, this included 10,192 employees in the Downstream business segment, 4,443 employees in the Upstream business segment, and 7,390 employees in the Corporate and Other business segments. We had 2,608 temporary employees in 2015. The most significant variations in 2015 included an increase in the Upstream business of 225 employees and the increase of 96 employees in OPESSA as a result of natural rotation of oil station personnel. In addition, a decrease of 125 employees as a result of the merging process of staff units in YSUR (2015 acquisition of Apache Group in Argentina), a part of the Upstream business, and A-Evangelista S.A., which is part of the Corporate and Other business segments, decreased during 2015 by approximately 423 employees (411 of which are temporary labor contracts to prevent further claims which is standard in construction hires) mostly dedicated to the final stage of the coke unit at our refinery in La Plata. Approximately 40% of our employees are represented by the Federation of Oil Workers Union ("SUPeH") that negotiates labor agreements and salaries that apply to YPF and OPESSA unionized employees. SUPeH is continually 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 addition, labor conditions and salaries of third-party employees, are represented by sixteen other unions. Approximately 60% of third-party employees, mostly in Upstream business, are represented by nine unions with whom we directly negotiate their labor agreements and salaries. These unions are clustered in three groups, Petroleros Privados with five unions, Personal Jerárquico with three unions and SUPeH Emprendimientos. The remaining 40% of third-party employees are represented by unions with whom we do not participate in labor agreements.

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) as of 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 that amounted to Ps. 686 million. A substantial majority of lawsuits that originated as a consequence of this 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, 2015, YPF was a party in approximately 1,243 labor lawsuits that 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 contributory health and welfare plans covering its full-time employees and their dependents. Maxus provides matching contributions of up to 6% of employees' deferrals to the employee savings plan, along with a non-discretionary contribution of 7.5%, which was implemented following the termination of the Maxus pension plan. There is a non-qualified pension plan where a small number of executives receive contributions associated with the savings plan, which would have been denied them due to IRS annual limits. Retiree health and life insurance coverage for active employees was terminated in October 2011. Maxus continues to provide health and welfare plans to a select group of retired employees who were promised coverage for life at no cost to them. The coverage provided varies by the year in which the employees retired and the companies they retired from. Due to the advanced ages of these retirees, this is a significantly decreasing population. Maxus continues to provide supplemental noncontributory and non-qualified retirement payments to certain former executives, officers, and surviving spouses, which is a closed group.

As of December 31, 2015, there were also approximately 49,000 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, 2015.

<i>Employees by Business Units</i>	
Upstream	4,443
Downstream	10,192
Refining and Marketing	8,765
Chemicals	39
Natural gas distribution and Electricity Generation(1)	1,388
Corporate and Other(2)	7,390
Total YPF	<u>22,025</u>

- (1) Includes 1,303 employees of Metrogas S.A. and its subsidiaries
(2) Includes 5,437 employees of A-Evangelista S.A. and its subsidiaries.

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

<i>Employees by geographic location</i>	
Argentina	21,852
Rest of South America	146
United States	27
Total YPF	<u>22,025</u>

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 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.” Additionally, see “Item 4. Information on the Company—Regulatory Framework and Relationship with the Argentine Government—Law No. 26,932” for a description of the agreement between Repsol and the Argentine Republic relating to compensation for the expropriation of 51% of the share capital of YPF owned, directly or indirectly, by Repsol.

As of the date of this annual report, the transfer of the shares subject to expropriation between the National Executive Office and the provinces that compose the National Organization of Hydrocarbon Producing States is still pending. According to Article 8 of the Expropriation Law, the distribution of the shares among the provinces that accept their transfer must be conducted in an equitable manner, considering their respective levels of hydrocarbon production and proved reserves. To ensure compliance with its objectives, the Expropriation Law provides that the National Executive Office, by itself or through an appointed public entity, shall exercise all the political rights associated with the shares subject to expropriation until the transfer of political and economic rights to the provinces that compose the National Organization of Hydrocarbon Producing States is completed. In addition, in accordance with Article 9 of the Expropriation Law, each of the Argentine provinces to which 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 March 9, 2016:

	<i>Number of shares</i>	<i>(%)</i>
National State - Ministry of Energy and Mining ⁽¹⁾	200,589,525	51.000%
Public ⁽²⁾⁽³⁾	171,545,458	43.621%
Slim Family ⁽⁴⁾	21,126,000	5.372%
Argentine federal and provincial governments ⁽⁵⁾	11,388	0.003%
Employee fund ⁽⁶⁾	40,422	0.010%

- (1) The expropriated Class D shares, which represent 51% of our share capital, and which now are owned by the Republic of Argentina 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," "Decree 13/2015" and "Decree 272/2015."
- (2) According to data provided by The Bank of New York Mellon, as of March 9, 2016.
- (3) According to data provided by The Bank of New York Mellon, as of March 9, 2016, there were 172,078,241 ADSs outstanding and 54 holders of record of ADSs. Such ADSs represented approximately 44 % of the total number of issued and outstanding Class D shares as of such date.
- (4) According to Schedule 13G filed with the SEC on February 16, 2016. "Slim Family" consists of Carlos Slim Helú, Carlos Slim Domit, Marco Antonio Slim Domit, Patrick Slim Domit, María Soumaya Slim Domit, Vanessa Paola Slim Domit and Johanna Monique Slim Domit through Inmobiliaria Carso, S.A. de C.V. and Grupo Financiero Inbursa, S.A.B. de C.V.
- (5) Reflects the ownership of 3,764 Class A shares and 7,624 Class B shares by the Argentine federal government and provincial governments, respectively.
- (6) Reflects the ownership of 40,422 Class C shares.

Related Party Transactions

All material transactions and balances with related parties as of December 31, 2015 are set forth in Note 6 to the Audited Consolidated Financial Statements. The main related party transactions were our sales of refined and other products to certain joint ventures and affiliates (which amounted to Ps. 3,596 million in 2015), our purchase of petroleum and other products that we do not produce ourselves from certain joint ventures and affiliates (which amounted to Ps. 1,773 million in 2015), all this in addition to what is mentioned in the following paragraphs.

In addition, the Expropriation Law 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 is a related party of the Company. Consequently, and in addition to transactions mentioned in paragraph above, we are party to numerous agreements with the federal government, as well as with certain agencies or institutions dependent on such governments and stated-owned companies.

The information disclosed in Note 6 to the Audited Consolidated Financial Statements disclose the balances with joint ventures and affiliated companies as of December 31, 2015, December 31, 2014 and December 31, 2013, and transactions with the aforementioned parties for the twelve-month periods ended December 31, 2015, 2014 and 2013. 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.

In addition, see Note 1.b.10.iii to our Audited Consolidated Financial Statements regarding our long-term share compensation plan offered to certain personnel.

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 Stock 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 Stock 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 Stock Market Law, “related party” means (i) directors, members of the supervisory committee or 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 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. 8,495 million net of Ps. 2,029 million corresponding to YPF Holdings, Ps. 6,513 million and Ps. 4,674 million as of December 31, 2015, 2014 and 2013, 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 management’s reasonable estimate, based on the information available as of the date of the issuance of the accompanying Financial Statements, of the probable outcome of the above-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, including ENARGAS Resolution No. 1410/10, 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 required 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 and/or preserving their rights for future claims related to these matters.

On June 25, 2008, AES Uruguaiana Empreendimentos S.A. (“AESU”) claimed damages in a total amount of U.S.\$28.1 million for natural gas “deliver or pay” penalties for cutbacks accumulated from September 16, 2007 through June 25, 2008. AESU also claimed an additional amount of U.S.\$2.7 million for natural gas “deliver or pay” penalties for cutbacks accumulated from January 18, 2006 until December 1, 2006. YPF has contested both claims. On September 15, 2008, AESU notified YPF of the interruption of the fulfillment of its commitments alleging delay and breach of YPF obligations. YPF has contested the arguments of this notification. On December 4, 2008, YPF notified AESU that the force majeure conditions had ceased and, pursuant to the contract in force, it would suspend its delivery commitments due to the repeated breaches of AESU’s obligations. AESU has contested this notification. On December 30, 2008, AESU contested YPF’s right to suspend its natural gas deliveries and on March 20, 2009, notified YPF of the termination of the contract. On March 20, 2009 AESU formally notified YPF of the termination of the contract. On April 6, 2009, YPF initiated an arbitration process at the International Chamber of Commerce (“ICC”) against AESU, Companhia do Gas do Estado do Rio Grande do Sul (“Sulgás”) and Transportadora de Gas del Mercosur S.A. (“TGM”). On the same date YPF was notified by the ICC of an arbitration process initiated by AESU and Sulgás against YPF in which they claim, among other matters considered inadmissible by YPF, consequential loss, AESU’s plant dismantling costs and the payment of “deliver or pay” penalties mentioned above, all of which totaled approximately U.S.\$1,052 million.

Additionally, YPF was notified of an arbitration process brought by TGM at the ICC, claiming YPF owed approximately U.S.\$10 million plus interest up to the date of effective payment in connection with the payment of invoices related to a gas transportation contract entered into in September 1998 between YPF and TGM, associated with the aforementioned natural gas exportation contract signed with AESU. On April 8, 2009, YPF requested that this claim be denied and counterclaimed for the termination of the natural gas transportation contract based on its rights upon the termination by AESU and Sulgás of the related natural gas export contract. In turn, YPF initiated an arbitration process at the ICC against TGM, among others. YPF received the reply to the complaint from TGM, who requested the full denial of YPF’s claims and introduced a counterclaim against YPF asking the arbitration tribunal to compel YPF to compensate TGM for all present and future damages suffered by TGM due to the termination of the gas transportation contract and the memorandum of agreement dated October 2, 1998 by which YPF undertook to pay irrevocable non-capital contributions to TGM in return for the Uruguayana Project pipeline expansion. TGM also requested the panel hold AESU-Sulgás – if it finds that the termination of the Gas Contract occurred due to the breach of AESU or Sulgás—jointly and severally liable to indemnify TGM for all damages caused by such termination. Additionally, on July 10, 2009, TGM increased the amount of its claim to U.S.\$17 million and claimed an additional amount of approximately U.S.\$366 million for loss of profits, both contested by YPF.

On April 6, 2011, the arbitration tribunal appointed in the “YPF vs. AESU” arbitration sustained YPF’s motion, and consolidated all the related arbitrations (“AESU vs. YPF,” “TGM vs. YPF” and “YPF vs. AESU”) into the “YPF vs. AESU” arbitration.

On May 24, 2013 YPF was notified of the partial award decreed by a majority in the “YPF vs. AESU and TGM” arbitration whereby YPF was held responsible for the termination in 2009 of the natural gas export and transportation contracts signed with AESU and TGM. The award only determined the liability of the parties, leaving the determination of the damages that could exist subject to the subsequent proceedings before the same tribunal. Moreover, the tribunal rejected the admissibility of “deliver or pay” claims asserted by Sulgás and AESU for the years 2007 and 2008 for U.S.\$28 million and for the year 2006 for U.S.\$2.4 million.

On May 31, 2013, YPF filed with the arbitration tribunal a writ of nullity, in addition to making several presentations in order to safeguard its rights. Against the rejection of the writ of nullity, on August 5, 2013 YPF filed an appeal with the National Court of Appeals in commercial matters.

On July 29, 2013, the arbitration tribunal rejected the nullity request and suspended the arbitration proceedings until September 30, 2013. On October 17, 2013 the arbitration tribunal resumed the proceedings and established a proceeding schedule to be held during 2014, during which the reports of the experts proposed by the parties occurred.

On October 23, 2013 the National Court of Appeals in commercial matters declared its jurisdictional incompetency and reassigned the nullity request to the National Court of Appeals in the Federal Contentious Administrative Tribunal. On December 16, 2013, the intervening official issued its opinion in favor of the competence of this court.

On December 27, 2013, the Federal Court of Appeals in administrative litigation matters granted the reconsideration motion from denial on appeal, then sustained the appeal for procedural violations and stayed relief pending the arbitration process. In addition, the court granted, until the appeal for procedural violations is finally admitted, a restrictive injunction to prevent the advance of the arbitration process while a decision on the reconsideration motion from denial on appeal and on the appeal for procedural violations filed by YPF is pending.

On January 10, 2014, YPF was served with (i) the complaint for damages filed by AESU with the arbitration tribunal claiming a total amount of U.S.\$815.5 million and (ii) the complaint for damages filed by TGM with the arbitration tribunal claiming a total amount of U.S.\$362.6 million. On April 25, 2014, YPF filed a reply to the complaint for damages with the arbitration tribunal, contesting the amounts claimed by TGM and AESU and alleging that the amounts were incorrect due to errors in the technical valuations. On July 8, 2014, TGM filed an answer to the reply, to which YPF in turn replied on September 23, 2014 with a second answer.

On October 7, 2014, the Argentine Federal Court of Appeals ordered a suspension of the second stage of arbitration until it issues a final decision on the writ of nullity filed by YPF against the arbitral award on adjudication of liability. On October 31, 2014, the arbitration tribunal suspended the arbitration process until February 2, 2015. On April 24, 2015, the arbitral panel resumed the proceedings and invited the parties to consult with each other regarding the continuation of the arbitration and to provide a joint or individual report on next steps. YPF notified the Federal Contentious Administrative Tribunal of the decision on April 27, 2015 given that the order to suspend the arbitration proceedings was in effect. On July 2, 2015 the arbitration tribunal ordered hearings for the second stage of arbitration to take place on November 16 and 17 of 2015. YPF notified the Federal Court of Appeals of the decision on July 13, 2015. Although the Federal Court of Appeals ordered the suspension of the second stage of the arbitration, the hearings proceeded without the presence of TGM and YPF. On December 23, 2015, the National Court of Appeals in the Federal Contentious Administrative Tribunal granted the nullity request and vacated the partial arbitral award. On the same date, YPF notified the arbitration tribunal of the decision and requested the termination of the arbitration proceeding. On February 3, 2016 TGM filed an extraordinary appeal against the National Court of Appeals ruling to the Supreme Court of Justice. On February 2, 2016 AESU and Sulgas filed a nullity request against the National Court of Appeals ruling. On February 23, 2016 the National Court of Appeals rejected AESU and Sulgas nullity request “in limine.”

AESU petitioned the Uruguayan courts to nullify the rulings of the arbitration tribunal regarding the suspension of the arbitration process and injunction preventing YPF from attempting to halt the arbitration process. AESU has attempted to serve notice of the rulings of the Uruguayan courts, and YPF opposed this notice due to formal defects and the lack of jurisdiction of the Uruguayan courts in this matter. The Argentine Federal Court of Appeals notified the Uruguayan courts. On July 16, 2015 the Federal Contentious Administrative Tribunal 3 rejected one of the judicial petitions through which AESU tried to serve the nullity petition of the Arbitration Tribunal that declared the suspension of the Arbitration. On September 4, 2015 AESU requested an appeal. On December 23, 2015 the National Court of Appeals in the Federal Contentious Administrative Tribunal rejected the appeal and confirmed the resolution of the lower court.

Considering the information available as of the date of issuance of the accompanying financial statements, the estimated time remaining until the end of the proceedings, the outcomes of the additional evidence presented in the continuation of the dispute and the provisions of the partial award, YPF has accrued its best estimate with respect to the amount of the claims.

In addition, YPF is subject to certain claims related to transportation fees and charges associated with transportation services under contracts associated with natural gas exports. Transportadora de Gas del Norte S.A. (“TGN”), one of the parties to these contracts, initiated mediation proceedings with us in order to determine the merits of its claim. The mediation proceedings did not result in an agreement and, on March 12, 2010, YPF was notified of the lawsuit filed by TGN 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 notice addressed to the Company in November 2011. On April 3, 2013, YPF was notified of the lawsuit filed by TGN claiming damages. The total amount claimed by TGN amounts to approximately U.S.\$207 million. Additionally, the plaintiff notified us that it was terminating the contract, claiming 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 the jurisdiction of ENARGAS) to resolve this matter. Additionally, on January 12, 2012 and following a mediation process which ended without any agreement, Nación Fideicomisos S.A. (“NAFISA”) filed a complaint against YPF before ENARGAS, under Article 66 of Law No. 24,076, claiming the payment of Ps.339 million in relation to payments of applicable fees for natural gas transportation services to Uruguaiana relating to the transportation invoices claimed by TGN. On February 8, 2012, we answered the claim raising ENARGAS’s lack of jurisdiction as we did in the proceeding against TGN, in consolidation with the trial “TGN / YPF”, and rejecting the claim based on the theory of legal impossibility. On the same date, a similar order of confirmation was also submitted in the “TGN / YPF” matter. On April 12, 2012, ENARGAS ruled in favor of NAFISA.

On May 12, 2012, YPF filed an appeal against such ruling to the National Court of Appeals in the Federal Contentious Administrative Tribunal. On November 11, 2013 the National Court of Appeals in the Federal Contentious Administrative Tribunal ruled in favor of NAFISA. On November 19, 2013, YPF filed an ordinary appeal against such ruling to the Supreme Court of Justice. On November 27, 2013 YPF filed an extraordinary appeal against such ruling to the Supreme Court of Justice. 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 29, 2015, the Supreme Court of Justice overruled the National Court of Appeals in the Federal Contentious Administrative Tribunal holding that ENARGAS has no jurisdiction in order to hear NAFISA’s claim.

On September 18, 2012, the judge presiding in the “TGN / YPF” matters: a) dismissed the order of consolidation 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) accepted YPF’s claim that 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, terminated the contract; c) extended the demand for which TGN claims invoices relating to services for November and December 2010; and d) opened 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 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 matter, the Teoría de la Imprevisión (hardship provision under Article 1198 of the Argentine Civil Code) available under Argentine law when extraordinary events render a party’s obligations excessively burdensome.

On April 3, 2013, the complaint for damages brought by TGN was filed, whereby TGN claimed YPF should pay the amount of U.S.\$ 142 million, plus interests and legal fees for the termination of the transportation contract, and that YPF would have 30 days to file and answer thereto. On May 31, 2013, YPF answered the claim requesting the dismissal thereof. On April 3, 2014, the evidence production period commenced for a 40-day lapse, and the court notified the parties that they shall submit a copy of evidence offered by them to create exhibit binder. As of the date of these annual report, evidence offered by the parties is being produced.

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 and for payment 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 Argentine government 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. Subsequently, the Judge ordered YPF to file an improvement plan, which YPF filed on March 2013. The plan was analyzed by court experts, who presented their report. YPF was served and presented a request for clarification. The court approved the improvement plan on June 25, 2013. On March 17, 2015, the court requested YPF to provide certain information on the plan and stated it would be premature to start a monitoring program.

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 adjacent to the La Plata refinery, including the conduct of characterization and risk assessment studies of sediments. The agreement provides that when a required remediation action is identified as a result of a risk assessment study, different alternatives and available techniques will be considered, as well as the steps needed for its implementation. Studies to determine how old the contamination is will also be performed pursuant to the agreement, in order to evaluate whether the Argentine government should be liable for such contamination pursuant to its obligation to hold us harmless under the Privatization Law, which established the procedures for our privatization. YPF has provided an accrual of the estimated cost of the characterization and risk assessment studies mentioned above. The cost of the remediation actions, if required, will be recorded in those situations where the loss is probable and can be reasonably estimated.

Quilmes claims. We have been notified of several 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; therefore, we have sued the Argentine government to obtain a declaratory judgment declaring this administrative decision null and void. Such declaratory judgment is still pending. On December 18, 2014 the Argentine government was cited, by notification of the demand and its extensions, by letter to the Ministry of Federal Planning.

There are 24 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. For 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 the issuance of the accompanying financial statements.

Users and Consumers Union Association claim. The Users and Consumers Union Association is seeking reimbursement of allegedly excessive prices charged to bulk LPG consumers between 1993 and 2001. The original claim was against Repsol YPF but has been extended to YPF. 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. 502 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 limitations had already elapsed.

On December 28, 2015, the Court of First Instance ruled partially in favor of the plaintiffs. The court ordered YPF to remit Ps. 98.2 million plus interest to the National Secretariat of Energy into the trust fund created by Law No. 26,020. This amount pertains to the claims for the period 1993 through 1997. Determination of the final amount is pending a subsequent settlement stage.

The court ruled against the plaintiffs in respect of their claim for damages from 1997 to 2001. YPF appealed the decision. As of December 31, 2015, YPF has provisioned approximately Ps. 503 million plus trial costs for these matters.

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 the date of issuance of the accompanying financial statements and in consultation with 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 development 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 for a more definitive statement of claims. 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 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 finalized the 60-day period of suspension ordered.

On December 1, 2014, ASSUPA sued the companies operating production concessions and exploration permits in the Northwest basin, including us, claiming for the remediation of 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. YPF expects to respond within the required time period and to assert available defense appropriate to the case. The required time period to answer the complaint is currently suspended.

On December 30, 2014 the Supreme Court issued two interlocutory judgments. In the first judgment, it supported the claim of the Provinces of Neuquén and La Pampa, and declared that all environmental damages related to local and provincial situations were outside the scope of his original competence, and that only “inter-jurisdictional situations” (such as the Colorado River basin) would fall under his venue.

In the second judgment, the court rejected the petition filed by ASSUPA to incorporate Repsol and the directors who served in YPF until April 2012 as a necessary third party. The Court also rejected precautionary measures and other proceedings related to such request. Additionally, it should be noted that the Company is aware of three other legal claims that have been brought by ASSUPA against:

- i) Concessionaire companies in the San Jorge Gulf basin areas: YPF received a notification which was declared invalid because of formalities that were not followed. As a result, the terms of the procedure were suspended;
- ii) Concessionaire companies in the Austral basin areas: In this case, a highly expedited action has been ordered. A precautionary measure has also been ordered to inform different entities about the existence of the trial and the defendants may provide certain information, a decision already appealed by YPF, which has not been ruled on by the Appellate Court. On November 3, 2015, YPF was served with the complaint. Currently, the reply period is suspended at YPF’s request.
- iii) Concessionaire companies in the Northwest basin areas: On December 1, 2014, YPF was notified of the complaint. Currently, the reply period is suspended at YPF’s request. In addition, Pan American Energy preemptorily challenged the intervening judge, and as a result the case was referred to the Federal Court No. 2 of Salta.

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 prior 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 taking preventive measures in the area. The Argentine government, 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 a Restructuring Industrial Plan. Additionally, the Argentine Supreme Court declared that it will determine whether and how much liability is to be borne by the parties involved. In the Cicero lawsuit, the plaintiffs, who are residents of Villa Inflamable, Dock Sud, also demand the environmental remediation of Dock Sud and Ps.33 million in compensation for physical and property damages against many companies that have operations there, including us. We answered the complaint by requesting its rejection and asked the citation of the Argentine government, due to its obligation to indemnify us against any liability and hold us harmless for events and claims prior to January 1, 1991, according to the Privatization Law and Decree No. 546/1993.

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:

CNDC claims. On November 17, 2003, the CNDC requested explanations, within the framework of an official investigation pursuant to Article 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 Article 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 No. 25,156. On January 15, 2007, the CNDC charged us and eight other producers with violations of Law No. 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 to public bus transportation companies. The alleged conduct consists of selling bulk diesel to public bus transportation companies at prices higher than the price charged in service stations. According to the provisions of Article 29 of the Antitrust Protection Law, YPF has submitted the corresponding explanations to the CNDC, questioning certain formal aspects of the complaint, and arguing that YPF has acted at all times in conformity with current regulations and that it did not engage in any discrimination or abuse in determining prices.

On January 26, 2012, the Argentine Secretariat of Domestic Commerce issued Resolution No. 6/2012 whereby (i) each of these five oil companies was ordered to sell diesel 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 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, until the appeal is ruled upon. Against that preliminary injunction, the Argentinian government presented an extraordinary federal appeal, which has not yet been served to YPF. On December 9, 2014, the Federal Civil and Commercial Appeals Court has ruled that the case has become moot and that there are no actual consequences for YPF arising from the challenged Resolution, since prices of the diesel to public bus transportation have suffered several variations since the date such Resolution entered into effect.

We are also subject to other claims before the CNDC that 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.

Quilmes and other relevant 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. 421 million in compensation for personal damages.

Petersen Energía Inversora, S.A.U. and Petersen Energía, S.A.U. claims. On April 8, 2015, Petersen Energía Inversora, S.A.U. and Petersen Energía, S.A.U. (together, “Petersen”) both former shareholders of YPF’s Class D shares, sued the Argentine Republic and YPF in the United States District Court for the Southern District of New York.

The suit is being brought by Petersen’s receiver pursuant to a liquidation proceeding in a Spanish bankruptcy court. The complaint sets forth claims relating to the expropriation of Repsol’s majority interest in YPF by the Argentine Republic in 2012, alleging that it triggered an obligation by the Argentine Republic to make a tender offer to all other YPF shareholders. The claims are based on allegations that the expropriation violated contractual obligations in the prospectus for YPF’s IPO and in YPF’s bylaws and seeks unspecified damages.

The Company believes the lawsuit has no merit and has filed a motion to dismiss the complaint. Petersen has filed an opposition to YPF’s motion. As of the date of this annual report, YPF’s motion remains pending before the court.

Bankruptcy petition by Pan American Sur S.A., Pan American Fuegoína S.A. and Pan American Energy LLC Sucursal Argentina. On September 18, 2015, Metrogas became aware of the existence of bankruptcy petitions by Pan American Sur S.A., Pan American Fuegoína S.A. and Pan American Energy LLC Sucursal Argentina pending before the National Court of First Instance in Commercial Issues No. 26, Secretariat No. 51, Autonomous City of Buenos Aires. As of the date of this annual report, Metrogas has not received any notification regarding this petition; however, it will vigorously defend its rights.

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 Article 29 of the Antitrust Protection Law. On January 21, 2004, we submitted explanations in accordance with Article 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. The CNDC requested information in relation to the prices in the internal and external markets for 2000 to 2008 and that we file the LPG export contracts signed from 2001 to 2004 as well as explain the evolution of the prices in the internal and external markets of propane and butane during the March to December period from 2001 to 2004. 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.

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 ruling 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.

Additional Information

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 cleanup is not practicable, the plaintiff request a 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. The complaint was never served to the Company and the docket is filed.

YPF Holdings

The following is a brief description of certain environmental and other liabilities related to YPF Holdings, a Delaware corporation and a wholly-owned subsidiary of YPF, and certain of its subsidiaries, including Maxus and Tierra. 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 Company, to Occidental in 1986, Maxus agreed to indemnify Chemicals Company and Occidental from and against certain liabilities relating to the business or activities of Chemicals Company prior to the Closing Date, including certain environmental liabilities relating to certain chemical plants and waste disposal sites used by Chemicals Company 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, 2015, YPF Holdings' accruals for environmental and other contingencies totaled approximately Ps. 3.821 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, such contingencies are subject to significant uncertainties, including the completion of ongoing studies, the discovery of new facts, allocation of responsibility among potentially responsible parties, 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, the signing of participation agreements, 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 available information as of the date of issuance of the accompanying Financial Statements 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's obligations.

1. Environmental matters at the Lister Avenue site and the Passaic River

1.1. Environmental issues related to the lower eight miles of the Passaic River

Newark, New Jersey. A consent decree, previously agreed upon by the EPA, the New Jersey DEP and Occidental, as successor to Chemicals Company, was entered in 1990 by the United States District Court of New Jersey for Chemicals Company's 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 between Maxus and Occidental. Operations and maintenance of the constructed remedy are ongoing.

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 about 70 companies (including Occidental and TS) of the lower 17-mile portion of the Passaic River (including the 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 remediation work with the EPA. The entities that have agreed to fund the remedial investigation and feasibility study (“RI/FS”) have negotiated an interim allocation of RI/FS costs among themselves based on a number of considerations. This group, consisting of approximately 70 companies is referred to as the Cooperating Parties Group (the “CPG”). 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”). 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 aforementioned AOC. The RI/FS concerning the 2007 AOC is expected to be completed in 2016 together with the filing with the EPA by the CPG of a preliminary report containing its recommendation as to preferred remediation. The EPA will have to assess such recommendation and then render an opinion in this connection. This process may take from 12 to 18 months. After an agreement is reached by the CPG and the EPA on preferred remediation, the report will be published for public comment, which will be considered for the purpose of issuing an ROD or final decision on remediation of the RI/FS area (which includes the FFS area described in the ROD).

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. In the second half of 2014, Tierra submitted to the EPA its report (thus completing phase 1) and still expects the EPA’s comments on the proposed work plan. Tierra previously estimated that the total cost to implement the CSO AOC is approximately U.S.\$5.0 million and will take approximately two more years to be completed once the EPA authorizes phase 2 (the work plan).

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 the 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, 2013, the parties had not agreed to Tierra’s proposal. In July 2014, the EPA advised Tierra that it anticipated at the end of 2014 to propose the means by which Tierra would accomplish the necessary modeling of Newark Bay sediment processes. Although the EPA was considering three alternatives, at December 31, 2015 EPA had not yet laid out a course of action for Tierra. At this time, 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.

- Lister Avenue Removal Action.

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 Company’s 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 for the execution of the removal work which could decrease or increase over time if the anticipated cost of completing the removal work contemplated by the AOC changes. 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 Company plant. YPF Holdings may seek cost recovery from the parties responsible for such contamination; however, at this time it is not possible to make any predictions regarding the likelihood of success or the funds potentially recoverable in a cost-recovery action. The removal work required pursuant to the Removal AOC will be conducted concurrently with and in addition to the other investigations and remedial actions described above, including those undertaken in connection with the FFS concerning the lower eight miles of the Passaic River, 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. The FFS published on April 11, 2014 states that Phase II of the removal action will be implemented consistently with the FFS. On September 18, 2014, the EPA requested TS develop a work plan to carry out an additional sampling of the Phase II area. The sampling was completed in the first quarter of 2015 and TS is expected to present the validated results to the EPA during 2016. The Record of Decision issued by the EPA on March 4, 2016 referred to in section 1.2 below assumes that Phase II would be implemented in advance of or in conjunction with the remedial work in the lower 8.3 miles of the Passaic River.

1.2. Focused Feasibility Study (“FFS”) for remedial action in the lower eight miles of the Passaic River

First draft – 2007. In June 2007, the EPA released a draft Focused Feasibility Study that outlined several alternatives for remedial action in the lower eight miles of the Passaic River. As a result of comments received, the EPA withdrew the FFS for revision and further consideration of the comments.

On November 14, 2013, the EPA described four alternatives it was considering in the revised FFS, including: (i) no action, (ii) deep dredging with backfill of 9.7 million cubic yards over 12 years, which it estimated would cost U.S.\$1.4 billion to U.S.\$3.5 billion, depending on whether the dredged sediment is disposed of in a confined aquatic disposal facility (“CAD”) at the bottom of Newark Bay, at an off-site disposal facility or locally decontaminated and put to beneficial use; (iii) capping with dredging of 4.3 million cubic yards over six years, which it estimated would cost U.S.\$1.0 billion to U.S.\$1.8 billion, depending on whether there is a CAD, off-site disposal or local decontamination and beneficial use; and (iv) one additional alternative that it subsequently discarded.

Second draft – 2014. On April 11, 2014, the EPA published the revised FFS for the lower eight miles of the Passaic River in final form. In the final FFS, the EPA recommended as its preferred remedial action for this area removal of approximately 4.3 million cubic yards of sediment through bank-to-bank dredging, which sediments would then be dehydrated locally and transported by train for their incineration or disposal at an off-site disposal facility. An engineering cap (a physical barrier mainly consisting of sand and stone) would then be placed over the bank-to-bank dredged area. In its final FFS, the EPA estimated the cost of the preferred remedy (without CAD) for the lower eight miles of Passaic River to be U.S.\$1,731 million (present value estimated with a 7% discount rate).

On August 20, 2014, Maxus and Tierra, on behalf of Occidental, submitted extensive comments on the final FFS to the EPA. The main comments offered by Maxus, Tierra and Occidental on the final FFS were:

- The FFS is not a process legally authorized to select the type and size of remediation proposed by the EPA for the lower eight miles of the Passaic River;
- The FFS is based on a flawed site design;
- The FFS overstates the human health and ecological risk issues;
- The proposed remediation plan is not executable or economically reasonable in terms of cost-benefit;
- The processes of the EPA Region 2 have a lack of public transparency; and
- The inclusion in the remediation plan of dredging for navigational purposes is not covered by the regulation.

In addition to the comments received from Maxus and Tierra, the EPA also received comments from approximately 400 other companies, institutions, government agencies, non-governmental organizations and individuals, including the CPG, Amtrak (the federal railway company), NJ Transit, the American Army Corps of Engineers, the Passaic Valley Sewerage Commission, yacht clubs, public officials and others.

In addition to commenting on the final FFS, Maxus and Tierra have proposed a preliminary project called In-ECO, which is an ecological and sustainable bio-remediation alternative, as a substitute for the remediation chosen by the EPA in its final FFS. Maxus and Tierra presented In-ECO to the EPA in May 2014. The EPA provided comments in September 2014, and Maxus and Tierra presented a revised version in November 2014. The EPA provided additional comments to the In-ECO Statement of Work in March 2015. Tierra subsequently developed responses to those comments and submitted them to the EPA. A meeting was held in September 2015 between Tierra, its experts, and the EPA. During this meeting, certain issues were resolved, and laboratory studies are now anticipated to begin sometime in early 2016.

In October 2015, the U.S. Government Accountability Office (the “GAO”) advised Maxus, Tierra and Occidental that it had commenced a study on some “Superfund” sites with sediment contamination issues, including the Lower Section of the Passaic River, at the request of the Committee of Environmental Matters and Public Works of the United States Senate. It is anticipated that the GAO’s report will be made public in the third quarter of 2016.

On March 4, 2016, subsequent to the issuance of the accompanying Financial Statements, EPA released the Record of Decision for the “Lower 8.3 Miles of the Lower Passaic River, Part of the Diamond Alkali Superfund Site—Essex and Hudson Counties, New Jersey” (hereinafter, the “ROD”).

The ROD presented the selected remedy to address contaminated sediments found in the lower 8.3 miles of the Lower Passaic River, a part of the Diamond Alkali Superfund Site. In this regard, the EPA selected Alternative 3 (capping with dredging for flooding and navigation of 3.5 million cubic yard over 6 years term). This approach is consistent with the alternative selected in the Second Draft FFS – 2014 but for the amount of sediment to be removed through bank-to-bank dredging (which was approximately 4.3 million cubic yards in the FFS 2014 draft and is approximately 3.5 million cubic yards in the ROD).

The ROD provides that the estimated total net present value costs to be US\$ 1,382 million. This amount is consistent with the amount provided in the FFS – 2014 Draft, taking in consideration a reduction of 0.8 million cubic yards to be removed between the two reports. According to the EPA, a major source of dioxin in the river was discharges from the former Diamond Alkali facility in Newark, where the production of Agent Orange and other pesticides during the 1960s generated dioxin that contaminated the land and the river.

The EPA further stated that the selected alternative is the first of three remedies to be selected for the Lower Passaic/Newark Bay waterway, highlighting that separate RI/FSs are being conducted for the full 17-mile Lower Passaic River Study Area and for the Newark Bay Study Area. Accordingly, the EPA expects the three remedies to be integrated into a comprehensive response action.

In accordance with the issuance of the ROD, the EPA stated that now that the cleanup plan has been selected, the EPA will immediately begin discussions with those responsible for the contamination to seek their performance of or payment for the cleanup work. The EPA stated that once the legal process concludes, the design of the activities necessary to carry out the cleanup will be outlined in a legally binding document. The EPA expects that the design will take three to four years to complete. In accordance with the EPA, the dredging, dewatering and disposal of dredged materials and related construction work will follow and is expected to take six years to complete.

At this time, there is significant uncertainty regarding the outcome of any allocation negotiation or mediation process to estimate the percentage share to Occidental for which Maxus might be liable under the indemnity.

Based on (a) the uncertainties identified by the Company as of the date of this annual report, including but not limited to (i) the extraordinary volume of sediment materials for which, to date, the sediment treatment technologies have neither been constructed nor operated in the United States on a scale commensurate with the capacity that would be necessary for the remedial work this remediation that this project would be requiring, (ii) the results of the studies and discoveries yet to be produced, (iii) the number and diversity of contaminants of concern identified by the ROD (furans, PCB’s, mercury, copper, dieldrin, PAHs, lead, dioxins and DDT), many of which have not been previously associated with the Lister Site and/or have been generated by other potentially responsible parties, (iv) the number and diversity of potential responsible parties involved in the matter (EPA identified more than one hundred potential responsible parties), and (v) the final allocation of the removal and remediation costs; (b) consultation with our internal and external counsel; (c) the amounts previously incurred and recorded by YPF Holdings in remediation activities in the area covered by the ROD; and (d) the limitation on responsibility that YPF may have as an indirect controlling shareholder of Maxus, no additional liability has been accrued for this environmental matter as of the date of this annual report.

Environmental issues related to the lower 17-mile portion of the Passaic River

Passaic River Mile 10.9 Removal Action. In February 2012, the EPA issued to the CPG, of which Tierra then was a member, a draft Administrative Settlement Agreement and order on Consent (“AOC RM 10.9”) for Removal Action and Pilot Studies to address high levels of contamination of TCDD, PCBs, mercury and other contaminants of concern in the vicinity of the Passaic River’s mile 10.9, comprised of a sediment formation (“mud flat”) of approximately 8.9 acres. This proposed AOC RM 10.9 ordered that 16,000-30,000 cubic yards of sediments be removed and that pilot scale studies be conducted to evaluate ex situ decontamination beneficial reuse technologies, innovative capping technologies, and in situ stabilization technologies for consideration and potential selection as components of the remedial action to be evaluated in the 2007 AOC and the FFS and selected in one or more subsequent records of decision. Occidental declined to execute this AOC and Occidental, Maxus and Tierra formalized their resignations from the CPG, effective May 29, 2012, under protest and subject to a reservation of rights. On June 18, 2012, the EPA announced that it had signed an AOC for RM 10.9 with 70 Settling Parties, all members of the CPG, which contained, among other requirements, an obligation to provide to the EPA financial assurance, in the amount of U.S.\$20 million, that the work would be completed. On June 25, 2012, the EPA issued Occidental a Unilateral Administrative Order (UAO) for Removal Response Activities. Occidental sent to the CPG and EPA its notice of intent to comply with such order on July 23, 2012 followed by its good faith offer on July 27, 2012 to provide the use of Tierra’s existing dewatering facility. On August 10, 2012, the CPG rejected Occidental’s good faith offer and, on September 7, 2012, the CPG stated that it has alternative plans for handling sediment to be excavated at RM 10.9 and, therefore, has no use for the existing dewatering facility. The EPA, by letter of September 26, 2012, advised that it will be necessary for the EPA and Occidental to discuss other options for Occidental to participate and cooperate in the RM 10.9 removal action, as required by its Unilateral Administrative Order. On September 18, 2012, the EPA advised the Passaic River CAG that the bench scale studies of the treatment technologies did not sufficiently lower concentrations of the chemicals to justify the cost, so the RM 10.9 sediments will be removed offsite for disposal. In March 2014, responding to the EPA’s request for action, Tierra, on behalf of Occidental, submitted a Statement of Work (“SOW”) for the conduct of surveys to more precisely locate two water mains that cross under the Passaic River at RM 10.9. The EPA granted conditional acceptance of the SOW, and Tierra in early April 2014 responded to EPA’s comments on the SOW. EPA extended the deadline for delivering financial assurance to March 14, 2014 and later further extended the deadline indefinitely. The field work for this investigation was conducted in August. This work was inconclusive and an additional field investigation began in December 2014 and was completed in February 2015. Tierra submitted to the EPA its report on the pipeline probing survey in March 2015.

FFS for remedial action in the lower 17-mile of the Passaic River. Notwithstanding the discussion above, for the lower 17-mile portion of the Passaic River, from its confluence with the Newark Bay to the Dundee Dam, under the 2007 AOC, the RI/FS is expected to be completed in 2016, after which the EPA would select a remedial action and open the decision for public comments.

The CPG submitted the Draft Remedial Investigation and Feasibility Study for the Lower 17 miles of the Passaic River during the first semester of 2015. As of the date of this annual report, the EPA has not submitted any comments.

New Jersey Litigation with DEP. With respect to the alleged contamination, that dioxin, DDT and other “hazardous substances” discharged from Chemicals Company’s former Newark plant and contaminated the lower 17-mile portion of the Passaic River, Newark Bay, and other nearby waterways and surrounding areas, in December 2005 the DEP, Commissioner of the New Jersey Department of Environmental Protection and the New Jersey Spill Compensation Fund sued YPF, YPF Holdings, Tierra, Maxus and other affiliates, as well as Occidental and Repsol (the “New Jersey Litigation with DEP”). These plaintiffs sought 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 made responsive pleadings and/or filings. Occidental sought leave to file cross-claims in June 2007, and was granted leave to file in October 2008. 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 and Occidental allege that defendants Repsol, YPF, YPF International S.A., YPF Holdings, CLH Holdings, 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 and Occidental asserted claims for the breach of contract, statutory contribution, fraudulent transfer of Maxus’ assets, civil conspiracy, breach of fiduciary duty, aiding and abetting 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 nine tracks. Phase One will determine liability and Phase Two will determine damages. Regarding the sub-stages: (a) sub-stages I to III (Tracks I to III) correspond to damage claimed by the Occidental and the State of New Jersey; (B) sub-stages IV to VII (Tracks IV to VII) correspond to liability by alter ego and fraudulent conveyance with respect to YPF, Maxus and Repsol and to the liability of third parties to Maxus; (C) sub-stage VIII (Track VIII) corresponds to damages claimed by the State of New Jersey; (D) sub-stage IX (Track IX) is the percentage of liability that would correspond to Maxus for the cleanup and remediation costs.

Specifically, sub-stage III (Track III) will determine the extent of Maxus’ liability for the operation of the Lister Site; sub-stage IV (Track IV) will determine the possible scope of YPF and Repsol’s liability for damages to the Lister Site (alter ego and conveyance).

Following the issuance of CMO XVII, the State of New Jersey and Occidental filed motions for partial summary judgment. The State of New Jersey 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 Company 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 of New Jersey 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.

During the fourth quarter of 2011, the parties agreed on a consensus trial plan for Track III under CMO XVII, which narrowed the scope of issues for discovery and trial in May 2012 to factual issues relevant to determining Maxus’s alleged direct liability to the State of New Jersey and to issues relating to responsibility for discharges during the era when the Newark plant site was under the ownership of Kolker Chemical Works. The Court accepted six applications for Fast Track Arbitration-discovery proceeded in January 2012, to be followed by depositions and arbitration briefing. In addition, Maxus submitted to the Special Master and the “Additional Dischargers” Committee a plan to sample the area around mile 10.9 of the Passaic River for the HCX chemical marker that Maxus suspects may be associated with dioxin discharged by one or more third-party defendants. The HCX sampling was completed in January 2012 and validated results were received in March.

In February 2012, plaintiffs and Occidental filed motions for partial summary judgment, seeking summary adjudication that Maxus has liability under the Spill Act. The judge held that Maxus and Tierra have direct liability for the contamination generated into the Passaic River. However, volume, toxicity and cost of the contamination were not verified (these issues will be determined in a later phase of the trial). Maxus and Tierra have the right to appeal such decision.

On September 21, 2012, the presiding judge granted the State’s application for an Order to Show Cause to Stay all proceedings against third party defendants who entered into a Memorandum of Understanding (“MOU”) with the State to discuss settlement of the claims against the third party defendants.

On September 27, 2012, Occidental filed its Second Amended Cross-Claims and the following day, the State of New Jersey filed its Fourth Amended Complaint. The principal changes to the State of New Jersey’s pleading concern the State of New Jersey’s allegations against YPF and Repsol, all of which Occidental has adopted in its cross-claims. In particular, there are three new allegations against Repsol involving asset stripping from Maxus and also from YPF based on the Argentine government’s Mosconi Report.

During the fourth quarter of 2012 and the first quarter of 2013, YPF and certain affiliates (among them, YPF Holdings, Maxus and Tierra) and Repsol, engaged in on-going mediation and negotiation, seeking the possibility of a settlement with the State of New Jersey.

On February 14, 2013, the State of New Jersey and all defendants except Occidental appeared before the court to seek a stay of the litigation because they had agreed to recommend terms for a settlement framework to resolve the claims between them.

YPF and certain affiliates (among them, YPF Holdings, Maxus and Tierra) subsequently approved a Settlement Agreement with Repsol and the State of New Jersey. The Settlement Agreement provides, without acknowledging any fact or right: (i) a payment of U.S.\$65 million by Maxus and/or YPF to the State of New Jersey and (ii) a hard cap of up to U.S.\$400 million with respect to certain of Occidental's unresolved cross-claims against Repsol, YPF and YPFI; and would resolve certain environmental claims of the plaintiffs against all Settling Defendants within a certain range of the Passaic River, and the deferral of Tracks II and IV until after trial of the State of New Jersey's damages against Occidental in Track VIII. The Settlement Agreement does not resolve Occidental's cross-claims.

On December 12, 2013, the court approved the Settlement Agreement. On January 24, 2014 Occidental filed a notice of appeal from the court's approval of the Settlement Agreement. On February 10, 2014 Maxus made the U.S.\$65 million payment provided in the Settlement Agreement to an escrow account. Occidental's appeal was subsequently dismissed on March 26, 2014, and the settlement amount was paid out of escrow to the State of New Jersey.

On August 20, 2014, the State of New Jersey and Occidental informed the Superior Court that they had agreed on the general terms and conditions of a settlement of the Plaintiff's claims against Occidental (the "Consent Judgment"). On December 16, 2014 the court approved the Consent Judgment by which the State of New Jersey accepted to resolve all claims against Occidental related to environmental claims within a certain area of the Passaic River. In exchange, Occidental will pay U.S.\$190 million in three installments, the last one due on June 15, 2015; and the contingency payment of up to U.S.\$400 million in case the State of New Jersey is required to pay its share for future remediation actions.

On November 21, 2014, YPF and certain affiliates filed motions to dismiss Occidental's cross-claims. On January 13, 2015, the Special Master issued a recommendation largely granting the motions. On January 29, 2015, Judge Lombardi affirmed the recommendation and dismissed Occidental's claims for the fraudulent transfer of Maxus' assets, civil conspiracy, breach of fiduciary duty, aiding and abetting and the stand-alone declaratory judgment claim for alter ego liability.

On January 5, 2015, Maxus received a letter from Occidental requesting that Maxus agree to indemnify Occidental for all of the settlement payments that Occidental agreed to make to the State of New Jersey. The Court previously issued an interlocutory order in 2011, which is subject to appeal after all trial proceedings are concluded, stating that Maxus had the contractual duty to indemnify Occidental for the liabilities under the New Jersey Spill Act arising from contaminants discharged into the Passaic River from the Lister Avenue Plant Site, which was owned by a company Occidental acquired and merged with in 1986. Maxus contends that whether and to what extent its obligation to indemnify Occidental applies to the settlement payments Occidental has agreed to make to the State of New Jersey pursuant to the Consent Judgment must await the outcome of further proceedings in the Passaic River litigation.

Also, Repsol S.A. countersued Occidental, alleging that the U.S.\$65 million paid by Repsol as per the agreement between Repsol, YPF, YPF Holdings, Maxus and Tierra Solutions with the State of New Jersey was paid for damages caused by (a) Diamond Shamrock Chemicals Company, for which Occidental is liable under the share purchase agreement of 1986 or (b) Occidental's individual conduct.

On March 26, 2015 a new judge was appointed to the case.

On April 15, 2015, Occidental sent Maxus a letter claiming indemnity protection under the share purchase agreement with respect to the counterclaim filed by Repsol against Occidental. On 28 April 2015, Maxus replied contesting the claims.

On July 1, 2015, the judge issued Case Management Order XXVII, under which the judge extended the deadline to complete all discovery to January 29, 2016, established a briefing schedule pursuant to which summary judgment will not be decided until late April or early May 2016, at the earliest, and included a provision that trial shall be scheduled in June 2016. On December 4, 2015, the judge issued the "Second Consent Order to Amend Expert Discovery Schedule" by which the following dates were extended: (a) January 21, 2016, rebuttal expert reports are due, (b) February 29, 2016, all expert depositions and all discovery must be completed; (c) March 4, 2016 summary judgment briefs are due and (d) June 2016, trial is scheduled to begin. Since December 2014, almost 60 witnesses have been deposed, including the corporate representatives of all the parties, and the expert witness for YPF and Occidental, which was completed in the first quarter of 2016.

Notwithstanding the above, the Special Master authorized the parties to file briefs specifying any issue in respect of which each party believed that the court should authorize early summary judgement motions.

The motions filed by the parties and the non-binding opinions, as issued by the Special Master on January 14, 2016, are summarized below.

YPF filed for early summary judgment against Occidental on four issues: 1) dismissal of the portion of Occidental's claims for alter ego liability, based on the transfer of Maxus' assets from 1995 through 1999; 2) dismissal of the portion of Occidental's claims for alter ego liability, based on the financing of YPF's acquisition of Maxus shares in 1995; 3) dismissal of the portion of Occidental's liability claims based on the alleged "control" by YPF of Maxus's Board of Directors' decision, in 1996, to sell its subsidiaries in Bolivia and Venezuela to YPF International; and 4) dismissal of the portion of Occidental's claims for alter ego liability, based on the transfer of Maxus' environmental liabilities to Tierra in 1996. The Special Master's recommendation on YPF's motion recommended to deny the motion on the grounds that 1) a finder of fact should be permitted to consider all portions of YPF actions when determining if there is alter ego liability so dismissal of portions of these claims is inappropriate and 2) the statute of repose for fraudulent transfers is not applicable to the remedy of alter ego for breach of contract. In reaching this conclusion, the Special Master stated she was obliged to view all the factual assertions "in the light most favorable to" Occidental, which on summary judgment presents a much higher burden for YPF than the burden of proof YPF will have at trial.

Occidental filed for early summary judgment against Maxus in relation to Occidental's claim to recover the amount of US\$ 190 million paid to the State of New Jersey under the settlement agreement. The motion sought to establish that Maxus is liable for all conduct at the Lister Site, regardless of any actions taken by Occidental. Occidental did not seek summary judgment on the amount of damages Maxus would owe, which Occidental asserts is US\$ 190 million, plus legal fees. The Special Master's recommendation on Occidental's motion against Maxus recommended to grant the motion on the grounds that (1) the language of the SPA was not ambiguous and required Maxus to indemnify Occidental for its own conduct at the Lister Site and (2) Occidental was not estopped from seeking indemnity from Maxus for its own conduct at the Lister Site because it did not take inconsistent legal positions in prior litigations. Notwithstanding the foregoing, Occidental will have to prove the reasonableness of the U.S. 190 million amount settled with the State of New Jersey, for which Maxus may eventually be liable.

In addition, Occidental filed for early summary judgment dismissing the cross-claims of Repsol against Occidental, which seek to recover from Occidental the U.S.\$ 65 million payment made by Repsol to New Jersey State under the settlement agreement among the State, YPF, Maxus and Repsol. The Special Master's recommendation on Occidental's motion against Repsol recommended to deny the motion in part as to Repsol's contribution claim and to grant the motion in part as to Repsol's unjust enrichment claim, on the grounds that 1) Repsol's contribution claims are permissible under the New Jersey Spill Act even if a settlement did not fully discharge liability to the State; 2) demonstrating Repsol's liability under the Spill Act is not a prerequisite for Repsol to receive contribution from Occidental; 3) Repsol is not liable to Occidental for indemnification as an alter ego of Maxus, and 4) Occidental was not unjustly enriched when Repsol settled with the state.

Repsol filed for early summary judgment against Occidental to dismiss Occidental's cross-claims 1) to extent that Occidental's claims are based on prescribed claims for fraudulent transfers; 2) on the grounds that Occidental cannot prove that it has suffered damages due to a failure to perform an agreement; 3) on the grounds that Occidental cannot prove that Repsol has caused any damage even if a non-performance occurred, because Occidental has alleged that Maxus became insolvent before Repsol acquired YPF in 1999; and 4) on the grounds that Occidental has failed to pierce the corporate veil between YPF and Repsol, and because seeking alter ego relief from Repsol is unwarranted because YPF is solvent. The Special Master's recommendation on Repsol's motion against Occidental recommended to grant the motion on the grounds that Occidental failed to set out any basis to pierce the corporate veil between YPF and Repsol, which the Special Master held Occidental was required to do, and because Occidental did not allege that YPF was insolvent.

Finally, Maxus filed for early summary judgment against Occidental to dismiss the claims for damages filed by Occidental regarding costs not yet incurred by Occidental. YPF joined in this motion. The Special Master's recommendation on Maxus's motion against Occidental recommended to grant the motion on the grounds that Occidental's request for declaratory judgment would not be beneficial or useful due to the uncertainty regarding future costs.

In addition, the Special Master's recommendation on Occidental's motion to amend its second amended cross-claims adding claims against YPF and Repsol regarding an alleged interference with Occidental's contractual right under the SPA, recommended to deny the motion on the grounds that Occidental improperly delayed in seeking to supplement its claims despite having multiple earlier opportunities to do so.

The parties appealed the Special Master's recommendations on February 16, 2016. Oral argument on the appeals of the Special Master's recommendations will be held on April 4, 2016.

On March 1, 2016, the judge entered an order partially granting a stay of discovery, which deferred the depositions of certain Occidental, Repsol and Maxus expert witnesses pending a decision by the judge on the parties' appeal of the Special Master's recommendations.

On February 27, 2016, YPF sought leave from the Special Master to file a motion for summary judgment partially dismissing Occidental's remaining claims. Repsol additionally sought leave to file a motion for summary judgment seeking to recover from Occidental the U.S.\$65 million paid by Repsol pursuant to the Settlement Agreement. Occidental additionally sought leave to file a motion for summary judgment seeking to hold Maxus liable for the U.S.\$65 million recovery sought by Repsol from Occidental. On March 7, 2016, the Special Master denied each of the parties' request for leave to file summary judgment on the grounds that each motion contains factual issues.

As of December 31, 2015, for all matters relating to environmental issues related to the lower 17-mile portion of the Passaic River, YPF Holdings has accrued a total of Ps. 2,665 million, management's reasonable estimate of the expenditures that YPF Holdings Inc. may incur for remediation activities based on information available at the time of the issuance of the accompanying Financial Statements, given the impossibility of reasonably estimating a loss or range of loss in relation to the possible costs of the previously discussed FFS. The provision considers studies by Tierra, estimated costs for the Removal AOC of 2008 and other matters related to the Passaic River and Newark Bay. This includes associated legal issues discussed above. However, it is possible that other work, including remedial measures in addition to or different from those considered may be required. Additionally, the development of new information, the imposition of penalties or remedial action or outcome of negotiations related to those cases that differ from the situations assessed by YPF Holdings could result in the need to incur higher expenses by the company than those currently provisioned.

Considering the information available to YPF Holdings as of the date of the issuance of the accompanying Financial Statements; the results of the studies and testing phase; as well as the potential liability of the other parties involved in this issue and the possible allocation of the costs of removal; and in consultation with our internal and external legal counsel, the accrual represents management's reasonable estimate of the probable cost.

2. *Other environmental issues unrelated to the Passaic River*

Hudson and Essex Counties, New Jersey. Until the 1970s, Chemicals Company operated a chromite ore processing plant at Kearny, New Jersey (the "Kearny Plant"). DEP has identified over 200 sites in Hudson and Essex Counties alleged to contain chromite ore processing residue either from the Kearny Plant or from plants operated by two other chromium manufacturers. Tierra, Occidental and DEP signed an administrative consent order in April 1990 ("ACO") which requires remediation at 40 sites in Hudson and Essex Counties alleged to be impacted by the Kearny Plant operations. Tierra, on behalf of Occidental, is providing financial assurance in the amount of U.S.\$20 million for performance of the work required by the ACO (which is ongoing at all ACO Sites at various stages) and associated with the issues described below.

In May 2005, the DEP took two actions in connection with the chrome sites in Hudson and Essex Counties. First, the DEP issued a directive to Maxus, Occidental and two other chromium manufacturers (the "Respondents") directing them to arrange for the cleanup of chromite ore residue at three sites in Jersey City and for the conduct of a study by paying the DEP a total of U.S.\$19.5 million. Second, the DEP filed a lawsuit against Occidental and two other entities in state court in Hudson County seeking, among other things, cleanup of various sites where chromite ore processing residue is allegedly located, recovery of past costs incurred by the state at such sites (including in excess of U.S.\$2.3 million dollars allegedly spent for investigations and studies) and, with respect to certain costs at 18 sites, treble damages. In February 2008, the parties reached an agreement in principle, pursuant to which Tierra agreed to pay, on behalf of Occidental, U.S.\$5 million and agreed to perform remediation works at three sites, with a total cost of approximately U.S.\$2.1 million, subject to the terms of a Consent Judgment between and among DEP, Occidental and two other parties, which was published in the New Jersey register in June 2011 and became final and effective as of September 2011. Pursuant to the Consent Judgment, the U.S.\$5 million dollar payment was made in October 2011 and a master schedule was delivered to DEP for the remediation, during a ten-year period, of the three orphan sites plus the remaining chromite ore sites (approximately 28 sites) under the Kearny ACO. DEP indicated that it could not approve a ten-year term; therefore, in March 2012, Maxus submitted a revised eight-year schedule, which was approved by DEP on March 24, 2013. Tierra is currently performing work pursuant to the Master Schedule. In November 2005, several environmental groups sent a notice of intent to sue the owner of the property adjacent to the former Kearny Plant and five other parties, including Tierra, under the Resource Conservation and Recovery Act. The parties have entered into an agreement that addresses the concerns of the environmental groups and these groups have agreed not to file suit. After the original agreement expired, the parties entered into a new Standstill Agreement, effective March 7, 2013.

In March 2008, the DEP approved an Interim Response Action ("IRA") work plan for work to be performed at the Kearny Plant site by Tierra and at the adjacent property by Tierra in conjunction with other parties. Work on the IRA has begun. In addition, this adjacent property was listed by the EPA on the National Priority List in 2007. In July 2010, the EPA notified Tierra, along with three other parties, which are considered potentially responsible for this adjacent property and requested to conduct a RIFS for the site. The three parties have agreed to coordinate remedial efforts, forming the "Peninsula Restoration Group" or "PRG." In the fourth quarter of 2011, the PRG reached an agreement with another potentially responsible party (Cooper Industries), whereby Cooper Industries would join the PRG. In May 2013, the PRG and the EPA entered into an RI/FS AOC for the Standard Chlorine Chemical Company site.

Under the terms of the AOC, the Group is able to rely on the substantial work that has already or is now taking place at the site (including the IRA), to streamline the RI/FS (now denominated an RI/FFS) and press for selection of a final remedy that includes the features of the IRA as the major component. The Remedial Investigation Work Plan for the site was submitted to the EPA on April 8, 2013 in advance of the execution of the AOC as part of the PRP Group's show of good faith. The Remedial Investigation Work Plan was approved in September 2013 and work under the RI/FFS AOC began in the fourth quarter 2013 and has proceeded since that time. The PRP Group also responded to an EPA request to draft an Community Involvement Plan (CIP) which the EPA has adopted. The following AOC deliverables have been submitted, approved and/or are pending during 2014:

- Candidate Technologies Memo (CTM) and Draft Pathway Analysis Report (PAR).
- Screening Level Ecological Risk Assessment (SLERA).
- Work Plan for Supplemental Investigation in localized area outside barrier wall.
- Baseline Ecological Risk Assessment (BERA).

The remedial investigation was completed during the fourth quarter of 2014, and the EPA approved the Remedial Investigation Report in October 2015. The draft FFS was submitted to the EPA during the third quarter of 2015. The PRP Group received the EPA's initial comments on the FFS on October 1, 2015, and the revised FFS is due to the EPA on March 11, 2016.

Pursuant to a request of the DEP, in the second half of 2006, the PRG tested the sediments in a portion of the Hackensack River near the former Kearny Plant. A report of those test results was submitted to the DEP. DEP requested additional sampling, and the PRG submitted to DEP work plans for additional sampling in January 2009. In March 2012, the PRG received a Notice of Deficiency ("NOD") letter from DEP relating to the Hackensack River Study Area ("HRSA") Supplemental Remedial Investigation Work Plan ("SRIWP") that the PRG had submitted to the DEP in January 2009. In the NOD, DEP seeks to expand the scope of work that would be required in the Hackensack River under the SRIWP to add both additional sample locations/core segments and parameters. While the PRG acknowledges that it is required to investigate and prevent chrome releases from certain upland sites into the river, the PRG contends that it has no obligation under the governing ACOs and Consent Judgment to investigate chrome contamination in the river generally. Negotiations between the PRG and the DEP are ongoing.

As of December 31, 2015, YPF Holdings has accrued a total of approximately Ps. 608 million in connection with the foregoing chrome-related matters. Soil action levels for chromium in New Jersey have not been finalized, and the DEP continues to review the proposed action levels. The cost of addressing these chrome-related matters could increase significantly depending upon the final soil action levels, the DEP's response to Tierra's studies and reports and other developments.

Painesville, Ohio. From about 1912 through 1976, Chemicals Company operated manufacturing facilities in Painesville, Ohio (the "Painesville Works Site"). The operations there over the years involved several discrete but contiguous plant sites over an area of about 1,300 acres. The investigation and remediation of the Painesville Works Site is governed by agreements and orders in place with the EPA and the Ohio Environmental Protection Agency ("OEPA"). The primary area of concern historically has been Chemicals Company's former chromite ore processing plant (the "Chrome Plant"). The OEPA has approved certain work, including the remediation of 20 specific operable units within the former Painesville Works Site and work associated with development plans (the "Remediation Work"). The Remediation Work has begun. As each operable unit within the Site receives OEPA approval for projects related to investigation, Remediation Work, or operation and maintenance activities, additional orders and agreements will be implemented, and additional amounts may need to be accrued. YPF Holdings has accrued a total of approximately Ps. 134 million as of December 31, 2015 for its estimated share of the cost to perform the remedial investigation and feasibility study, the Remediation Work and other operation and maintenance activities at this site.

The scope and nature of any further investigation or remediation that may be required cannot be determined at this time; however, as the RI/FS progresses, YPF Holdings will continuously assess the condition of the Painesville Works Site and make any required changes, including additions, to its provision as may be necessary.

Third Party Sites. Pursuant to settlement agreements with the Port of Houston Authority (the "Port") and other parties, Tierra and Maxus are participating (on behalf of Occidental) in the remediation of property adjoining Chemicals Company's former Greens Bayou facility where dichloro-diphenyl-trichloroethane ("DDT") and certain other chemicals were manufactured. Additionally, in 2007 the parties entered into a Memorandum of Agreement ("MOA") with federal and state natural resources trustees in connection with claims for natural resources damages. In 2008, the Final Damage Assessment and Restoration Plan/Environmental Assessment was approved specifying the restoration projects to be implemented. During the first half of 2011, Tierra negotiated, on behalf of Occidental, a draft Consent Decree with governmental agencies of the United States and Texas addressing natural resource damages at the Greens Bayou Site. The Consent Decree was signed by the parties in January 2013 and notice of approval of the Consent Decree was published in the Official Gazette on January 29, 2013. After the publication of the notice a period of 30 days was opened for comments. Under the Consent Decree, Occidental agreed to reimburse certain costs incurred by the aforementioned governmental agencies and conducting two restoration projects for a total amount of U.S.\$0.8 million. Although the primary work was largely finished in 2009, some follow-up activities and operation and maintenance remain pending. As of December 31, 2015, YPF Holdings has accrued approximately Ps. 50 million for its estimated share of the remediation and the MOA associated with the Greens Bayou facility. The remediation activities were largely finished in 2009, but some minor closure activities, as well as ongoing operations and maintenance, are still in progress.

- Milwaukee Solvay Site

In June 2005, the EPA designated Maxus as a PRP at the Milwaukee Solvay Coke & Gas Site in Milwaukee, Wisconsin. The basis for this designation is Maxus' alleged status as the successor to Pickands Mather & Co. and Milwaukee Solvay Coke Co. companies that the EPA has asserted are former owners or operators of such site.

In November 2006, Maxus and four other PRPs entered into a Joint Participation and Defense Agreement, which establishes the allocation of costs for making a RI/FS. Under the agreement Maxus is responsible for a significant part of the costs. In January 2007 those PRPs and the EPA entered into an AOC to perform a RI/FS regarding the investigation of "upland" soil and groundwater, as well as sediment in the Kinnickinnic River. Maxus' exposure at the Site appears tied to the 1966-1973 period, although there is some dispute about it. The PRP Agreement includes an interim allocation, under which Maxus has a substantial share.

On April 25, 2012 EPA made a proposal concerning the scope of future investigations of sediments, which was rejected by the PRP group.

On June 6, 2012 the PRP Group submitted a proposed Field Sampling Plan ("FSP") that included detailed plans for the remaining upland investigation and a phased approach to the sediment investigation. In July 2012, the EPA responded to the FSP requiring expanded sediment sampling as part of the next phase of the investigation and additional evaluation for the possible presence of distinct coal and coke layers on parts of the upland portion of the Site. In December 2012, the EPA approved the PRP Group's revised FSP, and the PRP Group commenced upland and sediment investigation activities. The estimated cost of implementing the field work associated with the FSP is approximately U.S.\$0.8 million.

In February 2014, the PRP Group submitted to the EPA and Wisconsin Department of Natural Resources ("DNR") a Baseline Human Health Risk Assessment ("BHHRA") Scoping Document, an Upland Screening Level Ecological Risk Assessment ("SLERA") Scoping Document and an Aquatic Baseline Ecological Risk Assessment ("BERA"). Currently, additional upland and sediment investigation activities continued pursuant to the approved FSP.

In June 2014, the PRP Group submitted to the EPA and WDNR the draft Remedial Investigation ("RI") Report and risk assessment documents (i.e., Baseline Human Health Risk Assessment, Screening Level Ecological Risk Assessment, and Aquatic Baseline Ecological Risk Assessment) and a Remedial Action Objectives Technical Memorandum. Comments to the draft RI Report were received in October 2014. In accordance with the timeline established by the Agencies, in November 2014 the PRP Group submitted written responses to the EPA/WDNR comments concerning the draft RI and risk assessment documents. The PRP Group received approval from EPA to defer preparation of responses to the comments on the draft RAOs until after the RI has been approved. EPA commented on the RI Report in November 2015, and the PRP Group submitted a revised RI Report in December 2015.

YPF Holdings has accrued approximately Ps. 4 million as of December 31, 2015 for its estimated share of the costs of the RI/FS. The main area of concern and focus is the extent of river sediment investigation that will be required. Maxus lacks sufficient information to determine additional exposure or costs, if any, it might have in respect of this site.

Other sites—Black Leaf Chemical Site

In September 2011, Occidental and Exxon Mobil received a liability notice from EPA under the ruling known as 104(e) for the site called Black Leaf Chemical located at Louisville, Kentucky. Occidental requested that Maxus undertake the defense of this matter by virtue of the indemnity established in the Stock Purchase Agreement of 1986. Maxus accepted the defense, reserving its rights with respect to the case and without acknowledging any responsibility in November 2011. In March 2013, the EPA requested that Maxus, on behalf of Occidental, and Exxon Mobil, perform specific remedial tasks and to reimburse EPA and the local regulatory authority certain past costs (estimated at between U.S.\$3 and U.S.\$5 million). In September 2014, the Environmental Protection Department of Kentucky (“EPDK”) initiated investigation procedures. In October 2015, the EPDK approved the site characterization report submitted by the cooperation group and required presentation of a remediation action plan. In January 2016, the cooperation group presented the required remediation action plan. As of December 31, 2015, the Company provisioned its contribution to the estimated site remediation costs.

- *Tuscaloosa Site*

The Company completed the remediation activities at this site. As of December 31, 2015, YPF accrued Ps. 52 million for future operational and maintenance related activities.

- *Malone Services Site*

Maxus is responsible for certain liabilities attributable to Occidental, as successor to Chemicals Company, in respect of the Malone Service Company Superfund Site in Galveston County, Texas. This site is a former waste disposal site where Chemicals Company is alleged to have sent waste products prior to September 1986. The potentially responsible parties, including Maxus, on behalf of Occidental, formed a PRP Group to finance and perform an AOC RI/FS. The RI/FS has been completed and the EPA has selected a Final Remedy, the EPA Superfund Division Director signed the Record of Decision on September 30, 2009. The PRP Group signed the Consent Decree in the second quarter of 2012, and it became effective in July 2012. During 2012, 2013, 2014 and 2015, the PRP Group proceeded with the planning and design phase and remediation, which is ongoing. As of December 31, 2015 the Company has reserved approximately Ps. 5 million in connection with its obligations for this matter.

Central Chemical Company Superfund Site (Hagerstown, Maryland)

The Central Chemical PRP Group has been responding to questions from the authorities, which has controlled the federal superfund site in Hagerstown, Maryland since the 1990s. The PRP Group consists of parties who the EPA alleges are former Central Chemical Company customers (or who are the legal successors thereof) which arranged for the disposal of certain CERCLA hazardous substances at the site. Maxus participates in the PRP Group on behalf of Occidental. In 1998, the EPA entered into a CERCLA Administrative Order on Consent with certain PRPs to conduct an RI/FS. The PRP Group, including Maxus, on behalf of Occidental, funded and performed the RI/FS, which was completed in 2007. In 2009 the EPA issued its Record of Decision which selected the final Site remedy. In 2010, EPA divided the Site into two Operable Units: “Operable Unit 1” (OU-1) – Site soils, waste and shallow groundwater, and; “Operable Unit 2” (OU-2)—bedrock groundwater. In September 2012, the EPA issued CERCLA Special Notice Letters to the PRPs, including Occidental, requesting that they fund and perform the Site OU-1 remedy. In August 2013, the PRP Group members, including Occidental, entered into a CERCLA Administrative Order on Consent to fund and perform the Remedial Design for Operable Unit 1. In early 2014, the PRP Group and the EPA began negotiations of a judicial Consent Decree for the funding and performance of the Remedial Action for Operable Unit No. 1. During 3Q 2015, the Central Chemical PRP Group members (including Maxus on behalf of Occidental) entered into a judicial Consent Decree for the funding and performance of the OU-1 Remedy (the “OU-1 Consent Decree”). The OU-1 Consent Decree was approved and entered with the court in October 2015. Performance of the Remedial Action for Operable Unit No. 1 is currently forecasted to occur between 2016 and 2021; and according to EPA, is estimated to cost approximately \$14.2 million. In addition, the EPA may also require the Central Chemical PRP Group to initiate a Remedial Design/Remedial Action for Operable Unit 2 in 2016 or 2017; which the PRP Group has estimated could cost at least \$3 million. As of December 31, 2015, YPF Holdings Inc. has accrued Ps. 17 million for known probable and reliably estimable Site related losses to allow continued response for this matter on Occidental’s behalf.

- *Other third party sites*

Chemicals Company has also been designated as a PRP by the EPA under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (“CERCLA”) with respect to a number of third-party sites where hazardous substances from Chemicals Company’s plant operations allegedly were disposed or have come to be located. Numerous PRPs have been named at substantially all of these sites. At several of these, Chemicals Company has no known exposure. At December 31, 2015, YPF Holdings had accrued approximately Ps. 48 million in connection with its estimated share of costs related to the Milwaukee Solvay Coke & Gas Site, the Malone Service Company Superfund Site, and the other sites mentioned in this paragraph.

- *Occidental's claim for past events—Texas*

Dallas Litigation. In 2002, Occidental sued Maxus and Tierra in state court in Dallas, Texas seeking a declaration that Maxus and Tierra have the obligation under the agreement pursuant to which Maxus sold Chemicals Company to Occidental to defend and indemnify Occidental from and against certain historical obligations of Chemicals Company, notwithstanding the fact that said agreement contains a 12-year cut-off for defense and indemnity obligations with respect to most litigation. Tierra was dismissed as a party, and the matter was tried in May 2006. The trial court decided that the 12-year cut-off period did not apply and entered judgment against Maxus. This decision was affirmed by the Court of Appeals in February 2008. Maxus' petition to the Texas Supreme Court for review was denied. This decision will require Maxus to accept responsibility for various matters for which it has refused to indemnify Occidental since 1998, which could result in the incurrence of costs in addition to YPF Holdings' current accrued for this matter. This decision will also require Maxus to reimburse Occidental for past costs. In 2009, Maxus received a statement from Occidental of the costs Occidental believed to be due under the judgment, in the amount of U.S.\$16.7 million. In March 2009, Maxus paid U.S.\$14.9 million in respect of court costs, interests through the end of 2007 and estimates of future costs for which Maxus could become liable under the declaratory judgment. In September 2009, Maxus paid to Occidental U.S.\$1.9 million. In March 2012, Maxus paid to Occidental U.S.\$0.6 million covering Occidental's costs for 2010 and 2011, and in September 2012 Maxus paid to Occidental an additional U.S.\$31,000 for Occidental's costs for the first semester of 2012. Maxus anticipates that Occidental's costs in the future under the Dallas case will not exceed those incurred in 2012. A significant category of claims refused by Maxus on the basis of its interpretation of the 12-year clause, were claims relating to "Agent Orange." All pending Agent Orange litigation in the United States was dismissed in December 2009, except with respect to one case filed in 2012, which was dismissed in March 2013. Although it is possible that additional claimants may come forward in the future, it is estimated that no significant liability will result from this category of claims.

- *Turtle Bayou*

Turtle Bayou Litigation. In March 2005, Maxus agreed to defend Occidental, as successor to Chemicals Company, in respect of an action seeking the contribution of costs for the remediation of the Turtle Bayou waste disposal site in Liberty County, Texas. Judgment was entered in this action, and Maxus filed a motion for reconsideration which was partially successful. The court's decision was appealed by Maxus. In June 2010, the Court of Appeals ruled that the District Court had committed errors in the admission of certain documents and remanded the case to the District Court for further proceedings. A new ruling was issued in January 2011, requiring Maxus to pay, on behalf of Occidental, 15.86% of the costs incurred by one of the plaintiffs. On behalf of Occidental, Maxus filed its appeal in the February 2011, and the Court of Appeals affirmed the District Court's ruling in March 2012. Maxus paid to the plaintiff, on behalf of Occidental, U.S.\$2 million in June 2012 covering past costs and \$0.9 million in November 2012 to cover the costs incurred by El Paso in 2007-2011. As of December 31, 2015, YPF accrued approximately Ps. 5 million in respect of this matter.

- *Ruby Mhire Litigation*

Ruby Mhire Litigation. In May 2008, Ruby Mhire and others ("Mhire") brought suit against Maxus and third parties, alleging that various parties including a predecessor of Maxus had contaminated certain property in Cameron Parish, Louisiana, during oil and gas activities on the property; Maxus' predecessor operated on the property from 1969 to 1989. The Mhire plaintiffs demanded remediation and other compensation from approximately U.S.\$159 million to U.S.\$210 million, basing themselves on plaintiffs' expert's study. During June 2012, the parties in the case held a court-ordered mediation. On June 11, 2013, Maxus signed a Settlement Agreement with the plaintiffs pursuant to which Maxus shall make installment payments totaling U.S.\$12 million over three years and also perform remediation at the site, which is estimated to cost between U.S.\$1 and U.S.\$3 million. On July 31, 2013, the 38th Judicial District Court for the Parish of Cameron, State of Louisiana, approved the Settlement Agreement following receipt on July 8, 2013 of the No Objection Letter from the Louisiana Department of Natural Resources, Office of Conservation. In August 2013, pursuant to the Settlement Agreement, Maxus made an initial payment of U.S.\$2 million and in December 2013, Maxus made a second payment of U.S.\$3 million. In June 2014, Maxus made a third payment of U.S.\$3 million, and in December 2014 Maxus made a fourth payment of U.S.\$3 million. One last instalment in the amount of U.S.\$1 million was paid in June 2015, which is Maxus's final payment obligation. However, Maxus must still perform site remediation, which is expected to be completed by the end of 2016.

- *Bedivere Litigation*

Bedivere Litigation. This litigation consists of an insurance related declaratory judgment (the "Declaratory Judgment") filed against Maxus in Federal District Court in Texas. The plaintiffs issued insurance policies for the benefit of Maxus and its predecessors to cover certain risks related to the exploration of oil and gas, as well as the risks related to the production activities in the State of Louisiana. The underlying fundamentals of the declaratory judgment claim are related to the losses and respective payments claimed against Maxus in the Ruby Mhire litigation. The Ruby Mhire litigation relates to a legacy liability from a Louisiana oilfield action filed in Cameron Parish, Louisiana in 2008 against several oil and gas companies, including Maxus. In 2013, Maxus settled the Ruby Mhire litigation. Prior to the filing of the Declaratory Judgment, Maxus was involved in substantial discussions with the plaintiff insurance companies' claims administrator regarding a possible agreement with Maxus under the policies. On June 18, 2015, the insurer denied coverage and, without prior notice, filed the Declaratory Judgment the following day. Maxus is contesting the Declaratory Judgment.

- *Actions for Environmental Pollution in Louisiana*

Maxus is also defending two cases filed in Louisiana related to environmental pollution, in connection with legacy oil exploration and production activities.

- *Jumonville Litigation*

Jumonville Litigation. This litigation was filed in 2012, in Port Coupee Parish, Louisiana, against Murphy Oil and Maxus, as a successor of Apexco/Natomas, regarding environmental pollution caused by drilling activities in 1976. The claims are related to a deep unproductive well that was closed and abandoned in 1978. The claim against Murphy Oil relates to a breach of contract claim with a statute of limitations of ten years from the date of the initiation of the trial. The claim against Maxus is an action for liability with a statute of limitations of one year from the date of the trial period. Murphy Oil argues, without documentary evidence to date, which probably assigned or transferred the lease to Maxus, and that apparently the lease had an indemnification provision. Murphy Oil claims indemnification rights from Maxus as the successor to the operator of the well. Maxus is contesting the claim based in part on lack of documentary evidence of the indemnification right. In May 2014, the court separated the plaintiffs' claims against Maxus and Murphy Oil from their claims against other defendants and scheduled a trial. In July 2015, Maxus and the plaintiffs entered into a nonbinding Memorandum of Understanding ("MOU"). Under the MOU, the litigation is suspended to permit Maxus and Murphy Oil to continue negotiations. The MOU contemplates a final settlement with two main components: (i) payments from Maxus and (ii) financing and implementation by Maxus of a remediation project. As of December 31, 2015, Maxus and the plaintiffs are negotiating the settlement.

Dividend Policy

See "Item 10. Additional Information—Dividends."

Significant Changes

Since December 31, 2015, there have been no significant changes regarding the Company.

ITEM 9. The Offer and Listing

Shares and ADSs

New York Stock Exchange

The ADSs, each representing one Class D share, are listed on the NYSE under the trading symbol "YPF." The ADSs began trading on the NYSE on June 28, 1993, and were issued by The Bank of New York Mellon, as depositary (the "Depositary").

The following table sets forth, for the five most recent full financial years and for the current financial year, the high and low closing prices in U.S. dollars of our ADSs on the NYSE:

	<u>High</u>	<u>Low</u>
2011	54.58	31.25
2012	41.14	9.57
2013	34.17	12.26
2014	38.91	21.85
2015	31.58	14.91
2016 ⁽¹⁾	18.83	12.83

(1) Through March 10, 2016

The following table sets forth, for each quarter of the most recent two financial years and for each quarter of the current financial year, the high and low closing prices in U.S. dollars of our ADSs on the NYSE.

	<u>High</u>	<u>Low</u>
2014:		
First Quarter	33.08	21.85
Second Quarter	35.95	27.90
Third Quarter	38.91	30.97
Fourth Quarter	35.42	22.50
2015:		
First Quarter	29.55	23.00
Second Quarter	31.58	26.18

Third Quarter	27.42	14.91
Fourth Quarter	22.18	15.05
2016:		
First Quarter ⁽¹⁾	18.83	12.83

(1) Through March 10, 2016

The following table sets forth, for each of the most recent six months and for the current month, the high and low closing prices in U.S. dollars of our ADSs on the NYSE.

	<u>High</u>	<u>Low</u>
2015:		
September	22.02	14.91
October	21.36	15.05
November	22.18	18.21
December	18.07	15.72
2016:		
January	16.84	12.83
February	18.83	15.23
March ⁽¹⁾	18.81	17.48

(1) Through March 10, 2016

According to data provided by The Bank of New York Mellon, as of March 9, 2016, there were 172,078,241 ADSs outstanding and 54 holders of record of ADSs. Such ADSs represented approximately 44% of the total number of issued and outstanding Class D shares as of such date. Buenos Aires Stock Market

The Buenos Aires Stock Market is the principal Argentine market for trading the ordinary shares.

The Buenos Aires Stock Market (Mercado de Valores de Buenos Aires) (“Merval”) is the largest stock market in Argentina and has been authorized by the CNV to delegate certain functions to the Buenos Aires Stock Exchange (“BASE”). Trading on the Merval is conducted either through the traditional auction system from 11 a.m. to 5 p.m. on trading days, or through the Computer-Assisted Integrated Negotiation System (*Sistema Integrado de Negociación Asistida por Computación*) (“SINAC”). SINAC is a computer trading system that permits trading in both debt and equity securities and is accessed by brokers directly from workstations located in their offices. Currently, all transactions relating to listed negotiable obligations and listed government securities can be effectuated through SINAC. In order to control price volatility, Merval imposes a 15-minute suspension on trading when the price of a security registers a variation in price between 10% and 15% and between 15% and 20%. Any additional 5% variation in the price of a security will result in an additional 10-minute successive suspension period.

Investors in the Argentine securities market are mostly individuals and companies. Institutional investors, which are responsible for a growing percentage of trading activity, consist mainly of insurance companies and to a lesser extent mutual funds.

Certain information regarding the Argentine stock market is set forth in the table below

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Market capitalization (in billions of pesos) ⁽¹⁾	3,292	3,893	3,356	2,300	1,611	1,900	2,185
As percent of GDP ⁽¹⁾	— ⁽¹⁾	86%	124%	107%	87%	132%	191%
Volume (in millions of pesos)	749,829	621,831	367,830	242,324	207,805	177,613	133,208
Average daily trading volume (in millions of pesos)	4,822.6	2,581.0	1,526.3	1,005.5	848.2	722.0	545.93

(1) INDEC will not publish new information until at least June 2016. See “Item 3—Key Information—Risk Factors—Our business is largely dependent upon economic conditions in Argentina.”

The following table sets forth, for the five most recent full financial years and for the current financial year, the high and low prices in Argentine pesos of our Class D shares on the Buenos Aires Stock Market:

	<u>High</u>	<u>Low</u>
2011	222.60	150.50
2012	188.50	66.50
2013	294.00	101.30
2014	558.00	250.00
2015	375.50	207.00
2016 ⁽¹⁾	295.00	179.00

(1) Through March 10, 2016

The following table sets forth, for each quarter of the most recent two financial years and for each quarter of the current financial year, the high and low prices in Argentine pesos of our Class D shares on the Buenos Aires Stock Market.

	<u>High</u>	<u>Low</u>
2014:		
First Quarter	330.00	250.00
Second Quarter	357.00	277.00
Third Quarter	558.00	340.00
Fourth Quarter	506.00	255.00
2015:		
First Quarter	355.50	277.00
Second Quarter	375.50	321.00
Third Quarter	361.00	209.00
Fourth Quarter	305.00	207.00
2016:		
First Quarter ⁽¹⁾	295.00	179.00

(1) Through March 10, 2016

The following table sets forth, for each of the most recent six months and for the current month, the high and low prices in Argentine pesos of our Class D shares on the Buenos Aires Stock Market.

	<u>High</u>	<u>Low</u>
2015:		
September	309.75	209.00
October	290.00	207.00
November	305.00	267.00
December	265.00	218.00
2016:		
January	235.00	179.00
February	295.00	229.00
March ⁽¹⁾	293.50	266.00

(1) Through March 10, 2016

As of December 31, 2015, there were approximately 34,017 holders of Class D shares in Buenos Aires Stock Market.

Stock Exchange Automated Quotations System International

The ADSs are also quoted on the Stock Exchange Automated Quotations System International.

Argentine Securities Market

The securities market in Argentina was originally composed of 13 stock exchanges, which are located in the City of Buenos Aires (the “BASE”), Bahía Blanca, Chaco, Corrientes, Córdoba, La Plata, La Rioja, Mendoza, Rosario, Salta, Santa Fe, and Tucumán. Six of these exchanges (the BASE, Rosario, Córdoba, La Rioja, Mendoza, and Santa Fe) had affiliated stock markets and, accordingly, were authorized to quote publicly offered securities. However this system was affected by the enactment of Law No. 26,831 and the new regulations issued by the CNV, mainly contained in Resolution No. 622/2013, which stated that securities can only be listed and exchanged in stock markets authorized to function as such by the CNV.

The BASE, which began operating in 1854, was the principal and longest-established stock exchange in Argentina. The exchange functions of the BASE have now been absorbed by the Merval, which is stock market authorized by the CNV to function as such, under Law No. 26,831. The Merval and the BASE have entered into an agreement which has been approved by the CNV, by which the Merval has delegated to the BASE certain functions, such as: (i) the authority to grant listing authorization for securities; (ii) the authority to constitute arbitration courts; and (iii) the issuance of a public information bulletin.

Argentina's equity markets have historically been composed of individual investors, though in recent years there has been an increase in the level of investment by banks and insurance companies in these markets; however, Argentine mutual funds (*fondos comunes de inversión*) continue to have very low participation.

The Argentine securities market is regulated and overseen by the CNV, pursuant to Law No. 26,831 (the "Stock Market Law") which governs the regulation of security exchanges, as well as stockbroker transactions, market operations, the public offering of securities, corporate governance matters relating to public companies and the trading of futures and options. Argentine institutional investors and insurance companies are regulated by separate government agencies, whereas financial institutions are regulated primarily by the Argentine Central Bank.

In Argentina, debt and equity securities traded on an exchange or the over-the-counter market must, unless otherwise instructed by their shareholders, be deposited with Stock Exchange Incorporated (Caja de Valores S.A.), a corporation owned by the Merval and certain provincial exchanges. Stock Exchange Incorporated is the central securities depository of Argentina and provides central depository facilities, as well as acting as a clearinghouse for securities trading and as a transfer and paying agent for securities transactions. Additionally, it handles the settlement of securities transactions carried out by the Merval and operates SINAC.

Among the key provisions of the Stock Market Law are the following: the definition of a "security," that governs the treatment of negotiable securities; the corporate governance requirements, including the obligations for publicly listed companies to form audit committees composed of three or more members of the Board of Directors (the majority of whom must be independent under CNV regulations); regulations for market stabilization transactions under certain circumstances, regulations that governs insider trading, market manipulation and securities fraud and regulates going-private transactions and acquisitions of voting shares, including controlling stakes in public companies. In addition, the Stock Market Law included very relevant changes for the modernization and future design of the capital market, like the demutualization of the stock exchanges; new regulatory powers and resources for the CNV; a mandatory tender offer system and other provisions, like the new requirements for brokers/dealers and other market participants. These provisions were regulated by the CNV with Resolution No. 622/2013. Before offering securities to the public in Argentina, an issuer must meet certain requirements established by the CNV with regard to the issuer's assets, operating history and management. Only securities approved for a public offering by the CNV may be listed on a stock exchange. However, CNV approval does not imply any kind of certification as to the quality of the securities or the solvency of the issuer, even though issuers of listed securities are required to file unaudited quarterly financial statements and audited annual financial statements in accordance with IFRS and various other periodic reports with the CNV and the stock exchange on which their securities are listed, as well as to report to the CNV and the relevant stock exchange any event related to the issuer and its shareholders that may affect materially the value of the securities traded.

Money laundering regulations

Recent modifications to Argentine money laundering regulations have resulted in their application to increasing numbers and types of securities transactions.

The notion of money laundering is generally used to refer to transactions aimed at introducing funds derived from unlawful activities into the institutionalized system and therefore, transforming profits obtained from unlawful activities into assets having a presumed lawful origin.

Law No. 25,246 (as subsequently amended by Law No. 26,087, Law No. 26,119, Law No. 26,268 and Law No 26,683) provides for an administrative criminal system and replaces several sections of the Argentine Criminal Code, incorporating, among other matters, the definition of money laundering as a type of crime committed whenever a person converts, transfers, manages, sells, charges, conceals or otherwise markets any asset derived from a criminal offense, with the possible consequence that the original assets or substitutes thereof appear to come from a lawful source, provided that the total value of the asset exceeds Ps.300,000 regardless of whether such amount results from one act or a series of related acts.

According to Article 303 of the Argentine Criminal Code, money laundering (as defined above) shall be punished with three to ten years of imprisonment and a fine of two to ten times the amount of the transactions made. The penalty prescribed above shall be increased by one third of the maximum and one half of the minimum if: (a) the wrongdoer carries out the act on a regular basis or as a member of an association or gang organized with the purpose of continuously committing acts of a similar nature; or (b) if the primary wrongdoer is a public officer who committed the infringement in the exercise of his/her duties (in such a case, the wrongdoer shall also be punished by special disqualification for three to ten years, and the same penalty shall apply to a wrongdoer who commits the offense in the service of a profession or trade requiring special qualification). The individual who receives money or other assets derived from a criminal offense with the purpose of applying them to a money laundering transaction shall be punished with imprisonment from six months to three years. If the value of the assets is not over Ps.300,000, the wrongdoer will be punished with imprisonment from six months to three years. The provisions in this section shall apply even when the criminal offense is committed outside the geographical jurisdiction of the Argentine Criminal Code, so long as the crime is also penalized in the jurisdiction where it was committed.

Article 277 of the Argentine Criminal Code sets forth that an imprisonment of between six months and three years shall be applied (with varying minimum terms attaching depending on the particular circumstances) to any person who helps a perpetrator to avoid investigation, obscures or destroys evidence of a crime, acquires, receives, hides or alters money or other proceeds from a crime, does not report the commission of the crime or does not identify the perpetrator or participant in a crime with knowledge that such person would have been obliged to assist in the criminal prosecution of such crime and/or aids or abets the perpetrator or participant to make safe the proceeds of the crime. The minimum and maximum terms of punishment shall be doubled when: (a) the offense implies a particularly serious crime (for which minimum penalty is higher than three years of imprisonment); (b) the abettor acts for profit; (c) the abettor habitually commits concealment acts; or (d) the abettor is a public official.

Law No. 25,246 contemplates that the legal entity whose management collected or provided assets or money, whatever their value, knowing that such assets were to be used by a terrorist organization, may be subject to a fine between five to 20 times the value of such assets. Furthermore, whenever the management of the legal entity infringes the duty to treat the information submitted to the Financial Information Unit (*Unidad de Información Financiera* "UIF") as confidential, the legal entity shall be subject to a fine between Ps. 50,000 to Ps. 500,000. Additionally such regulation created the UIF as an autonomous and financially self-sufficient entity within the jurisdiction of the Argentine Ministry of Justice and Human Rights, in charge of analyzing, treating and transmitting information in order to preclude and prevent money laundering. Pursuant to this legislation, the UIF is empowered to receive and request reports, documents, background and any other information deemed useful to fulfill its duties from any public entity, whether federal, provincial or municipal, and from individuals or public or private entities, all of which entities must furnish such information in accordance with Law No. 25,246. Whenever the information furnished or analyses performed by the UIF show the existence of sufficient evidence to suspect that a money laundering or terrorist financing crime has been committed, the UIF shall transmit such evidence to the Government Attorney's Office so that it may start the relevant criminal action, and the UIF may appear as an accusing party to such proceedings. Moreover, Law No. 26,087 mandates that banking secrecy or professional privilege, or legal or contractual commitments, cannot be considered exceptions to the compliance with the obligation to submit information to the UIF in the context of an investigation of suspicious activity.

The main goal of Law No. 25,246 is to prevent money laundering. In line with internationally accepted practices, the duty to control such illegal transactions is not concentrated solely in Argentine federal governmental entities but also distributed among several private sector entities such as banks, brokers, brokerage firms and insurance companies. Such duties mainly consist of data collection functions, such as: (i) gathering from clients, applicants or contributors any documentation sufficient to prove their identity, legal capacity, domicile and further data as necessary on a case by case basis; (ii) reporting any suspicious fact or transaction irrespective of its amount; and (iii) abstaining from disclosing to the client or third parties any procedures being followed pursuant to law. According to Law No. 25,246, a suspicious transaction shall mean any transaction that, in accordance with standard business practices and in the experience of the entities and individuals subject to reporting obligations, is regarded as unusual, unjustified from an economic or legal standpoint, or unnecessarily complex, whether it is a one-time transaction or a series of transactions.

In February 2016, the National Executive Office issued Decree No. 360/16, under which the National Coordination Program to Combat Money Laundering and Terrorism Financing was created under the Ministry of Justice and Human Rights. The program aims to reorganize, coordinate and strengthen Argentina's anti-money laundering and combat of terrorism financing in line with international guidelines established by United Nations conventions and the Financial Action Task Force.

Resolution No. 121/2011 issued by the UIF (“Resolution 121”), as amended by Resolutions No. 1/12, 2/12, 68/13 and 03/14, 195/2015 and 196/2015, is applicable to financial entities subject to Law No. 21,526, to entities subject to the Law No. 18,924, as amended, and to natural and legal entities authorized by the Argentine Central Bank to intervene in the purchase and sale of foreign currency through cash or checks issued in foreign currency or through the use of credit or payment cards, or in the transfer of funds within or outside the national territory. Resolution No. 229/2011 of the UIF (“Resolution 229”), as amended by Resolution No. 140/12, 03/14, 195/2015 and 196/2015, is applicable to brokers and brokerage firms, companies managing common investment funds, agents of the over-the-counter market, intermediaries in the purchase or leasing of securities affiliated with stock exchange entities with or without associated markets, and intermediary agents registered on forwards or option markets. Resolution 121 and Resolution 229 regulate, among other matters, the obligation to collect documentation from clients and the terms, obligations and restrictions for compliance with the reporting duty regarding suspicious money laundering and terrorism financing operations.

Resolution 121 and Resolution 229 set forth general guidelines in connection with the client’s identification (including the distinction between occasional and regular clients), the information to be requested, the documentation to be archived and the procedures to detect and report suspicious transactions. Moreover, the main duties established by such resolutions are the following: a) creating a manual establishing the mechanisms and procedures to be used to prevent money laundering and terrorism financing; b) designation of a compliance officer; c) the implementation of periodic audits; d) personnel training; e) elaboration of analysis records and risk management of detected unusual operations and of those which have been reported because they were considered suspicious; f) implementation of technological tools which allow the establishment of efficient control systems and prevention of money laundering and terrorism financing; and g) implementation of measures which allow subjects obliged under Resolution 121 and subjects obliged under Resolution 229, respectively, to electronically consolidate the operations carried out with clients, and electronic tools which allow the analysis and control of different variables in order to identify certain behaviors and observe possible suspicious transactions. Entities covered by Resolution 121 and Resolution 229 must report any suspected money laundering to the UIF within 30 calendar days of its occurrence (or attempt) and any terrorism financing suspicious activity before a 48 hour period has elapsed.

According to Resolution 229, unusual transactions are those attempted or consummated transactions, on a one-time or on a regular basis, without economic or legal justification, inconsistent with the economic and financial profile of the client, and which deviate from standard market practices, based on their frequency, regularity, amount, complexity, nature or other particular features. According to Resolution 229, an unusual transaction is one that, considering the suitability of the reporter in light of the activity it carries out, and the analysis made, may be suspicious of money laundering and financing terrorism. On other hand, suspicious transactions are those attempted or consummated transactions that, having been previously identified as unusual transactions, are inconsistent with the lawful activities declared by the client or, even if related to lawful activities, give rise to suspicion that they are linked or used to finance terrorism.

Likewise, Resolution 229 provides for a list of factors which shall be specially taken into account in order to determine whether a transaction should be reported to UIF, including but not limited to: (i) clients who refuse to provide data or documents required by Resolution 229, or data provided by clients which is proved to be irregular; (ii) clients attempting to avoid compliance with the requirements set forth by Resolution 229 or other anti-money laundering regulations; (iii) indications about the illicit origin, management or destination of funds and other assets used in the transactions, in respect of which the reporting person or company does not receive a viable explanation; (iv) transactions involving countries or jurisdictions which are deemed tax heavens or identified as non-cooperative by the Financial Action Task Force; (v) the purchase or sale of securities at prices conspicuously higher or lower than those quoted at the moment the transaction is consummated; (vi) the purchase of securities at extremely high prices; (vii) transactions where the client declares assets not consistent with the size of their business, thereby implying the possibility that such client is not acting in its own name but as an agent of an anonymous third party; (viii) investment transactions with securities for high nominal values, which are not consistent with the volume of securities historically negotiated according to the client’s transactional profile; and (ix) the receipt of an electronic transfer of funds without all the required information.

In addition, the CNV rules establish that brokers and brokerage firms, and companies managing common investment funds, agents of the over-the-counter market, intermediaries in the purchase or lease of securities affiliated with stock exchange entities with or without associated markets and intermediary agents registered on forwards or option markets, and individuals or legal entities acting as trustees, for any type of trust fund, and individuals or legal entities, owners of or related to, directly or indirectly, with trust accounts, trustees and grantors in the context of a trust agreement, shall comply with Law No. 25,246, the UIF’s rulings and the CNV’s regulations. Additionally, companies managing common investment funds, any person acting as placement agent or performing activities relating to the trading of common investment funds, any person acting as placement agent in any primary issuance of marketable securities, and any issuer with respect to capital contributions, irrevocable capital contributions for future issuances of stock or significant loans, must also comply with such regulations.

Such resolutions also contain certain requirements for the reception and delivery of checks and payments made between the individuals and entities listed above, as well as the prohibition of transactions relating to the public offering of securities, when they are consummated or ordered by individuals or companies domiciled or residing in domains, jurisdictions, territories or associated states not included in the list of Decree 589/2013 (Regulatory Law of Income Tax No. 20,628 and its amendments), among other

provisions, which mainly includes jurisdictions considered “cooperating for the purpose of tax transparency.” Brokers and dealers must duly know their clients and apply policies and maintain adequate structures and systems in line with a policy against money laundering and terrorist financing. Also, interested investors undertake the obligation to submit any information and documents that may be required in order to comply with criminal regulations and other laws and regulation in connection with money laundering, including capital markets’ regulations preventing money laundering issued by the UIF and similar regulations issued by the CNV.

ITEM 10. Additional Information

Capital Stock

Our capital stock consists of Ps.3,933,127,930, divided into 3,764 Class A shares, 7,624 Class B shares, 40,422 Class C shares and 393,260,983 Class D shares, each fully subscribed and paid, with a par value of ten pesos each and the right to one vote per share. Our total capital stock has not changed since December 31, 2004.

In November 1992, the Privatization Law became effective. Pursuant to the Privatization Law, in July 1993, we completed a worldwide offering of 160 million Class D shares, representing approximately 45% of our outstanding capital stock, which had been owned by the Argentine government. Concurrently with the completion of such offering, the Argentine government transferred approximately 40 million Class B shares to the Argentine provinces, which represented approximately 11% of our outstanding capital stock, and made an offer to holders of pension bonds and certain other claims to exchange such bonds and other claims for approximately 46.1 million Class B shares, representing approximately 13% of our outstanding capital stock. As a result of these transactions, the Argentine government's ownership percentage of our capital stock was reduced from 100% to approximately 30%, including shares that had been set aside to be offered to our employees upon establishment of the terms and conditions by the Argentine government in accordance with Argentine law. The shares set aside to be offered to employees represented 10% of our outstanding capital stock.

In July 1997, the Class C shares set aside for the benefit of our employees in conjunction with the privatization, excluding approximately 1.5 million Class C shares set aside as a reserve against potential claims, were sold through a global public offering, increasing the percentage of our outstanding shares of capital stock held by the public to 75%. Proceeds from the transactions were used to cancel debt related to the employee plan, with the remainder distributed to participants in the plan. Additionally, Resolution 1,023/06 of the Ministry of Economy, dated December 21, 2006, effected the transfer to the employees covered by the employee share ownership plan, or PPP, of 1,117,717 Class C shares, corresponding to the Class C shares set aside as a reserve against potential claims, and reserving 357,987 Class C shares until a decision was reached in a pending lawsuit. Subsequently, with a final decision having been reached in the lawsuit, and consistent with the mechanism of conversion of Class C shares into Class D shares established by Decree 628/1997 and its accompanying rules, as of December 31, 2009, 1,447,983 Class C shares had been converted into Class D shares. In 2010, a former employee of the Company who was allegedly excluded from the Argentine government's YPF share ownership plan filed a claim against YPF seeking recognition of his status as a shareholder of YPF. In addition, the Federation of Former Employees of YPF joined the proceeding as a supporting third-party claimant, purportedly acting on behalf of other former employees who were also allegedly excluded from the share ownership plan. Under the jurisprudence of the Argentine Supreme Court upholding numerous decisions of the relevant Argentine Courts of Appeals, YPF believes it will not be held liable for claims of this nature related to the PPP. Through Law No. 25.471, the Argentine government assumed sole responsibility for any compensation to be received by YPF's former employees who were excluded from the PPP.

The Class A shares held by the Argentine government became eligible for sale in April 1995 upon the effectiveness of legislation which permitted the Argentine government to sell such shares. In January 1999, Repsol YPF acquired 52,914,700 Class A shares in block (14.99% of our shares) which were converted to Class D shares. Additionally, on April 30, 1999, Repsol YPF announced a tender offer to purchase all outstanding Class A, B, C and D shares at a price of U.S.\$44.78 per share (the "Offer"). Pursuant to the Offer, in June 1999, Repsol YPF acquired an additional 82.47% of our outstanding capital stock. On November 4, 1999, Repsol YPF acquired an additional 0.35%. On June 7, 2000, Repsol YPF announced a tender offer to exchange newly issued Repsol YPF's shares for 2.16% of our Class B, C and D shares held by minority shareholders. Pursuant to the tender offer, and after the merger with Astra Compañía Argentina de Petróleo, S.A. ("Astra") and Repsol Argentina, S.A., Repsol YPF owned 330,551,981 Class D shares and therefore controlled us through a 99.04% ownership interest until 2008. Following the different transactions that started in 2008, Repsol YPF ended up with a total ownership of 57.43% in April 2012.

The Expropriation Law has significantly changed our shareholding structure. The Class D shares subject to expropriation from Repsol YPF or its controlling or controlled entities, which represent 51% of our share capital and were declared of public interest and are currently held by the Republic of Argentina, 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 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 to expropriation between the 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 that 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", "—Decree 272/2015" and "Item 7. Major Shareholders and Related Party Transactions."

Memorandum and Articles of Association

YPF's by-laws were approved by National Executive Decree No. 1,106, dated May 31, 1993, and notarized by public deed No. 175, dated June 15, 1993 at the National Notary Public Office, sheet 801 of the National Registry, and registered at the Inspection Board of Legal Entities of the Argentine Republic on the same date, June 15, 1993 under number 5,109 of the book of Corporations number 113, volume "A."

At a shareholders' meeting on April 14, 2010, YPF's shareholders approved an amendment to YPF's by-laws. Copies of the by-laws, which have been filed as described in "Item 19. Exhibits" in this annual report, are also available at the offices of YPF.

For a detailed description of YPF's object and purpose, see "Item 4. Information on the Company." YPF's object is set forth in Section 4 of its by-laws.

Pursuant to Argentine Corporations Law, the Board of Directors or the Supervisory Committee shall call either annual general or extraordinary shareholders' meetings in the cases provided by law and whenever they consider appropriate. Shareholders representing not less than 5% of YPF's capital stock may also request that a shareholders' meeting be called.

A shareholders' meeting shall be called at least twenty days prior to the meeting date by notice published in the legal publications journal for a period of five days. The notice shall include the nature, date, time and place of the meeting, the agenda to be discussed and the specific requirements shareholders must meet to attend the meeting.

Shareholders' Meetings

Pursuant to the Argentine Corporations Law, the Board of Directors or the Supervisory Committee shall call either annual ordinary or extraordinary shareholders' meetings in the cases provided by law and whenever they consider appropriate. Shareholders representing not less than 5% of our capital stock may also request that a shareholders' meeting be called, in which case the meeting must take place within 40 days of such shareholders' request. If the Board of Directors or the Supervisory Committee fails to call a meeting following such a request, a meeting may be ordered by the CNV or by the courts.

Shareholders' meetings may be ordinary meetings or extraordinary meetings. We are required to convene and hold an ordinary meeting of shareholders within four months of the closing of each fiscal year to consider the matters specified in the first two paragraphs of Section 234 of the Argentine Corporations Law, such as the approval of our financial statements, allocation of net income for such fiscal year, approval of the reports of the Board of Directors and the Audit Committee and the election, performance and remuneration of directors and members of the Supervisory Committee. In addition, pursuant to the Stock Market Law, at ordinary shareholders' meetings, shareholders must consider (i) the disposition of, or creation of any lien over, assets as long as such decision has not been performed in the ordinary course of business and (ii) the execution of administration or management agreements and whether to approve any agreement by virtue of which the assets or services provided to us are paid partial or totally with a percentage of our income, results or earnings, if the payment is material when measured against the volume of the ordinary course of business and our shareholders' equity. Other matters which may be considered at an ordinary shareholders' meeting convened and held at any time include the responsibility of directors and members of the Supervisory Committee, capital increases and the issuance of certain notes. Extraordinary shareholders' meetings may be called at any time to consider matters beyond the authority of an ordinary meeting including, without limitation, the amendment of our by-laws, issuance of debentures, early dissolution, merger, spin-off, reduction of capital stock and redemption of shares, transformation from one type of entity to another and limitation or suspension of shareholders' preemptive rights.

Notices of meetings

Notice of shareholders' meetings must be published for five days in the Official Gazette, in an Argentina newspaper of wide circulation and in the bulletin of the BASE, at least 20 but not more than 45 days prior to the date on which the meeting is to be held. Such notice must include information regarding the type of meeting to be held, the date, time and place of such meeting and the agenda. If a quorum is not available at such meeting, a notice for a meeting on second call, which must be held within 30 days of the date on which the first meeting was called, must be published for three days at least eight days before the date of the meeting on second call. The above-described notices of shareholders' meetings may be effected simultaneously for the meeting on second call to be held on the same day as the first meeting, only in the case of ordinary meetings. Shareholders' meetings may be validly held without notice if all the shares of our outstanding share capital are present and resolutions are adopted by unanimous vote of shares entitled to vote.

Quorum and voting requirements

Except as described below, the quorum for ordinary meetings of shareholders on first call is a majority of the shares entitled to vote, and action may be taken by the affirmative vote of an absolute majority of the shares present that are entitled to vote on such action. If a quorum is not available at the first meeting, a meeting on second call may be held at which action may be taken by the holders of an absolute majority of the shares present, regardless of the number of such shares. The quorum for an extraordinary shareholders' meeting on first call is 60% of the shares entitled to vote, and if such quorum is not available, a meeting or second call may be held, at which action may be taken by the holders of an absolute majority of the shares present, regardless of the number of such shares.

Our by-laws establish that in order to approve (i) the transfer of our domicile outside Argentina, (ii) a fundamental change of the corporate purpose set forth in our by-laws, (iii) delisting of our shares from the BASE or NYSE, and (iv) a spin-off by us, when as a result of such spin-off more than 25% of our assets are transferred to the resulting corporations, a majority of the shares representing 75% or more of our voting shares is required, both in first and second call. Our by-laws also establish that in order to approve (i) certain amendments to our by-laws concerning tender offers of shares (as described below), (ii) the granting of certain guarantees in favor of our shareholders, (iii) full stop of refining, commercialization and distribution activities and (iv) rules regarding appointment, election and number of members of our Board of Directors, a majority of the shares representing 66% or more of our voting shares is required, both in first and second call, as is the affirmative vote of the Class A shares, voting at a special meeting of the holders of such shares.

In order to attend the meeting, shareholders must deposit their shares, or a certificate representing book-entry shares issued by a bank, clearing house or depository trust company, with us. This certificate will allow each shareholder to be registered in the attendance book which closes three business days before the date on which the meeting will be held. We will issue to each shareholder a deposit certificate required for admission into the meeting. Shares certified and registered in the attendance book may not be disposed of before the meeting is held unless the corresponding deposit is cancelled.

Under the Argentine Corporations Law, foreign companies that own shares in an Argentine corporation are required to register with the IGJ in order to exercise certain shareholder rights, including voting rights. Such registration requires the filing of certain corporate and accounting documents. Accordingly, if a shareholder owns Class D shares directly (rather than in the form of ADSs) and it is a non-Argentine company, and such shareholder fails to register with the IGJ, the ability to exercise its rights as a holder of Class D shares may be limited.

Directors, members of the Supervisory Committee and senior managers are both entitled and required to attend all shareholders' meetings. These persons may only exercise voting power to the extent they have been previously registered as shareholders, in accordance with the provisions described in the above paragraph. Nevertheless, these persons are not allowed to vote on any proposal regarding the approval of their management duties or their removal for cause.

Shareholders who have a conflict of interest with us and who do not abstain from voting may be liable for damages to us, but only if the transaction would not have been approved without such shareholders' votes. Furthermore, shareholders who willfully or negligently vote in favor of a resolution that is subsequently declared void by a court as contrary to the law or our by-laws may be held jointly and severally liable for damages to us or to other third parties, including shareholders.

Directors

Election of Directors

Our business and affairs are managed by the Board of Directors in accordance with our by-laws and the Argentine Corporations Law. Our by-laws provide for a Board of Directors of eleven to 21 members, and up to an equal number of alternates. Alternates are those elected by the shareholders to replace directors who are absent from meetings or who are unable to exercise their duties, when and for whatever period appointed to do so by the Board of Directors. Alternates have the responsibilities, duties and powers of directors only if and to the extent they are called upon to attend board meetings or for such longer period as they may act as replacements.

Directors hold office from one to three years, as determined by the shareholders' meetings. Since the Board of Director's meeting held on December 22, 2015, our Board of Directors is composed of 15 directors and seven alternates.

In accordance with our by-laws, the Argentine government, as sole holder of Class A shares, is entitled to elect one director and one alternate.

Under the Argentine Corporations Law, a majority of our directors must be residents of Argentina. All directors must establish a legal domicile in Argentina for service of notices in connection with their duties.

Our by-laws require the Board of Directors to meet at least once every quarter in person or by video conference, and a majority of directors is required in order to constitute a quorum. If a quorum is not met one hour after the start time set for the meeting, the President or his substitute may invite alternates of the same class as that of the absent directors to join the meeting, or call a meeting for another day. Resolutions must be adopted by a majority of the directors present, and the President or his substitute is entitled to cast the deciding vote in the event of a tie.

Duties and liabilities of Directors

In accordance with the Argentine Corporations Law, directors have an obligation to perform their duties with loyalty and with the diligence of a prudent business person. Directors are jointly and severally liable to us, our shareholders and to third parties for the improper performance of their duties, for violating the law or our by-laws or regulations, and for any damage caused by fraud, abuse of authority or gross negligence. Specific duties may be assigned to a director by the by-laws, company regulations, or by resolution of the shareholders' meeting. In such cases, a director's liability will be determined by reference to the performance of such duties.

Only shareholders, through a shareholders' meeting may authorize directors to engage in activities in competition with us. Transactions or contracts between directors and us in connection with our activities are permitted to the extent they are performed under fair market conditions. Transactions that do not comply with the Argentine Corporations Law require prior approval of the Board of Directors or the Supervisory Committee. In addition, these transactions must be subsequently approved by the shareholders at a general meeting. If our shareholders do not approve the relevant transaction, the directors and members of the Supervisory Committee who approved such transactions are jointly and severally liable for any damages caused to us.

Any director whose personal interests are adverse to ours shall notify the Board of Directors and the Supervisory Committee and abstain from voting on such matters. Otherwise, such director may be held liable to us.

A director will not be liable if, notwithstanding his presence at the meeting at which a resolution was adopted or his knowledge of such resolution, a written record exists of his opposition to such resolution and he reports his opposition to the Supervisory Committee before any complaint against him is brought before the Board of Directors, the Supervisory Committee, the shareholders' meeting, the appropriate governmental agency or the courts. Any liability of a director to us terminates upon approval of the director's actions by the shareholders at a general meeting, provided that shareholders representing at least 5% of our capital stock do not object and provided further that such liability does not result from a violation of the law, our by-laws or other regulations.

Foreign Investment Legislation

Under the Argentine Foreign Investment Law, as amended, and its implementing regulations (together, referred to as the "Foreign Investment Legislation"), the purchase of shares of an Argentine corporation by an individual or legal entity domiciled abroad or by an Argentine company of "foreign capital" (as defined in the Foreign Investment Legislation) constitutes foreign investment. Currently, foreign investment in industries other than broadcasting, purchase land located in frontier and other security areas by foreigners and limits on the ownership of rural land by foreign individuals or legal entities according to Law 26,737, is not restricted, and no prior approval is required to make foreign investments. No prior approval is required in order to purchase Class D shares or ADSs or to exercise financial or corporate rights thereunder.

Dividends

Under our by-laws, all Class A, Class B, Class C and Class D shares rank equally with respect to the payment of dividends. All shares outstanding as of a particular record date share equally in the dividend being paid, except that shares issued during the period to which a dividend relates may be entitled only to a partial dividend with respect to such period if the shareholders' meeting that approved the issuance so resolved. No provision of our by-laws or of the Argentine Corporations Law gives rise to future special dividends only to certain shareholders.

The amount and payment of dividends are determined by majority vote of our shareholders voting as a single class, generally, but not necessarily, on the recommendation of the Board of Directors. In addition, under the Argentine Corporations Law, our Board of Directors has the right to declare dividends subject to further approval of shareholders at the next shareholders' meeting.

After the passage of the Expropriation Law, at our shareholder's 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. Our strategy 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. At our shareholders' meeting held on April 30, 2013 and its continuation on May 30, 2013, a dividend of Ps. 326 million (Ps. 0.83 per share or ADS) was authorized for payment during August 2013. Furthermore, at the shareholders' ordinary and extraordinary general meeting held on April 30, 2014 and its continuation on May 21, 2014 a dividend of Ps. 464 million (Ps. 1.18 per share or ADS) was authorized for payment during July 2014. At the shareholders' ordinary and extraordinary general meeting held on April 30, 2015, a dividend of Ps. 503 million (Ps. 1.28 per share or ADS) was authorized for distribution by December 31, 2015, which was paid in July 2015. On March 3, 2016, the Board agreed to propose to the Shareholders' meeting the following distribution of profits: (i) allocate the amount of Ps. 50 million to constitute a reserve for purchasing YPF shares pursuant to our stock compensation plan, in order to give the opportunity to the Board to acquire YPF shares at the time it deems appropriate, and comply, during the execution of plans, with commitments generated and to be generated in the future, (ii) allocate the amount of Ps. 3,640 million to constitute a reserve for investments in terms of Article 70, third paragraph of Argentine General Corporation Law No.19,550, and its amendments, and (iii) allocate the amount of Ps. 889 million to a reserve for the payment of dividends, authorizing the Board to determine the opportunity for its distribution within a period not exceeding the end of 2016. The following table sets forth for the periods and dates indicated, the quarterly dividend payments made by us, expressed in pesos.

<u>Year Ended December 31,</u>	<u>Pesos Per Share/ADS</u>				
	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>Total</u>
2005	—	8.00	—	4.40	12.40
2006	—	6.00	—	—	6.00
2007	6.00	—	—	—	6.00
2008	10.76	6.50	—	6.35	23.61
2009	—	6.30	—	6.15	12.45
2010	—	5.50	—	5.80	11.30
2011	—	7.00	—	7.15	14.15
2012	—	—	—	0.77	0.77
2013	—	—	0.83	—	0.83
2014	—	—	1.18	—	1.18
2015	—	—	1.28	—	1.28

Amount Available for Distribution

Under Argentine law, dividends may be lawfully paid only out of our retained earnings reflected in the annual audited financial statements prepared in accordance with accounting rules prevailing in Argentina and CNV regulations and approved by a shareholders' meeting. The Board of Directors of a listed Argentine company that makes public offering of its shares may declare interim dividends, in which case the members of the Board and of the Supervisory Committee is jointly and severally liable for the repayment of such dividend if retained earnings at the close of the fiscal year in which the interim dividend was paid would not have been sufficient to permit the payment of such dividend.

According to the Argentine Corporations Law and our by-laws, we are required to maintain a legal reserve of at least 5% of the fiscal year's income until such reserve equals 20% of our then-outstanding capital stock. The legal reserve is not available for distribution to shareholders.

Under our by-laws, our net income is applied as follows:

- first, at least 5% of net income, plus (less) prior year adjustments, is segregated to build the legal reserve until such reserve is equal to 20% of our subscribed capital;
- second, an amount is segregated to pay the accrued fees of the members of the Board of Directors and of the Supervisory Committee. See "Item 6. Directors, Senior Management and Employees—Compensation of members of our Board of Directors and Supervisory Committee";
- third, an amount is segregated to pay dividends on preferred stock, if any; and
- fourth, the remainder of net income in whole or in part may be distributed as dividends to common shareholders or allocated for voluntary or contingent reserves as determined by the shareholders' meeting.

Our Board of Directors submits our financial statements for the preceding fiscal year, together with reports thereon by the Supervisory Committee and the auditors, at the annual ordinary shareholders' meeting for approval. Within four months of the end of each fiscal year, an ordinary shareholders' meeting must be held to consider our yearly financial statements and determine the allocation of our net income for such year.

Under applicable CNV regulations, cash dividends must be paid to shareholders within 30 days of the shareholders' meeting approving such dividends or, in the case in which the shareholders' meeting delegates the authority to distribute dividends to the Board of Directors, within 30 days of the Board of Directors' meeting approving such dividends. In the case of payment of stock dividends, or payment of both stock and cash dividends, both shares and cash are required to be available within three months of the receipt of notice of the authorization of the CNV for the public offering of the shares arising from such dividends. In accordance with the Argentine Civil and Commercial Code, the statute of limitations to the right of any shareholder to receive dividends declared by the shareholders' meeting is five years from the date on which it has been made available to the shareholder. However, according to Article 2537 of the Argentine Civil and Commercial Code, the statute of limitations on the right of any shareholder to receive dividends declared before August 1, 2015 is three years.

Owners of ADSs are entitled to receive any dividends payable with respect to the underlying Class D shares. Cash dividends are paid to the Depositary in pesos, directly or through BoNY, as depositary, although we may choose to pay cash dividends outside Argentina in a currency other than pesos, including U.S. dollars. The deposit agreement provides that the Depositary shall convert cash dividends received by the Depositary in pesos to dollars, to the extent that, in the judgment of the Depositary, such conversion may be made on a reasonable basis, and, after deduction or upon payment of the fees and expenses of the Depositary, shall make payment to the holders of ADSs in U.S. dollars.

Preemptive and Accretion Rights

Except as described below, in the event of a capital increase, a holder of existing shares of a given class has a preferential right to subscribe a number of shares of the same class sufficient to maintain the holder's existing proportionate holdings of shares of that class. Preemptive rights also apply to issuances of convertible securities, but do not apply upon conversion of such securities. Pursuant to the Argentine Corporations Law, in exceptional cases and on a case-by-case basis when required for our best interest, the shareholders at an extraordinary meeting with a special majority may decide to limit or suspend shareholders' preemptive rights, provided that such limitation or suspension of the shareholders' preemptive rights is included in the agenda of the meeting and the shares to be issued are paid in kind or are issued to cancel preexisting obligations.

Under our by-laws, we may only issue securities convertible into Class D shares, and the issuance of any such convertible securities must be approved by a special meeting of the holders of Class D shares.

Holders of ADSs may be restricted in their ability to exercise preemptive rights if a registration statement under the Stock Market Law relating thereto has not been filed or is not effective. Preemptive rights are exercisable during the 30 days following the last publication of notice informing shareholders of their right to exercise such preemptive rights in the Official Gazette and in an Argentine newspaper of wide circulation. Pursuant to the Argentine Corporations Law, if authorized by an extraordinary shareholders' meeting, companies authorized to make public offering of their securities, such as us, may shorten the period during which preemptive rights may be exercised from 30 to ten days following the publication of notice of the offering to the shareholders to exercise preemptive rights in the Official Gazette and a newspaper of wide circulation in Argentina. Pursuant to our by-laws, the terms and conditions on which preemptive rights may be exercised with respect to Class C shares may be more favorable than those applicable to Class A, Class B and Class D shares.

Shareholders who have exercised their preemptive rights have the right to exercise accretion rights, in proportion to their respective ownership, with respect to any unpreempted shares, in accordance with the following procedure:

- Any unpreempted Class A shares will be converted into Class D shares and offered to holders of Class D shares that exercised preemptive rights and indicated their intention to exercise additional preemptive rights with respect to any such Class A shares.
- Any unpreempted Class B shares will be assigned to those provinces that exercised preemptive rights and indicated their intention to exercise accretion rights with respect to such shares; any excess will be converted into Class D shares and offered to holders of Class D shares that exercised preemptive rights and indicated their intention to exercise accretion rights with respect to any such Class D shares.

- Any unpreempted Class C shares will be assigned to any PPP participants who exercised preemptive rights and indicated their intention to exercise accretion rights with respect to such shares; any excess will be converted into Class D shares and offered to holders of Class D shares that exercised preemptive rights and indicated their intention to exercise accretion rights with respect to any such Class C shares.
- Any unpreempted rights will be assigned to holders of Class D shares that exercised their preemptive rights and indicated their intention to exercise accretion rights; any remaining Class D shares will be assigned *pro rata* to any holder of shares of another class that indicated his or her intention to exercise accretion rights.

The term for exercise of additional preemptive rights is the same as that fixed for exercising preemptive rights.

Voting of the Underlying Class D Shares

Under the by-laws, each Class A, Class B, Class C and Class D share entitles the holder thereof to one vote at any meeting of the shareholders of YPF, except that a specified number of Directors is elected by majority vote of each class (except as provided below). See “—Directors—Election of Directors” above for information regarding the number of directors that holders of each class of shares are entitled to elect and certain other provisions governing nomination and election of directors. The Depositary has agreed that, as soon as practicable after receipt of a notice of any meeting of shareholders of YPF, it will mail a notice to the holders of ADRs, evidencing ADSs, registered on the books of the Depositary which will contain the following:

- a summary in English of the information contained in the notice of such meeting;
- a statement that the holders of ADRs at the close of business on a specified record date will be entitled, subject to any applicable provisions of Argentine law, the by-laws of YPF and the Class D shares, to instruct the Depositary to exercise the voting rights, if any, pertaining to the Class D shares evidenced by their respective ADSs; and
- a statement as to the manner in which such instructions may be given to the Depositary.

The Depositary shall endeavor, to the extent practicable, to vote or cause to be voted the amount of Class D shares represented by the ADSs in accordance with the written instructions of the holders thereof. The Depositary will vote Class D shares, as to which no instructions are received, in accordance with the recommendations of the Board of Directors of YPF. The Depositary will not vote Class D shares, as to which no instructions have been received, in accordance with the recommendations of the Board of Directors, however, unless YPF has provided to the Depositary an opinion of Argentine counsel stating that the action recommended by the Board of Directors is not illegal under Argentine law or contrary to the by-laws or Board regulations of YPF. In addition, the Depositary will, if requested by the Board of Directors and unless prohibited by any applicable provision of Argentine law, deposit all Class D shares represented by ADSs for purposes of establishing a quorum at meetings of shareholders, whether or not voting instructions with respect to such shares have been received.

Voting

Under our by-laws, each Class A, Class B, Class C and Class D share entitles the holder thereof to one vote at any meeting of our shareholders, except that the Class A shares (i) vote separately with respect to the election of our Board of Directors and are entitled to appoint one director and one alternate director and, (ii) have certain veto rights, as described below.

Class A Veto Rights

Under the by-laws, so long as any Class A shares remain outstanding, the affirmative vote of such shares is required in order to: (i) decide upon the merger of the company; (ii) approve any acquisition of shares by a third party representing more than 50% of the company’s capital; (iii) transfer to third parties all the exploitation rights granted to YPF pursuant to the Hydrocarbons Law, applicable regulations thereunder or the Privatization Law, if such transfer would result in the total suspension of the company’s exploration and production activities; (iv) voluntarily dissolve the company; and (v) transfer our legal or fiscal domicile outside Argentina. The actions described in clauses (iii) and (iv) above also require prior approval of the Argentine congress through enactment of a law.

Reporting Requirements

Pursuant to our by-laws, any person who, directly or indirectly, through or together with its affiliates and persons acting in concert with it, acquires Class D shares or securities convertible into Class D shares, so that such person controls more than 3% of the Class D shares, is required to notify us of such acquisition within five days of such acquisition, in addition to complying with any requirements imposed by any other authority in Argentina or elsewhere where our Class D shares are traded. Such notice must include the name or names of the person and persons, if any, acting in concert with it, the date of the acquisition, the number of shares acquired, the price at which the acquisition was made, and a statement as to whether it is the purpose of the person or persons to acquire a greater shareholding in, or control of, us. Each subsequent acquisition by such person or persons requires a similar notice.

Certain Provisions Relating to Acquisitions of Shares

Pursuant to our by-laws:

- each acquisition of shares or convertible securities, as a result of which the acquirer, directly or indirectly through or together with its affiliates and persons acting in concert with it (collectively, an “Offeror”), would own or control shares that, combined with such Offeror’s prior holdings, if any, of shares of such class, would represent:
 - 15% or more of the outstanding capital stock, or
 - 20% or more of the outstanding Class D shares; and
- each subsequent acquisition by an Offeror (other than subsequent acquisitions by an Offeror owning or controlling more than 50% of our capital prior to such acquisition) (collectively, “Control Acquisitions”), must be carried out in accordance with the procedure described under “—Restrictions on Control Acquisitions” below.

In addition, any merger, consolidation or other combination with substantially the same effect involving an Offeror that has previously carried out a Control Acquisition, or by any other person or persons, if such transaction would have for such person or persons substantially the same effect as a Control Acquisition (“Related Party Share Acquisition”), must be carried out in accordance with the provisions described under “—Restrictions on Related Party Share Acquisitions” below. The voting, dividend and other distribution rights of any shares acquired in a Control Acquisition or a Related Party Share Acquisition carried out other than in accordance with such provisions will be suspended, and such shares will not be counted for purposes of determining the existence of a quorum at shareholders’ meetings.

The Expropriation Law has not triggered these obligations.

Restrictions on Control Acquisitions

Prior to consummating any Control Acquisition, an Offeror must obtain the approval of the Class A shares, if any are outstanding, and make a public tender offer for all of our outstanding shares and convertible securities. The Offeror will be required to provide us with notice of, and certain specified information with respect to, any such tender offer at least fifteen business days prior to the commencement of the offer, as well as the terms and conditions of any agreement with any shareholder proposed for the Control Acquisition (a “Prior Agreement”). We will send each shareholder and holder of convertible securities a copy of such notice at the Offeror’s expense. The Offeror is also required to publish a notice containing substantially the same information in a newspaper of general circulation in Argentina, New York and each other city in which our securities are traded on an exchange or other securities market, at least once per week, beginning on the date notice is provided to us, until the offer expires.

Our Board of Directors shall call a special meeting of the holders of Class A shares to be held ten business days following the receipt of such notice for the purpose of considering the tender offer. If the special meeting is not held, or if the shareholders do not approve the tender offer at such meeting, neither the tender offer nor the proposed Control Acquisition may be completed.

The tender offer must be carried out in accordance with a procedure specified in our by-laws and in accordance with any additional or stricter requirements of jurisdictions, exchanges or markets in which the offer is made or in which our securities are traded. Under the by-laws, the tender offer must provide for the same price for all shares tendered, which price may not be less than the highest of the following (the “Minimum Price”):

- (i) the highest price paid by, or on behalf of, the Offeror for Class D shares or convertible securities during the two years prior to the notice provided to us, subject to certain antidilution adjustments with respect to Class D shares;
- (ii) the highest closing price for the Class D shares on the BASE during the thirty-day period immediately preceding the notice provided to us, subject to certain antidilution adjustments;

- (iii) the price resulting from clause (ii) above multiplied by a fraction, the numerator of which shall be the highest price paid by or on behalf of the Offeror for Class D shares during the two years immediately preceding the date of the notice provided to us and the denominator of which shall be the closing price for the Class D shares on the BASE on the date immediately preceding the first day in such two-year period on which the Offeror acquired any interest in or right to any Class D shares, in each case subject to certain antidilution adjustments; and
- (iv) the net earnings per Class D share during the four most recent full fiscal quarters immediately preceding the date of the notice provided to us, multiplied by the higher of (A) the price/earnings ratio during such period for Class D shares (if any) and (B) the highest price/earnings ratio for us in the two-year period immediately preceding the date of the notice provided to us, in each case determined in accordance with standard practices in the financial community.

Any such offer must remain open for a minimum of 20 days and a maximum of 30 days following the provision of notice to the shareholders or publication of the offer, plus an additional period of a minimum of five days and a maximum of ten days required by CNV regulations, and shareholders must have the right to withdraw tendered shares at any time up until the close of the offer. Following the close of such tender offer, the Offeror will be obligated to acquire all tendered shares or convertible securities, unless the number of shares tendered is less than the minimum, if any, upon which such tender offer was conditioned, in which case the Offeror may withdraw the tender offer. Following the close of the tender offer, the Offeror may consummate any Prior Agreement within thirty days following the close of the tender offer; provided, however, that if such tender offer was conditioned on the acquisition of a minimum number of shares, the Prior Agreement may be consummated only if such minimum was reached. If no Prior Agreement existed, the Offeror may acquire the number of shares indicated in the notice provided to us on the terms indicated in such notice, to the extent such number of shares were not acquired in the tender offer, provided that any condition relating to a minimum number of shares tendered has been met.

The Expropriation Law has not triggered these obligations.

Restrictions on Related Party Share Acquisitions

The price per share to be received by each shareholder in any Related Party Share Acquisition must be the same as, and must not be less, than the highest of the following:

- (i) the highest price paid by or on behalf of the party seeking to carry out the Related Party Share Acquisition (an “Interested Shareholder”) for (A) shares of the class to be transferred in the Related Party Share Acquisition (the “Class”) within the two-year period immediately preceding the first public announcement of the Related Party Share Acquisition or (B) shares of the Class acquired in any Control Acquisition, in each case as adjusted for any stock split, reverse stock split, stock dividend or other reclassification affecting the Class;
- (ii) the highest closing sale price of shares of the Class on the BASE during the thirty days immediately preceding the announcement of the Related Party Share Acquisition or the date of any Control Acquisition by the Interested Shareholder, adjusted as described above;
- (iii) the price resulting from clause (ii) multiplied by a fraction, the numerator of which shall be the highest price paid by or on behalf of the Interested Shareholder for any share of the Class during the two years immediately preceding the announcement of the Related Party Transaction and the denominator of which shall be the closing sale price for shares of the Class on the date immediately preceding the first day in the two-year period referred to above on which the Interested Shareholder acquired any interest or right in shares of the Class, in each case as adjusted as described above; and
- (iv) the net earnings per share of the shares of the Class during the four most recent full fiscal quarters preceding the announcement of the Related Party Transaction multiplied by the higher of the (A) the price/earnings ratio during such period for the shares of the Class and (B) the highest price/earnings ratio for us in the two-year period preceding the announcement of the Related Party Transaction, in each case determined in accordance with standard practices in the financial community.

In addition, any transaction that would result in the acquisition by any Offeror of ownership or control of more than 50% of our capital stock, or that constitutes a merger or consolidation of us, must be approved in advance by the Class A shares while any such shares remain outstanding.

Material Contracts

None.

Exchange Regulations

See “Item 3. Key Information—Exchange Regulations” for information on the monetary and currency exchange control restrictions in effect in Argentina.

Taxation

Argentine Tax Considerations

The following discussion is a summary of the material Argentine tax considerations relating to the purchase, ownership and disposition of our Class D shares or ADSs.

Dividends tax

Dividends paid on our Class D shares or ADSs, whether in cash, property or other equity securities, are not subject to income tax withholding, except for dividends paid in excess of our taxable accumulated income for the previous fiscal period, which are subject to withholding at a rate of 35% in respect of such excess. This is a final tax, and it is not applicable if dividends are paid in shares (*acciones liberadas*) rather than in cash.

Personal assets tax

Argentine individuals and undivided estates, foreign individuals and undivided estates, and foreign entities are subject to personal assets tax of 0.5% of the value of any shares or ADSs issued by Argentine entities, held at December 31 of each year. The tax is levied on the Argentine issuers of such shares or ADSs, such as the Company, which must pay this tax in substitution of the relevant shareholders, and is based on the equity value (*valor patrimonial proporcional*), of the shares derived from the latest financial statements at December 31 of each year. Pursuant to the Personal Assets Tax Law, we are entitled and expect to seek reimbursement of such paid tax from the applicable shareholders, including by foreclosing on the shares, or by withholding dividends.

Tax on debits and credits in bank accounts

Tax on debits and credits in bank accounts is levied, with certain exceptions, for debits and credits on checking accounts maintained at financial institutions located in Argentina and other transactions that are used as a substitute for the use of checking accounts. The general tax rate is 0.6% for each debit and credit, although in certain cases a decreased rate may apply. The account holder may use up to 34% of the tax paid in respect of credits as a credit against other federal taxes.

Value added tax

The sale, exchange or other disposition of our Class D shares or ADSs and the distribution of dividends are exempt from the value added tax.

Stamp taxes

Stamp taxes may apply in certain Argentine provinces if transfer of our Class D shares or ADSs is performed or executed in such jurisdictions by means of written agreements. Transfer of our Class D shares or ADSs is exempt from stamp tax in the City of Buenos Aires.

Estate and gift tax

The Province of Buenos Aires has imposed a tax on the reception of assets through inheritance or gift, effective January 1, 2011. The tax rates vary from 4% to 21.925%, depending on the value of the transferred assets and the relationship between the transferor and the transferee. The transfer of Class D shares or ADSs among residents of the Province of Buenos Aires shall be subject to this tax if other applicable conditions are met.

Other taxes

Subject to the discussion above regarding estate and gift taxes in the Province of Buenos Aires, there are no Argentine inheritance or succession taxes applicable to the ownership, transfer or disposition of our Class D shares or ADSs. In addition, neither the minimum presumed income tax nor any local gross turnover tax is applicable to the ownership, transfer or disposition of our Class D shares or ADSs.

In the case of litigation regarding the Class D shares or ADSs before a court of the City of Buenos Aires, a 3% court fee would be charged, calculated on the basis of the claim.

Tax treaties

Argentina has tax treaties for the avoidance of double taxation currently in force with Australia, Belgium, Bolivia, Brazil, Canada, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Russia, Spain, Sweden, Switzerland, the United Kingdom and Uruguay. The tax treaties between Argentina and Chile and Argentina and Mexico have been signed but the treaties have not yet been ratified by their governments. The new tax treaty between Argentina and Switzerland was ratified by their governments and went into effect as of January 1, 2015. There is currently no tax treaty or convention in effect between Argentina and the United States. It is not clear when, if ever, a treaty will be ratified or entered into effect. As a result, the Argentine tax consequences described in this section will apply, without modification, to a holder of our Class D shares or ADSs that is a U.S. resident. Foreign shareholders located in certain jurisdictions with a tax treaty in force with Argentina may be (i) exempted from the payment of the personal assets tax and (ii) entitled to apply for reduced withholding tax rates on payments to be made by Argentine parties.

Modifications to the Income Tax Law

On September 23, 2013, Law No. 26,893 introducing modifications to the Income Tax was published in the Official Gazette. The above-mentioned modifications are mainly related to the taxability of the income originating for the purchase and sale of shares and the collection of dividends. The scope of the law was clarified by means of the Regulatory Decree 2334. Below is a description of the main modifications introduced by Law No. 26,893:

- **Income originating from the purchase and sale of shares**

- As from its entry into force, any income originated from the disposal of shares, quotas, equity interests, certificates, bonds and other securities shall be taxable regardless of the subject that holds them.
- However, the income originating from the transfer of those securities listed in the stock exchange or securities market authorized by Comision Nacional de Valores, and obtained by undivided state and individuals residing in the country is exempted.
- The income obtained by overseas beneficiaries originating from the disposal of shares, quotas, equity interests, certificates, bonds and other securities, is also subject to the tax.
- When ownership corresponds to a subject abroad and the acquirer is also an individual or legal entity abroad, the tax will be borne by the purchaser of the shares, quotas, equity interests or other security.
- The tax rate is 15%. Furthermore, it was established that when income was obtained by a subject abroad, the calculation of the tax, at the option of the taxpayer, shall be performed by using any of the methods detailed below:
 - Applying the 15% tax rate on 90% of the sums paid.
 - Applying the 15% tax rate, on the sum resulting from the deduction of the gross profit paid or credited, the expenses incurred in the country necessary for its obtaining, maintenance and conservation, as well as the deductions admitted by the Income Tax Law.

- **Distribution of Dividends**

The collection of dividends and profits, in cash or in kind, except for shares or quotas, distributed by companies and other entities incorporated in the country mentioned by article a), paragraphs 1,2,3,6 and 7 e paragraph b), of article 69 of the Income Tax Law, are included in the 10% tax rate, except for the dividends received by companies and other local entities, which are still not computed for tax purposes. Dividends distributed to overseas beneficiaries shall be subject to a one-time 10% withholding. Therefore, every distribution of dividends performed by the Company to its shareholders shall be covered by the extension of the scope of the tax, except for those beneficiaries that are local “subjects- companies.”

United States Federal Income Tax Considerations

The following are the material U.S. federal income tax consequences of owning and disposing of our Class D shares or ADSs. This discussion does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person's decision to hold such securities.

This discussion applies only if you are a U.S. Holder (as defined below) and you hold our Class D shares or ADSs as capital assets for U.S. federal income tax purposes, and it does not describe all of the tax consequences that may be relevant to holders subject to special rules, such as:

- certain financial institutions;
- insurance companies;
- dealers and traders in securities or financial instruments, who use a mark-to-market method of tax accounting;
- persons holding Class D shares or ADSs as part of a hedge, "straddle," wash sale, conversion transaction, integrated transaction or similar transaction or persons entering into a constructive sale with respect to the Class D shares or ADSs;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes;
- persons liable for the alternative minimum tax;
- persons who acquired our Class D shares or ADSs pursuant to the exercise of an employee stock option or otherwise as compensation;
- persons holding Class D shares or ADSs in connection with a trade or business conducted outside of the United States;
- tax-exempt entities, including "individual retirement accounts" or "Roth IRAs"; or
- persons holding Class D shares or ADSs that own or are deemed to own ten percent or more of our voting stock.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds Class D shares or ADSs, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partnerships holding Class D shares or ADSs and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of holding and disposing of the Class D shares or ADSs.

This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date hereof. These laws are subject to change, possibly on a retroactive basis. It is also based in part on representations by the Depository and assumes that each obligation under the deposit agreement and any related agreement will be performed in accordance with its terms.

You are a "U.S. Holder" if you are a beneficial owner of Class D shares or ADSs and are, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States for U.S. federal income tax purposes;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

In general, if you own ADSs, you will be treated as the owner of the underlying shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if you exchange ADSs for the underlying shares represented by those ADSs.

The U.S. Treasury has expressed concerns that parties to whom American depositary shares are released before the underlying shares are delivered to the depository, or intermediaries in the chain of ownership between U.S. Holders and the issuer of the shares underlying the American depositary shares, may be taking actions that are inconsistent with the claiming of foreign tax credits by U.S. holders of American depositary shares. Such actions would also be inconsistent with the claiming of the reduced rate of tax, described below, applicable to dividends received by certain non-corporate holders. Accordingly, the analysis of the creditability of Argentine taxes, and the availability of the reduced tax rate for dividends received by certain non-corporate holders, each described below, could be affected by actions taken by such parties or intermediaries.

Please consult your own tax adviser concerning the U.S. federal, state, local and foreign tax consequences of owning and disposing of Class D shares or ADSs in your particular circumstances.

This discussion assumes that YPF is not, and will not become, a passive foreign investment company, as described below.

Taxation of distributions

Distributions paid on Class D shares or ADSs, other than certain *pro rata* distributions of ordinary shares, will be treated as dividends to the extent paid out of current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because we do not maintain calculations of earnings and profits under U.S. federal income tax principles, it is expected that distributions will generally be reported to U.S. Holders as dividends. Subject to applicable limitations (including a minimum holding period requirement), the discussion above regarding concerns expressed by the U.S. Treasury and the discussion below regarding passive foreign investment company rules, certain non-corporate U.S. dividends paid by qualified foreign corporations to certain non-corporate U.S. Holders are taxable at a maximum rate of 20%. Some non-corporate U.S. Holders may also be subject to a 3.8% net investment surtax. A foreign corporation is treated as a qualified foreign corporation with respect to dividends paid on stock that is readily tradable on an established securities market in the United States, such as the NYSE, where our ADSs are listed. You should consult your own tax adviser to determine whether the favorable rate may apply to dividends you receive in respect of our Class D shares or ADSs and whether you are subject to any special rules that limit your ability to be taxed at this favorable rate. The amount of a dividend will include any amounts withheld by us in respect of Argentine income taxes. The dividends will be treated as foreign-source dividend income and will not be eligible for the dividends-received deduction generally allowed to U.S. corporations under the Code.

Any dividends paid in Argentine pesos will be included in your income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the date of your, or in the case of ADSs, the Depository's, receipt of the dividend, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, you generally would not recognize foreign currency gain or loss in respect of the dividend income. You may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt. Foreign currency gain or loss that you recognize will generally be treated as U.S.-source ordinary income.

Subject to applicable limitations (including a minimum holding period requirement) that may vary depending upon your circumstances and, in the case of ADSs, subject to the discussion above regarding concerns expressed by the U.S. Treasury, Argentine income taxes, if any, withheld from dividends on Class D shares or ADSs will be creditable against your U.S. federal income tax liability. Amounts paid on account of the Argentine personal assets tax will not be eligible for credit against your U.S. federal income tax liability. You should consult your tax adviser to determine the tax consequences applicable to you as a result of the payment of the Argentine personal assets tax or the withholding of the amount of such tax from distributions, including whether such amounts are includible in income or are deductible for U.S. federal income tax purposes. The rules governing the foreign tax credit are complex. You are urged to consult your tax adviser regarding the availability of the foreign tax credit under your particular circumstances.

Sale or other disposition of Class D shares or ADSs

For U.S. federal income tax purposes, gain or loss you realize on the sale or other disposition of Class D shares or ADSs will, subject to the discussion below regarding passive foreign investment company rules, be capital gain or loss and will be long-term capital gain or loss if you held the Class D shares or ADSs for more than one year. The amount of your gain or loss will be equal to the difference between the amount realized on the disposition and your tax basis in the relevant Class D shares or ADSs, each as determined in U.S. dollars. The deductibility of capital losses is subject to limitations.

If Argentine income tax is withheld on the sale or other taxable disposition of a Class D share or ADS, the amount realized by a U.S. Holder will include the gross amount of the proceeds of the sale or other taxable disposition before deduction of such tax. Capital gain or loss, if any, realized by a U.S. Holder on the sale or other taxable disposition of the Class D share or ADS generally will be treated as U.S.-source gain or loss for U.S. foreign tax credit purposes. Consequently, in the case of a gain from the disposition of a Class D share or ADS that is subject to Argentine income tax, the U.S. Holder may not be able to benefit from the U.S. foreign tax credit for the tax unless the U.S. Holder can apply the credit against U.S. federal income tax payable on other income from foreign sources. Alternatively, the U.S. Holder may take a deduction for the Argentine income tax if it does not elect to claim a foreign tax credit for any non-U.S. income taxes paid during the taxable year.

Passive foreign investment company rules

YPF believes that it was not a “passive foreign investment company” (“PFIC”) for U.S. federal income tax purposes for the taxable year of 2015 and does not expect to be a PFIC in the foreseeable future. However, since PFIC status depends upon the composition of a company’s income and assets and the market value of its assets (including, among other things, less than 25 percent owned equity investments) from time to time, there can be no assurance that YPF will not be considered a PFIC for any taxable year. If YPF were treated as a PFIC for any taxable year during which you held a Class D share or ADS, you generally would be subject to additional filing requirements, imputed interest charges and other disadvantageous tax treatment (including the denial of taxation at the lower rates applicable to long-term capital gains with respect to any gain from the sale or exchange of Class D shares or ADSs). Certain elections might be available that would result in alternative treatments (such as mark-to-market treatment). U.S. Holders should consult their tax advisers to determine whether any of these elections would be available and, if so, what the consequences of the alternative treatments would be in their particular circumstances.

In addition, if YPF were to be treated as a PFIC in a taxable year in which it paid a dividend or the prior taxable year, the 20% dividend rate discussed above with respect to dividends paid by qualified foreign corporations to certain non-corporate holders would not apply.

Information reporting and backup withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting and may be subject to backup withholding unless (i) you are an exempt recipient or (ii) in the case of backup withholding, you provide a correct taxpayer identification number and certify that you are not subject to backup withholding.

The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Certain U.S. Holders may be required, generally on IRS Form 8938, to report information relating to their ownership of securities of a non-U.S. person, subject to certain exceptions (including an exception for stock held in certain accounts maintained by a U.S. financial institution, such as our ADSs). A U.S. Holder who fails to timely furnish the required information may be subject to a penalty. U.S. Holders are urged to consult their tax advisers regarding the effect, if any, of these rules on their ownership and disposition of Class D shares or ADSs.

Available Information

YPF is subject to the information requirements of the U.S. Securities Exchange Act (the “Exchange Act”), except that as a foreign issuer, YPF is not subject to the proxy rules or the short-swing profit disclosure rules of the Exchange Act. In accordance with these statutory requirements, YPF files or furnishes reports and other information with the SEC. Reports and other information filed or furnished by YPF with the SEC may be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N. E., Washington, D.C. 20549. Copies of such material may be obtained by mail from the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the Public Reference Section by calling the SEC at +1-800-732-0330. The SEC maintains a World Wide Web site on the Internet at <http://www.sec.gov> that contains reports and information statements and other information regarding us. Such reports and other information may also be inspected at the offices of the New York Stock Exchange, 11 Wall Street, New York, New York 10005, on which YPF’s American Depositary Shares are listed.

ITEM 11. Quantitative and Qualitative Disclosures about Market Risk

The following quantitative and qualitative information is provided about financial instruments to which we are a party as of December 31, 2015, and from which we may derive gains or incur losses from changes in market, interest rates, foreign exchange rates or commodity prices. We do not enter into derivative or other financial instruments for trading purposes.

This discussion contains forward-looking statements that are subject to risks and uncertainties. Actual results could vary materially as a result of a number of factors including those set forth in “Item 3. Key Information—Risk Factors.”

Foreign currency exposure

The value of financial assets and liabilities denominated in a currency different from the Company's functional currency is subject to variations resulting from fluctuations in exchange rates. Since YPF's functional currency is the U.S. dollar, the currency that generates the greatest exposure is the Argentine peso, the Argentine legal currency. See Note 1.d to the Audited Consolidated Financial Statements).

In addition, our costs and receipts denominated in currencies other than the Argentine peso, including the U.S. dollar, often do not match. We generally follow a policy of not hedging our debt obligations in U.S. dollars. See "Item 3. Key Information—Risk Factors—Risks Relating to Argentina—We may be exposed to fluctuations in foreign exchange rates."

Additionally, YPF is enabled to operate as settlement agent in the Rosario Futures Market ("ROFEX"). In this regard, in October 2015, YPF acquired ROFEX futures contracts whose underlying asset is the U.S. dollar, for a total of U.S.\$ 255, which mature between February and May 2016. See Note 11.c to the Audited Consolidated Financial Statements.

The annual rate of devaluation of the Argentine peso was approximately 52.1% considering the period-end exchange rates for U.S. dollars as of December 31, 2015 and 2014. See "Item 5. Operating and Financial Review and Prospects—Macroeconomic Conditions" for additional information. The main effects of a devaluation of the Argentine Peso on our net income are those related to the accounting of deferred income tax related mainly to fixed assets, which we expect would have a negative effect; current income tax which we expect would have a positive effect; increased depreciation and amortization resulting from the remeasurement in pesos of our fixed and intangible assets; and exchange rate differences as a result of our exposure to the peso, which we expect would have a positive effect due to the fact that our functional currency is the U.S. dollar. See "Item 3. Key Information—Risk Factors—Risks Relating to Argentina—We may be exposed to fluctuations in foreign exchange rates."

As mentioned in Note 1.b to Audited Consolidated Financial Statements, the Company has determined that the U.S. dollar is its functional currency. Therefore, the effect of changes in the dollar exchange rate on dollar currency positions have no impact on the exchange difference recorded in the consolidated statements of comprehensive income included in the Audited Consolidated Financial Statements, but affect the amount of our assets and liabilities remeasured in pesos as a consequence of devaluation and considering our reporting currency (pesos). For additional information about our assets and liabilities denominated in currencies other than pesos (principally U.S. dollars) see Annex iii to our Audited Consolidated Financial Statements.

Interest rate exposure

The table below provides information about our assets and liabilities as of December 31, 2015 that may be sensitive to changes in interest rates. See "Item 3. Key Information—Risk Factors—Risks Relating to Argentina—Variations in interest rates and exchange rate on our current and/or future financing arrangements may result in significant increases in our borrowing costs."

	Expected Maturity Date						Total	Fair Value
	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	More than 5 years		
Assets								
<i>Fixed rate</i>								
Other Receivables	667	—	—	—	—	—	667	667
Interest rate	3.5%- 22.5%							
<i>Variable rate</i>								
Other Receivables	44	10	10	10	—	—	74	74
Interest rate	CER ⁽¹⁾ +8%/ 2 20.71% 24.64%	CER ⁽¹⁾ +8%	CER ⁽¹⁾ +8%	CER ⁽¹⁾ +8%				
Liabilities								
YPF's Negotiable Obligations	7,899	1,850	13,304	157	157	36,629	59,997	60,500
Interest rate	2%-8.875%	1.29% 25.75%	3.5% 8.875%	3.5% 8.875%	3.5%	8.5%-10%		
Other debt	12,379	225	28	12	—	17	12,661	12,648
Interest rate	2%-31%	2%-26%	9.38%- 15.23%	9.38%- 15.23%		15.23%		
<i>Variable rate</i>								
YPF's Negotiable Obligations	1,669	3,428	4,503	3,519	5,716	2,667	21,501	21,501
Interest rate	BADLAR ⁽²⁾ +3.2%- 4.25% / LIBOR +7.5%	BADLAR ⁽²⁾ +3.5 + 4.75% / LIBOR +7.5%	BADLAR ⁽²⁾ +0%- 4.75% / LIBOR +7.5%	BADLAR ⁽²⁾ + 0%- +4.75%	BADLAR ⁽²⁾ 0%+4.75%	BADLAR ⁽²⁾ 0%-0.1%		
Other debt	3,125	1,398	4,106	214	40	—	8,883	8,883
Interest rate	Libor +4-	Libor +4-	Libor +6%-	Libor +6%-	Libor +6%-			

6.5%/	6.2%/	6.5%/	6.2%/	6.2%/
BADLAR ⁽²⁾	BADLAR ⁽²⁾	BADLAR	BADLAR	BADLAR
+3-+4.5%%	+3%-+4.5%	+3%	+3%	+3%

- (1) Coeficiente de Estabilización de Referencia (CER) is a reference stabilization index established by the Public Emergency Law and published by the Argentine Central Bank.
- (2) Refers to the average interest rate that banks pay for deposits of more than Ps. 1 million.

Crude oil and other hydrocarbon product price exposure

Our results of operations are also exposed to volatility mainly in the prices of certain oil products, especially in connection with imports. Although we have occasionally contracted financial derivatives in the past with the aim of decreasing exposure to these commodities price risks, as of the date of this annual report YPF was not a party to any commodity hedging instruments in connection with crude oil and other hydrocarbon product prices. For information on our hydrocarbons delivery commitments as of December 31, 2015, see “Item 4. Information on the Company—Exploration and Production—Delivery commitments.”

ITEM 12. Description of Securities Other than Equity Securities

American Depositary Shares

Our ADSs are listed on the NYSE under the symbol “YPF.” The Bank of New York Mellon is the Depositary. Each ADS represents the right to receive one share.

The Depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The Depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The Depositary may collect its annual fee for depositary services by deductions from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The Depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

The table below sets forth the fees payable, either directly or indirectly, by a holder of ADSs as of the date of this annual report.

<u>Persons depositing or withdrawing shares must pay:</u>	<u>For:</u>
U.S.\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance of ADRs (including, without limitation, issuance pursuant to a stock dividend or stock split declared by YPF, an exchange of stock or a distribution of rights) and surrender of ADRs
Cancellation of ADSs for the purpose of withdrawal	
A fee equivalent to the fee that would be payable if securities distributed to a holder had been shares and the shares had been deposited for issuance of ADSs	Sale, on behalf of the holder, of rights to subscribe for additional shares or any right of any nature distributed by YPF
Transfer fees, as may from time to time be in effect	Transfer and registration of shares on YPF share register to or from the name of the depositary or its agent when a holder deposits or withdraws shares

Expenses of the depositary	Cable, telex and facsimile transmission expenses, as provided in the deposit agreement
	Expenses incurred by the depositary in the conversion of foreign currency ⁽¹⁾
Taxes and other governmental charges the depositary or the custodian have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes	As necessary

- (1) Pursuant to our deposit agreement, whenever the depositary shall receive foreign currency, as a cash dividend or other distribution which, in the judgment of the depositary, can be converted on a reasonable basis into U.S. dollars and transferred to the United States, it will convert such foreign currency into U.S. dollars and transfer the resulting U.S. dollars (after deduction of its customary charges and expenses in effecting such conversion) to the United States.

In 2015, the Depositary made no direct or indirect payments to YPF.

PART II

ITEM 13. Defaults, Dividend Arrearages and Delinquencies

None.

ITEM 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

ITEM 15. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

As of December 31, 2015, YPF, under the supervision and with the participation of YPF's management, including our current Principal Executive Officer and Principal Financial Officer, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act). There are, as described below, inherent limitations to the effectiveness of any control system, including disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can provide only reasonable assurance of achieving their control objectives.

Based on such evaluation, YPF's Principal Executive Officer and Principal Financial Officer concluded that YPF's disclosure controls and procedures were effective at the reasonable assurance level in ensuring that information relating to YPF, required to be disclosed in reports it files under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (2) accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Management of YPF is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). YPF's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of YPF;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of YPF's management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, any system of internal control over financial reporting, no matter how well designed, may not prevent or detect misstatements, due to the possibility that a control can be circumvented or overridden or that misstatements due to error or fraud may occur that are not detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of YPF's management, including our current Principal Executive Officer and Principal Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria established in Internal Control-Integrated Framework (2013 framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("the COSO criteria"). Based on this assessment, our management concluded that, as of December 31, 2015, our internal control over financial reporting was effective based on those criteria.

Our internal control over financial reporting as of December 31, 2015 has been audited by Deloitte & Co. S.A., an independent registered public accounting firm, as stated in their report included in the F-pages.

Changes in Internal Control Over Financial Reporting

There has been no change in YPF's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the period covered by this annual report on Form 20-F that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

ITEM 16.

ITEM 16A. Audit Committee Financial Expert

Our Board of Directors determined that Carlos Felices is an Audit Committee Financial Expert at the meeting held on December, 22, 2015. YPF believes that Mr. Felices possesses the attributes of an Audit Committee Financial Expert set forth in the instructions to Item 16A of Form 20-F. Mr. Felices is an independent director.

ITEM 16B. Code of Ethics

YPF has adopted a Code of Ethics and Conduct ("Code of Ethics") applicable to the Board of Directors and all employees, which was most recently amended effective August 22, 2014. Since January 1, 2015, we have not waived compliance with the Code of Ethics. YPF undertakes to provide to any person without charge, upon request, a copy of such Code of Ethics.

The Code of Ethics establishes the implementation of an ethics hotline to receive complaints regarding the lack of fulfilment of the Code of Ethics, an Ethics Committee that will consider complaints received, the appointment of an Ethics Officer who will conduct pertinent investigations, the incorporation of a policy on prohibited periods for trading YPF securities to be followed by officers and those others to whom the Code of Ethics is applicable when conducting stock transactions, among other requirements.

A copy of the Code of Ethics can be found at the Company's web page, www.ypf.com, or it can be requested in writing by telephone or facsimile from us at the following address:

YPF S.A.
Office of Shareholders Relations
Macacha Güemes 515
C1106BKK Buenos Aires, Argentina
Tel. (011-54-11) 5441-3500
Fax (011-54-11) 5441-3726

ITEM 16C. Principal Accountant Fees and Services

The following table provides information on the aggregate fees billed by our principal accountants, Deloitte & Co. S.A. and affiliates by type of service rendered for the periods indicated.

<i>Services Rendered</i>	<i>2015</i>		<i>2014</i>		<i>2013</i>	
	<i>Fees</i>	<i>Expenses</i>	<i>Fees</i>	<i>Expenses</i>	<i>Fees</i>	<i>Expenses</i>
	<i>(in thousands of pesos)</i>					
Audit Fees	41,561	931	30,156	651	18,943	295
Audit-Related Fees ⁽¹⁾	2,384	—	3,646	—	455	—
Tax Fees	895	—	666	—	85	—
All Other Fees	2,824	—	170	—	288	—
	<u>47,664</u>	<u>—</u>	<u>34,637</u>	<u>651</u>	<u>19,771</u>	<u>295</u>

(1) Includes the fees for the issuance of agreed upon procedures reports.

The annual shareholders' meeting of YPF appoints the external auditor of YPF, along with the Audit Committee's non-binding opinion, which is submitted for consideration to the annual shareholders' meeting.

The Audit Committee of YPF has a pre-approval policy regarding the contracting of YPF's external auditor, or any affiliate of the external auditor, for professional services. The professional services covered by such policy include audit and non-audit services provided to YPF or any of its subsidiaries.

The pre-approval policy is as follows:

1. The Audit Committee must pre-approve all audit and non-audit services to be provided to YPF or any of its subsidiaries by the external auditor (or any of its affiliates) of YPF.
2. The Chairman of the Audit Committee has been delegated the authority to approve the hiring of YPF's external auditor (or any of its affiliates) without first obtaining the approval of the Audit Committee for any of the services which require pre-approval as described in (1) above.

Services approved by the Chairman of the Audit Committee as set forth above must be ratified at the next plenary meeting of the Audit Committee.

All of the services described in the table above were approved by the Audit Committee of YPF.

ITEM 16D. Exemptions from the Listing Standards for Audit Committees

None

ITEM 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Prices Paid per Share (Ps. per share)</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Approximate Ps. Value of Shares that May Yet Be Purchased Under the Plans or Programs (a)</u>
January 2015	—	—	—	—
February 2015	—	—	—	—
March 2015	—	—	—	—
April 2015	—	—	—	—
May 2015	—	—	—	—
June 2015	—	—	—	120,000,000
June 2015 (from 09/06/2015 to 30/06/2015)	179,514	297.77	179,514	66,546,205
July 2015 (from 01/07/2015 to 31/07/2015)	173,521	331.30	173,521	9,057,923
August 2015 (from 03/08/2015				

to 05/08/2015)	29,950	302.43	29,950	—
September 2015	—	—	—	—
October 2015	—	—	—	—
November 2015	—	—	—	—
December 2015	—	—	—	—

- (a) The Board of Directors, at its meeting held on June 8, 2015, approved a Stock Compensation Plan for employees, which allows YPF to repurchase its shares on the BASE and NYSE for an aggregate amount of up to Ps. 120 million.

See Note 1.b.10.iii to the Audited Consolidated Financial Statements.

ITEM 16F. Change in Registrant’s Certifying Accountant

During the years ended December 31, 2015, 2014 and 2013 and through the date of this annual report, the principal independent accountant engaged to audit our financial statements, Deloitte & Co S.A., has not resigned, indicated that it has declined to stand for re-election after the completion of its current audit or been dismissed.

ITEM 16G. Corporate Governance

See “Item 6. Directors, Senior Management and Employees—Compliance with New York Stock Exchange Listing Standards on Corporate Governance.”

PART III

ITEM 17. Financial Statements

The registrant has responded to Item 18 in lieu of responding to this Item.

ITEM 18. Financial Statements

The following financial statements are filed as part of this annual report:

<u>Reports of Independent Registered Public Accounting Firm</u>	F-2
<u>Consolidated Statements of Comprehensive Income of YPF S.A. for the years ended December 31, 2015, 2014 and 2013</u>	F-8
<u>Consolidated Statement of Financial Position of YPF S.A. as of December 31, 2015, 2014 and 2013</u>	F-7
<u>Consolidated Statements of Changes in Shareholders’ Equity of YPF S.A. for the years ended December 31, 2015, 2014 and 2013</u>	F-9
<u>Consolidated Statements of Cash Flow of YPF S.A. for the years ended December 31, 2015, 2014 and 2013</u>	F-12
<u>Notes to the Audited Consolidated Financial Statements of YPF S.A. for the years ended December 31, 2015, 2014 and 2013</u>	F-13

ITEM 19. Exhibits

- 1.1 By-laws (Estatutos) of YPF S.A. as amended (Spanish Version) *
- 1.2 By-laws (Estatutos) of YPF S.A. as amended (English Version) **
- 11.1 Code of Ethics***
- 12.1 Section 302 Certification by Chief Executive Officer
- 12.2 Section 302 Certification by Chief Financial Officer
- 13.1 Section 906 Certification
- 23.1 Consent of DeGolyer and MacNaughton
- 23.2 Consent of IHS Global Canada Limited
- 99.1(a) Reserves Audit Report of DeGolyer and MacNaughton for Maxus Energy Corporation as of December 31, 2015, dated January 25, 2016.
- 99.1(b) Reserves Audit Report of IHS Global Canada Limited for YPF S.A. as of December 31, 2015, dated February 17, 2016.

* Filed as Exhibit 1.1 to YPF’s 2009 annual report on Form 20-F filed on June 29, 2010.

** Filed as Exhibit 1.2 to YPF’s 2009 annual report on Form 20-F filed on June 29, 2010.

*** Incorporated by reference to YPF’s 2014 annual report on Form 20-F filed on March 30, 2015.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

YPF SOCIEDAD ANÓNIMA

By: /s/ Daniel Gonzalez

Name: Daniel Gonzalez

Title: Chief Financial Officer

Dated: March 17, 2016



SOCIEDAD ANONIMA

Consolidated Financial Statements
as of December 31, 2015
and Comparative Information
Independent Auditors' Report

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of YPF SOCIEDAD ANONIMA:

We have audited the accompanying consolidated statements of financial position of YPF SOCIEDAD ANONIMA (an Argentine Corporation) and its controlled companies (the “Company”) as of December 31, 2015, 2014 and 2013, and the related consolidated statements of comprehensive income, cash flows and changes in shareholders’ equity for each of the three years in the period ended December 31, 2015. These consolidated financial statements are the responsibility of the Company’s Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of YPF SOCIEDAD ANONIMA and its controlled companies as of December 31, 2015, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with International Financial Reporting Standards (“IFRS”) as issued by International Accounting Standards Board (“IASB”).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States of America), the Company’s internal control over financial reporting as of December 31, 2015, based on the criteria established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 3, 2016, expressed an unqualified opinion on the Company’s internal control over financial reporting.

Buenos Aires City, Argentina
March 3, 2016

Deloitte & Co. S.A.

/s/ Guillermo D. Cohen
Partner

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of YPF SOCIEDAD ANONIMA:

We have audited the internal control over financial reporting of YPF SOCIEDAD ANONIMA (an Argentine Corporation) and its controlled companies (the “Company”) as of December 31, 2015, based on the criteria established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying *Management’s Report on Internal Control over Financial Reporting (Item 15)*. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the criteria established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States of America), the consolidated financial statements of YPF SOCIEDAD ANONIMA and its controlled companies as of and for the year ended December 31, 2015 and our report dated March 3, 2016 expressed an unqualified opinion on those consolidated financial statements.

Buenos Aires City, Argentina
March 3, 2016

Deloitte & Co. S.A.

/s/ Guillermo D. Cohen
Partner

**CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015
AND COMPARATIVE INFORMATION**

Index	Page
– <u>Cover</u>	F-6
– <u>Consolidated statements of financial position</u>	F-7
– <u>Consolidated statements of comprehensive income</u>	F-8
– <u>Consolidated statements of changes in shareholders' equity</u>	F-9
– <u>Consolidated statements of cash flow</u>	F-12
– <u>Notes to the consolidated financial statements:</u>	
1) <u>Basis of preparation of the consolidated financial statements</u>	
a. <u>Basis of preparation</u>	F-13
b. <u>Significant Accounting Policies</u>	F-15
c. <u>Accounting Estimates and Judgments</u>	F-35
d. <u>Comparative Information</u>	F-37
2) <u>Acquisitions and disposals</u>	F-37
3) <u>Financial Risk Management</u>	F-41
4) <u>Segment information</u>	F-45
5) <u>Financial instruments by category</u>	F-46
6) <u>Analysis of the main accounts of the consolidated financial statements</u>	
a. <u>Intangible assets</u>	F-50
b. <u>Fixed assets</u>	F-50
c. <u>Investments in companies</u>	F-52
d. <u>Inventories</u>	F-52
e. <u>Other receivables</u>	F-53
f. <u>Trade receivables</u>	F-53
g. <u>Cash and cash equivalents</u>	F-53
h. <u>Provisions</u>	F-54
i. <u>Income Tax</u>	F-55
j. <u>Loans</u>	F-56
k. <u>Accounts payable</u>	F-59
l. <u>Revenues</u>	F-59
m. <u>Cost of sales</u>	F-59
n. <u>Expenses</u>	F-60
o. <u>Other operating results, net</u>	F-61
p. <u>Financial results, net</u>	F-61

7) <u>Investments in Companies and joint operations</u>	F-61
8) <u>Shareholders' equity</u>	F-62
9) <u>Earnings per share</u>	F-63
10) <u>Provisions for pending lawsuits, claims and environmental liabilities</u>	F-63
11) <u>Contingent liabilities, contingent assets, contractual commitments, main regulations and other</u>	
a. <u>Contingent liabilities</u>	F-86
b. <u>Contingent assets</u>	F-89
c. <u>Contractual Commitments</u>	F-90
d. <u>Main regulations and other</u>	F-98
12) <u>Balances and transactions with Related Parties</u>	F-108
13) <u>Employee benefit plans and share-based payments</u>	F-111
14) <u>Operating Leases</u>	F-113
15) <u>Information required by regulatory authorities</u>	F-114
16) <u>Investments in companies</u>	F-115
17) <u>Interest in Joint Operations and other exploration and production agreements</u>	F-117
18) <u>Assets and liabilities in currencies other than the Argentine peso</u>	F-118
19) <u>Subsequent events</u>	F-119
20) <u>Supplemental information on Oil and Gas producing activities (unaudited)</u>	F-119

YPF SOCIEDAD ANONIMA

Macacha Güemes 515 – Autonomous City of Buenos Aires, Argentina

FISCAL YEAR NUMBER 39 BEGINNING ON JANUARY 1, 2015

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015 AND COMPARATIVE INFORMATION

LEGAL INFORMATION

Principal business of the Company: exploration, development and production of oil, natural gas and other minerals and refining, transportation, marketing and distribution of oil and petroleum products and petroleum derivatives, including petrochemicals, chemicals and non-fossil fuels, biofuels and their components; production of electric power from hydrocarbons; rendering telecommunications services, as well as the production, industrialization, processing, marketing, preparation services, transportation and storage of grains and its derivatives.

Filing with the Public Registry: Bylaws filed on February 5, 1991 under No. 404, Book 108, Volume “A”, Corporations, with the Public Registry of Buenos Aires City, in charge of Inspección General de Justicia (Argentine Registrar of Companies); and Bylaws in substitution of previous Bylaws, filed on June 15, 1993, under No. 5109, Book 113, Volume “A”, Corporations, with the above mentioned Registry.

Duration of the Company: through June 15, 2093.

Last amendment to the bylaws: April 14, 2010.

Optional Statutory Regime related to Compulsory Tender Offer provided by Decree No. 677/2001 art. 24: not incorporated (modified by Law No. 26,831).

Capital structure as of December 31, 2015 (expressed in Argentine pesos)

– Subscribed, paid-in and authorized for stock exchange listing	3,933,127,930 ⁽¹⁾
---	------------------------------

(1) Represented by 393,312,793 shares of common stock, Argentine pesos 10 per value and 1 vote per share

YPF SOCIEDAD ANONIMA AND CONTROLLED COMPANIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2015, 2014 AND 2013

(Amounts expressed in millions of Argentine Pesos, except shares and per share amounts expressed in Argentine Pesos, and as otherwise indicated – Note 1.b.1)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
ASSETS				
Noncurrent Assets				
Intangible assets	6.a	7,279	4,393	2,446
Fixed assets	6.b	270,905	156,930	93,496
Investments in companies	6.c	4,372	3,177	2,124
Deferred income tax assets, net	6.i	954	244	34
Other receivables	6.e	2,501	1,691	2,927
Trade receivables	6.f	469	19	54
Total noncurrent assets		<u>286,480</u>	<u>166,454</u>	<u>101,081</u>
Current Assets				
Inventories	6.d	19,258	13,001	9,881
Other receivables	6.e	19,413	7,170	6,506
Trade receivables	6.f	22,111	12,171	7,414
Investment in financial assets	5	804	—	—
Cash and cash equivalents	6.g	15,387	9,758	10,713
Total current assets		<u>76,973</u>	<u>42,100</u>	<u>34,514</u>
TOTAL ASSETS		<u>363,453</u>	<u>208,554</u>	<u>135,595</u>
SHAREHOLDER'S EQUITY				
Shareholders' contributions		10,349	10,400	10,600
Reserves, other comprehensive income and retained earnings		110,064	62,230	37,416
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		<u>120,413</u>	<u>72,630</u>	<u>48,016</u>
Non-controlling interest		<u>48</u>	<u>151</u>	<u>224</u>
TOTAL SHAREHOLDERS' EQUITY		<u>120,461</u>	<u>72,781</u>	<u>48,240</u>
LIABILITIES				
Noncurrent Liabilities				
Provisions	6.h	39,623	26,564	19,172
Deferred income tax liabilities, net	6.i	44,812	18,948	11,459
Taxes payable		207	299	362
Salaries and social security		—	—	8
Loans	6.j	77,934	36,030	23,076
Accounts Payable	6.k	625	566	470
Total noncurrent liabilities		<u>163,201</u>	<u>82,407</u>	<u>54,547</u>
Current Liabilities				
Provisions	6.h	2,009	2,399	1,396
Income tax liability		1,487	3,972	122
Taxes payable		6,047	1,411	1,045
Salaries and social security		2,452	1,903	1,119
Loans	6.j	27,817	13,275	8,814
Accounts Payable	6.k	39,979	30,406	20,312
Total current liabilities		<u>79,791</u>	<u>53,366</u>	<u>32,808</u>
TOTAL LIABILITIES		<u>242,992</u>	<u>135,773</u>	<u>87,355</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>363,453</u>	<u>208,554</u>	<u>135,595</u>

Accompanying notes are an integral part of consolidated financial statements.

YPF SOCIEDAD ANONIMA AND CONTROLLED COMPANIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015, 2014 and 2013**

(Amounts expressed in millions of Argentine pesos, except for per share amounts in Argentine pesos, and as otherwise indicated – Note 1.b.1)

	Notes	2015	2014	2013
Revenues	6.l	156,136	141,942	90,113
Cost of sales	6.m	(119,537)	(104,492)	(68,094)
Gross profit		<u>36,599</u>	<u>37,450</u>	<u>22,019</u>
Selling expenses	6.n	(11,099)	(10,114)	(7,571)
Administrative expenses	6.n	(5,586)	(4,530)	(2,686)
Exploration expenses	6.n	(2,473)	(2,034)	(829)
Other operating results, net	6.o	(853)	(1,030)	227
Operating income		<u>16,588</u>	<u>19,742</u>	<u>11,160</u>
Income on investments in companies	7	318	558	353
Financial income	6.p	27,263	11,301	8,740
Financial loss	6.p	(16,016)	(9,826)	(6,008)
Other financial results	6.p	910	297	103
Financial results, net	6.p	12,157	1,772	2,835
Net income before income tax		<u>29,063</u>	<u>22,072</u>	<u>14,348</u>
Income tax	6.i	(24,637)	(13,223)	(9,269)
Net income for the year		<u>4,426</u>	<u>8,849</u>	<u>5,079</u>
Net income for the year attributable to:				
– Shareholders of the parent company		4,579	9,002	5,125
– Non-controlling interest		(153)	(153)	(46)
Earnings per share attributable to shareholders of the parent company basic and diluted	9	11.68	22.95	13.05
Other comprehensive income:				
Actuarial results – Pension plans ⁽¹⁾		6	25	6
Exchange differences from investments in companies ⁽²⁾		(189)	—	—
Translation differences from investments in companies ⁽³⁾		(1,466)	(677)	(416)
Translation differences from YPF S.A. ⁽⁴⁾		45,407	16,928	12,441
Total other comprehensive income for the year⁽⁵⁾		<u>43,758</u>	<u>16,276</u>	<u>12,031</u>
Total comprehensive income for the year		<u>48,184</u>	<u>25,125</u>	<u>17,110</u>

(1) Immediately reclassified to retained earnings

(2) Exchange differences as recognized by the indirectly controlled company Gas Argentino S.A. in its statement of comprehensive income, which was reclassified by YPF as other comprehensive income upon the acquisition of negotiable obligations of the said controlled company (See Note 6.j).

(3) Will be reversed to net income at the moment of the sale of the investment or full or partial reimbursement of the capital.

(4) Will not be reversed to net income.

(5) Entirely assigned to the parent company's shareholders.

Accompanying notes are an integral part of consolidated financial statements.

YPF SOCIEDAD ANONIMA AND CONTROLLED COMPANIES

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015, 2014 AND 2013**

(Amounts expressed in millions of Argentine Pesos, except shares and per share amounts expressed in Argentine Pesos, and as otherwise indicated -)

	2015							Issuance premium
	Subscribed capital	Adjustment to contributions	Treasury shares	Adjustment to treasury shares	Share-based benefit plans	Acquisition cost of treasury shares	Share trading premium	
Balances as of December 31, 2014	3,922	6,083	11	18	51	(310)	(15)	
Accrual of share-based benefit plans	—	—	—	—	124	—	—	
Repurchase of treasury shares	(4)	(6)	4	6	—	(120)	—	
Settlement of share-based benefit plans ⁽³⁾	4	6	(4)	(6)	(108)	153	(100)	
Balances as of December 31, 2015	<u>3,922</u>	<u>6,083</u>	<u>11</u>	<u>18</u>	<u>67</u>	<u>(277)</u>	<u>(115)</u>	

	2015					Other comprehensive income	Retained earnings	Equity of the parent company
	Legal	Future dividends	Investments	Purchase of treasury shares	Initial IFRS adjustment			
Balances as of December 31, 2014	2,007	5	12,854	320	3,648	34,363	9,033	72
Accrual of share-based benefit plans	—	—	—	—	—	—	—	
Repurchase of treasury shares	—	—	—	—	—	—	—	
Settlement of share-based benefit plans ⁽³⁾	—	—	—	—	—	—	—	
Contributions of non-controlling interest	—	—	—	—	—	—	—	
As decided by Ordinary and Extraordinary Shareholders' meeting of April 30, 2015 ⁽⁴⁾	—	503	8,410	120	—	—	(9,033)	
As decided by the Board of Directors of June 8, 2015 ⁽⁴⁾	—	(503)	—	—	—	—	—	
Actuarial gains reclassification – Pension Plan ⁽²⁾	—	—	—	—	—	(6)	6	
Other comprehensive income	—	—	—	—	—	43,758	—	43
Net income	—	—	—	—	—	—	4,579	4
Balances as of December 31, 2015	<u>2,007</u>	<u>5</u>	<u>21,264</u>	<u>440</u>	<u>3,648</u>	<u>78,115⁽¹⁾</u>	<u>4,585</u>	<u>120</u>

(1) Includes 80,982 corresponding to the effect of the translation of the financial statements of YPF S.A. and (2,867) corresponding to the effect of the translation of the financial statements of functional currency different to U.S. dollar, as detailed in Note 1.b.1

(2) Pension plans of investments in controlled companies.

(3) Net of employees income tax withholding related to the share-based benefit plans

(4) See Note 8.

YPF SOCIEDAD ANONIMA AND CONTROLLED COMPANIES

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015, 2014 AND 2013 (Cont.)**

(Amounts expressed in millions of Argentine Pesos, except shares and per share amounts expressed in Argentine Pesos, and as otherwise indicated)

	2014							Issuance premium
	Subscribed capital	Adjustment to contributions	Treasury shares	Adjustment to treasury shares	Share-based benefit plans	Acquisition cost of treasury shares	Share trading premium	
Balances as of December 31, 2013	3,924	6,087	9	14	40	(110)	(4)	
Accrual of share-based benefit plans	—	—	—	—	80	—	—	
Repurchase of treasury shares	(6)	(10)	6	10	—	(200)	—	
Settlement of share-based benefit plans ⁽³⁾	4	6	(4)	(6)	(69)	—	(11)	
Balances as of December 31, 2014	<u>3,922</u>	<u>6,083</u>	<u>11</u>	<u>18</u>	<u>51</u>	<u>(310)</u>	<u>(15)</u>	

	2014							Equity Parent company sharehold
	Legal	Future dividends	Investments	Purchase of treasury shares	Initial IFRS adjustment	Other comprehensive income	Retained earnings	
Balances as of December 31, 2013	2,007	4	8,394	120	3,648	18,112	5,131	48,394
Accrual of share-based benefit plans	—	—	—	—	—	—	—	(1,401)
Repurchase of treasury shares	—	—	—	—	—	—	—	(1,401)
Accrual of share-based benefit plans ⁽³⁾	—	—	—	—	—	—	—	(1,401)
Contributions of non-controlling interest	—	—	—	—	—	—	—	—
As decided by Ordinary and Extraordinary Shareholders' meeting of April 30, 2014	—	465	4,460	200	—	—	(5,125)	—
As decided by the Board of Directors of June 11, 2014	—	(464)	—	—	—	—	—	(1,401)
Other comprehensive income	—	—	—	—	—	16,276	—	16,276
Actuarial gains reclassification – Pension Plan ⁽²⁾	—	—	—	—	—	(25)	25	—
Net income	—	—	—	—	—	—	9,002	9,002
Balances as of December 31, 2014	<u>2,007</u>	<u>5</u>	<u>12,854</u>	<u>320</u>	<u>3,648</u>	<u>34,363⁽¹⁾</u>	<u>9,033</u>	<u>72,394</u>

(1) Includes 35,764 corresponding to the effect of the translation of the financial statements of YPF S.A. and (1,401) corresponding to the effect of the translation of the financial statements of controlled companies with functional currency different to U.S. dollar, as detailed in Note 1.b.1.

(2) Pension plans of investments in controlled companies.

(3) Net of employees income tax withholding related to the share-based benefit plans

YPF SOCIEDAD ANONIMA AND CONTROLLED COMPANIES

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015, 2014 AND 2013 (Cont.)**

(Amounts expressed in millions of Argentine Pesos, except shares and per share amounts expressed in Argentine Pesos, and as otherwise indicated)

	2013							
	Shareholders' contributions							
	Subscribed capital	Adjustment to contributions	Treasury shares	Adjustment to treasury shares	Share-based benefit plans	Acquisition cost of treasury shares	Share trading premium	Issuance premium
Balances as of December 31, 2012	3,933	6,101	—	—	—	—	—	—
Accrual of share-based benefit plans	—	—	—	—	81 ⁽⁴⁾	—	—	—
Repurchase of treasury shares	(12)	(19)	12	19	—	(120)	—	—
Settlement of share-based benefit plans ⁽³⁾	3	5	(3)	(5)	(41)	10	(4)	—
Balances as of December 31, 2013	<u>3,924</u>	<u>6,087</u>	<u>9</u>	<u>14</u>	<u>40</u>	<u>(110)</u>	<u>(4)</u>	<u>—</u>

	2013							
	Reserves					Other comprehensive income	Retained earnings	Equity of the parent company
	Legal	Future dividends	Investments	Purchase of treasury shares	Initial IFRS adjustment			
Balances as of December 31, 2012	2,007	—	5,751	—	—	6,087	6,741	31,200
Accrual of share-based benefit plans	—	—	—	—	—	—	—	—
Repurchase of treasury shares	—	—	—	—	—	—	—	—
Settlement of share-based benefit plans ⁽³⁾	—	—	—	—	—	—	—	—
Purchase of equity interest in controlled company	—	—	—	—	—	—	—	—
Contributions of non-controlling interest	—	—	—	—	—	—	—	—
As decided by Ordinary and Extraordinary Shareholders' meeting of April 30, 2013	—	330	2,643	120	3,648	—	(6,741)	—
As decided by the Board of Directors of August 9, 2013	—	(326)	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	—	12,031	—	12,031
Actuarial gains reclassification – Pension Plan ⁽²⁾	—	—	—	—	—	(6)	6	—
Net income	—	—	—	—	—	—	5,125	5,125
Balances as of December 31, 2013	<u>2,007</u>	<u>4</u>	<u>8,394</u>	<u>120</u>	<u>3,648</u>	<u>18,112⁽¹⁾</u>	<u>5,131</u>	<u>48,800</u>

(1) Includes 18,836 corresponding to the effect of the translation of the financial statements of YPF S.A. and (724) corresponding to the effect of the translation of the financial statements of controlled companies with functional currency different to U.S. dollar, as detailed in Note 1.b.1 During fiscal year ended on December 31, 2013, (115) have been reclassified from Retained earnings to Other comprehensive income.

- conversion of Pluspetrol Energy S.A's financial statements due to the said company's spin off.
- (2) Pension plans of investments in controlled companies.
 - (3) Net of employees income tax withholding related to the share-based benefit plans.
 - (4) Includes 38 corresponding to long-term benefit plans as of December 31, 2012, which were converted to share-based benefit plans (see Note 1.b.10) and 43 corresponding to long-term benefit plans for the year ended December 31, 2013.

Accompanying notes are an integral part of consolidated financial statements.

YPF SOCIEDAD ANONIMA AND CONTROLLED COMPANIES

**CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2015, 2014 AND 2013**

(Amounts expressed in millions of Argentine Pesos, except shares and per share amounts expressed in Argentine Pesos, and as otherwise indicated – Note 1.b.1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities			
Net income	4,426	8,849	5,079
Adjustments to reconcile net income to cash flows provided by operating activities:			
Result on investments in companies	(318)	(558)	(353)
Depreciation of fixed assets	26,685	19,936	11,236
Amortization of intangible assets	323	469	197
Consumption of materials and retirement of fixed assets and intangible assets, net of provisions.	3,773	4,041	2,336
Charge on income tax	24,637	13,223	9,269
Net increase in provisions	6,133	5,561	3,390
Exchange differences, interest and other ⁽¹⁾	(13,449)	(2,116)	(3,669)
Share-based benefit plan	124	80	81
Accrued insurance	(1,688)	(2,041)	(1,956)
Changes in assets and liabilities:			
Trade receivables	(8,031)	(3,824)	(2,627)
Other receivables	(6,143)	248	(1,332)
Inventories	101	(244)	(732)
Accounts payable	6,211	5,067	3,243
Taxes payables	4,544	218	272
Salaries and social security	549	727	253
Decrease in provisions due to payment/use	(1,758)	(1,974)	(713)
Dividends received	180	299	280
Proceeds from collection of lost profit insurance	2,036	1,689	—
Income tax payments	(6,931)	(3,496)	(3,290)
Net cash flows provided by operating activities	<u>41,404</u>	<u>46,154</u>	<u>20,964</u>
Investing activities: ⁽²⁾			
Acquisition of fixed assets and intangible assets	(63,774)	(50,213)	(27,639)
Contributions and acquisitions of interests in companies and joint operations	(163)	(967)	(20)
Advances received from sale of fixed and intangible assets	—	2,060	5,351
Acquisition of subsidiaries net of acquired cash and cash equivalents	—	(6,103)	107
Investments in financial assets	(324)	—	—
Proceeds from collection of damaged property's insurance	212	1,818	—
Net cash flows used in investing activities	<u>(64,049)</u>	<u>(53,405)</u>	<u>(22,201)</u>
Financing activities: ⁽²⁾			
Payments of loans	(24,090)	(13,320)	(6,804)
Payments of interest	(6,780)	(5,059)	(2,696)
Proceeds from loans	55,158	23,949	16,829
Repurchase of treasury shares	(120)	(200)	(120)
Contributions of non-controlling interests	—	80	96
Dividends paid	(503)	(464)	(326)
Net cash flows provided by financing activities	<u>23,665</u>	<u>4,986</u>	<u>6,979</u>
Translation differences provided by cash and cash equivalents	<u>4,609</u>	<u>1,310</u>	<u>224</u>
Net increase (decrease) in cash and cash equivalents	<u>5,629</u>	<u>(955)</u>	<u>5,966</u>
Cash and cash equivalents at the beginning of year	9,758	10,713	4,747
Cash and cash equivalents at the end of year	15,387	9,758	10,713
Net increase (decrease) in cash and cash equivalents	<u>5,629</u>	<u>(955)</u>	<u>5,966</u>
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
- Cash	13,920	6,731	4,533
- Cash equivalents	1,467	3,027	6,180
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>15,387</u>	<u>9,758</u>	<u>10,713</u>

(1) Does not include exchange differences generated by cash and cash equivalents, which is exposed separately in the statement.

(2) The main investing and financing transactions that have not affected cash and cash equivalents correspond to :

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Acquisition of fixed assets and concession extension easements not paid	6,799	7,567	5,604
Net increases (decreases) related to hydrocarbon wells abandonment obligation costs	(1,281)	(268)	4,357
Dividends receivable	100	—	—
Decrease of loans for “El Orejano” agreement	2,373	—	—
Contributions of non-controlling interests	50	—	—
Capital contributions in kind from investments in companies	—	342	133

Accompanying notes are an integral part of consolidated financial statements.

YPF SOCIEDAD ANONIMA AND CONTROLLED COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015 AND COMPARATIVE INFORMATION

(Amounts expressed in millions of Argentine Pesos, except shares and per share amounts expressed in Argentine Pesos, and as otherwise indicated – Note 1.b.1)

1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.a. Basis of preparation

- Application of International Financial Reporting Standards

The consolidated financial statements of YPF S.A. (hereinafter “YPF” or “the Company”) and its controlled companies (hereinafter and all together, the “Group”) for the year ended December 31, 2015 are presented in accordance with International Financial Reporting Standard (“IFRS”). The adoption of these standards as issued by the International Accounting Standards Board (“IASB”) was determined by the Technical Resolution No. 26 (ordered text) issued by Argentine Federation of Professional Councils in Economic Sciences (“FACPCE”) and the Regulations of the Argentine Securities Commission (“CNV”).

Also, some additional issues required by the Argentine General Corporations Law and/or CNV’s regulations have been included. This information is contained in the Notes to these consolidated financial statements, only for purposes of fulfillment of these regulatory requirements.

The amounts and other information corresponding to the years ended on December 31, 2014 and 2013 are an integral part of the consolidated financial statements mentioned above and are intended to be read only in relation to these financial statements.

These financial statements were approved by the Board of Directors’ meeting and authorized to be issued on March 3, 2016 and will be considered by the next annual Shareholders’ meeting. In addition for purpose of its presentation to the Securities and Exchange Commission of the United States of America, the Note 20 “Supplemental information on Oil and Gas producing activities (unaudited)” has been included.

- Current and non-current classification

The presentation in the statement of financial position makes a distinction between current and non-current assets and liabilities, according to the activities operating cycle.

The operating cycle for the Group activities is 12 months. Therefore, current assets and liabilities include assets and liabilities which are realized or settled within the 12-month period from the end of the fiscal year.

All other assets and liabilities are classified as non-current. Current and deferred tax assets and liabilities are presented separately from each other and from other assets and liabilities, as current and non-current, respectively.

- Fiscal year-end

The Company’s fiscal year begins on January 1 and ends on December 31, each year.

- Use of estimates

The preparation of financial statements at a certain date requires the Management to make estimates and assessments affecting the amount of assets and liabilities recorded, contingent assets and liabilities disclosed at such date, as well as income and expenses recorded during the period. Actual future results might differ from the estimates and assessments made at the date of preparation of these consolidated financial statements.

Significant judgments made by Management in applying the Group’s accounting policies and the main estimations and critical judgments are disclosed in Note 1.c)

– Consolidation policies

a) General criteria

For purpose of presenting the consolidated financial statements, the full consolidation method was used with respect to those subsidiaries in which the Company holds, either directly or indirectly, control, understood as the ability to establish/manage the financial and operating policies of a company to obtain benefits from its activities. This capacity is, in general but not exclusively, obtained by the ownership, directly or indirectly of more than 50% of the voting shares of a company.

Interest in joint operations and other agreements which gives 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. Assets, liabilities, income and expenses of joint operations are presented in the consolidated financial position and in the consolidated statement of comprehensive income, in accordance with their respective nature.

Note 16 details the fully consolidated controlled companies. Note 17 details the main joint operations, on a *pro rata* consolidation basis.

In the consolidation process, balances, transactions and profits between consolidated companies and joint operations have been eliminated.

The Company’s consolidated financial statements are based on the most recent available financial statements of the companies in which YPF holds control, taking into consideration, where necessary, significant subsequent events and transactions, information available to the Company’s management and transactions between YPF and such controlled companies, which could have produced changes to their shareholders’ equity. The date of the financial statements of such controlled companies used in the consolidation process may differ from the date of YPF’s financial statements due to administrative reasons. The accounting principles and procedures used by controlled companies have been homogenized, where appropriate, with those used by YPF in order to present the consolidated financial statements based on uniform accounting and presentation policies. The financial statements of controlled companies whose functional currency is different from the presentation currency are translated using the procedure set out in Note 1.b.1.

The Company, directly and indirectly, holds approximately 100% of capital of the consolidated companies, with the exception of the indirect holdings in Metrogas S.A. (“Metrogas”) and YPF Tecnología S.A. In accordance with the previously mentioned, there are no material non-controlling interests to be disclosed, as required by IFRS 12 “Disclosure of Interests in Other Entities”.

b) Business combinations

As detailed in Note 2, on February 12, 2014, YPF and its subsidiary YPF Europe B.V. accepted the offer made by Apache Overseas Inc. and Apache International S.à.r.l. for the acquisition of 100% of its interest in companies controlling Apache Group’s assets in Argentina completing the precedent conditions set forth in that agreement on March 13, 2014 (take over control date). Additionally, during the second quarter of 2013 the Company obtained control over Gas Argentino S.A. (“GASA”), parent company of Metrogas, and as from August, 2013, over YPF Energía Eléctrica S.A. (“YPF Energía Eléctrica”), a company resulting from the spin-off of Pluspetrol Energy S.A.

The Company has consolidated the results of operations of Apache Group (hereinafter YSUR), GASA, and consequently of its subsidiaries, and of YPF Energía Eléctrica as from the moment in which it obtained control over such companies. The accounting effects of the above mentioned transactions, which include the purchase price allocation to the assets and liabilities acquired, are disclosed in Note 2.

1.b) Significant Accounting Policies

1.b.1) Functional and Reporting Currency and tax effect on Other Comprehensive Income

Functional Currency

YPF based on parameters set out in IAS 21 “The effects of change in foreign exchange rates”, has defined the U.S. dollar as its functional currency. Consequently, non-monetary cost-based measured assets and liabilities, as well as income or expenses, are remeasured into functional currency by applying the exchange rate prevailing at the date of the transaction.

Transactions in currencies other than the functional currency of the Company are deemed to be “foreign currency transactions” and are remeasured into functional currency by applying the exchange rate prevailing at the date of the transaction (or, for practical reasons and when exchange rates do not fluctuate significantly, the average exchange rate for each month). At the end of each year or at the time of cancellation the balances of monetary assets and liabilities in currencies other than the functional currency are measured at the exchange prevailing at such date and the exchange differences arising from such measurement are recognized as “Financial results, net” in the consolidated statement of comprehensive income for the year in which they arise.

Assets, liabilities and results of controlled companies and investments in other companies are shown in their respective functional currencies. The effects of the conversion into U.S. dollars of the financial information of those companies whose functional currency is other than U.S. dollar are recorded as “Other comprehensive income” in the Consolidated Statement of Comprehensive Income.

Presentation currency:

According to CNV Resolution No. 562, the Company must present its financial statements in pesos. Therefore, the financial statements prepared in the Company’s functional currency are translated into the presentation currency, as per the following procedures:

- Assets and liabilities of each of the balance sheets presented are translated using the exchange rate at the balance sheet closing date;
- Items of the Consolidated Statement of Comprehensive Income are translated using the exchange rate at the time the transactions were generated (or, for practical reasons, and provided the exchange rate has not changed significantly, using each month’s average exchange rate);
- All translation differences resulting from the foregoing are recognized under “Other Comprehensive Income”.

Tax effect on Other comprehensive Income:

Results included in Other Comprehensive Income in connection with translation differences generated by investments in companies whose functional currency is other than US dollar as well as conversion differences arising from the translation of YPF’s financial statements into its presentation currency (pesos), have no effect on the income tax or in the deferred tax since at the time they were generated, the relevant transactions did not make any impact on net income or taxable income.

1.b.2) Financial Assets

a) Classification

In accordance with IFRS 9 “Financial instruments”, the Group classifies its financial assets into two categories: assets measured at fair value and assets measured at amortized cost. This classification depends on whether the financial asset is a debt instrument or an equity instrument.

i. Debt instruments

– Financial assets at amortized cost

A debt instrument is classified as an asset measured at amortized cost if both of the following criteria are met: (i) the objective of the Group's business model is to hold the assets to collect the contractual cash flow, and (ii) the contractual terms only require specific dates for payment of capital and interest.

As of the closing date of these financial statements, the Group's financial assets at amortized cost include certain elements of cash and cash equivalent, trade receivables and other receivables.

– Financial assets at fair value through profit or loss

If either of the two criteria above is not met, the debt instrument is classified as an asset measured "at fair value through profit or loss".

Changes in fair values and gains from disposals of financial assets at fair value through profit or loss (except for the derivative instruments referred to in Note 1.b.17) are recorded within "Financial Results, net", in the Consolidated Statement of Comprehensive Income.

As of the closing date of these financial statements, the Group's financial assets at fair value through profit or loss include derivative financial instruments and mutual funds.

ii. Equity instruments

As of the closing date of these financial statements, the Group does not hold any equity instrument.

b) Recognition and measurement

Purchases and sales of financial assets are recognized on the date on which the Group commits to purchase or sell the assets. Financial assets are derecognized when the rights to receive cash flows from the investments and the risks and rewards of ownership have expired or have been transferred.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset which is not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the income statement.

In general, the Group uses the transaction price to ascertain the fair value of a financial instrument on initial recognition. In the other cases, the Group records a gain or loss on initial recognition only if the fair value of the financial instrument can be supported by other comparable and observable market transactions for the same type of instrument or if it is based in a technical valuation that only inputs observable market information. Unrecognized gains or losses on initial recognition of a financial asset are recognized later on, only to the extent they arise from a change in the factors (including time) that market participants would consider upon setting the price.

Gains/losses on debt instruments measured at amortized cost and not included for hedging purposes are charged to income when the financial assets are derecognized or an impairment loss is recognized and during the amortization process using the effective interest rate method.

The Group reclassifies all affected debt instruments only when its business model for managing those assets changes.

c) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. Impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets and such impairment may be reliably measured.

Evidence of impairment may include indications that debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankrupt or other financial reorganization, and when observable information indicates that there is a measurable decrease in the estimated future cash flows.

The impairment amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount or the loss is recognized in the statement of comprehensive income. For practical purposes, the Group may measure impairment on the basis of an instrument's fair value, using an observable market price. If, in a subsequent period, the amount the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the statements of income.

d) Offsetting financial instruments

Financial assets and liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

1.b.3) Inventories

Inventories are valued at the lower of their cost and their net realizable value. Cost includes acquisition costs (less trade discount, rebates and other similar items), transformation and other costs which have been incurred when bringing the inventory to its present location and condition.

In the case of refined products, costs are allocated in proportion to the selling price of the related products (isomargen method) due to the difficulty for distributing the production costs to each product.

The Group assesses the net realizable value of the inventories at the end of each year and recognizes in profit or loss in the consolidated statement of comprehensive income the appropriate valuation adjustment if the inventories are overstated. When the circumstances that previously caused impairment no longer exist or when there is clear evidence of an increase in the inventories' net realizable value because of changes in economic circumstances, the amount of a write-down is reversed.

Raw materials, packaging and others are valued at their acquisition cost.

1.b.4) Intangible assets

The Group initially recognizes intangible assets at their acquisition or development cost. This cost is amortized on a straight-line basis over the useful lives of these assets (see Note 6.a). At the end of each year, such assets are measured at cost, considering the criteria adopted by the Group in the transition to IFRS, less any accumulated amortization and any accumulated impairment losses.

The main intangible assets of the Group are as follows:

- I. *Service concessions arrangements*: includes transportation and storage concessions (see Note 6.a). These assets are valued at their acquisition cost, considering the criteria adopted by the Group in the transition to IFRS, net of accumulated amortization. They are depreciated using the straight-line method during the course of the concession period.
- II. *Exploration rights*: the Group recognizes exploration rights as intangible assets, which are valued at their cost, considering the criteria adopted by the Group in the transition to IFRS, net of the related impairment, if applicable. Investments related to unproved properties are not depreciated. These investments are reviewed for impairment at least once a year or whenever there are indicators that the assets may have become impaired. Any impairment loss or reversal is recognized in profit or loss in the consolidated statement of comprehensive income. Exploration costs (geological and geophysical expenditures, expenditures associated with the maintenance of unproved reserves and other expenditures relating to exploration activities), excluding exploratory wells drilling costs, are charged to expense in the consolidated statement of comprehensive income as incurred.
- III. *Other intangible assets*: mainly includes costs relating to computer software development expenditures, as well as assets that represent the rights to use technology and knowledge ("know how") for the manufacture and commercial exploitation of equipment related to oil extraction. These items are valued at their acquisition cost, considering the criteria adopted by the Group in the transition to IFRS, net of the related depreciation and impairment, if applicable. These assets are amortized on a straight-line basis over their useful lives, which range between 3 and 14 years. The Group reviews annually the mentioned estimated useful life.

Service concessions: the Argentine Hydrocarbons Law permits the executive branch of the Argentine government to award 35-year concessions for the transportation of oil, gas and petroleum products following submission of competitive bids. The term of a transportation concession may be extended for an additional ten-year term. Pursuant to Law No. 26,197, 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 holder of a transportation concession has the right to:

- transport oil, gas and petroleum products;
- 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.

In addition, a transportation concession holder is under an obligation to transport hydrocarbons to third parties, without discrimination, for a tariff. This obligation, however, is applicable to oil or gas producers only to the extent the concession holder has available additional capacity, and is expressly subject to the transportation requirements of the concession holder. Transportation tariffs are subject to approval by the Federal Energy Secretariat for oil and petroleum derivatives pipelines, and by ENARGAS, for gas pipelines. Upon expiration of a transportation concession, oil pipelines and related facilities revert to the Argentine Government, without any payment to the concession holder.

In connection with the foregoing, the Privatization Law granted the Company 35-year transportation concessions for the transportation facilities operated by Yacimientos Petroquímicos Fiscales as of such date. The main pipelines related to said transportation concessions are the following:

- La Plata / Dock Sud
- Puerto Rosales / La Plata
- Monte Cristo / San Lorenzo
- Puesto Hernández / Luján de Cuyo
- Luján de Cuyo / Villa Mercedes

Thus, assets meeting certain requirements set forth by the IFRIC 12, which at Management's judgment are met in the facilities mentioned in the preceding paragraphs, are recognized as intangible assets.

The Group has no intangible assets with indefinite useful lives as of December 31, 2015, 2014 and 2013.

1.b.5) Investments in companies

Investments in affiliated companies and Joint Ventures are valued using the equity method. Affiliated companies are considered those in which the Company has significant influence, understood as the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control over those policies. Significant influence is presumed when the Company has an interest of 20% or more in a company.

Under the provisions of IFRS 11, "Joint Arrangements", and IAS 28 (2011), "Investments in Associates and Joint Ventures", investments in which two or more parties have joint control (defined as a "Joint Arrangement") shall be classified as either a Joint Operation (when the parties that have joint control have rights to the assets and obligations for the liabilities relating to the Joint Arrangement) or a Joint Venture (when the parties that have joint control have rights to the net assets of the Joint Arrangement). Considering such classification, Joint Operations shall be proportionally consolidated and Joint Ventures shall be accounted for under the equity method.

The equity method consists in the incorporation in the balance sheet line "Investments in companies", of the value of net assets and goodwill, if any, of the participation in the affiliated company or Joint Venture. The net income or expense for each year corresponding to the interest in these companies is reflected in the statement of comprehensive income in the "Income on investments in companies" line.

Investments in companies have been valued based upon the latest available financial statements of these companies as of the end of each year, taking into consideration, if applicable, significant subsequent events and transactions, available management information and transactions between YPF and the related company which have produced changes on the latter's shareholders' equity. The dates of the financial statements of such related companies and Joint Operations used in the consolidation process may differ from the date of the Company's financial statements due to administrative reasons. The accounting principles and procedures used by affiliated companies have been homogenized, where appropriate, with those used by YPF in order to present the consolidated financial statements based on uniform accounting and presentation policies. The financial statements of affiliated companies whose functional currency is different from the presentation currency are translated using the procedure set out in Note 1.b.1).

Investments in companies in which the Company has no joint control or significant influence, have been valued at cost.

Investments in companies with negative shareholders' equity are disclosed in the "Accounts payable" account.

The carrying value of the investments in companies does not exceed their estimated recoverable value.

In Note 16 are detailed the investments in companies.

As from the effective date of Law No. 25,063, dividends, either in cash or in kind, that the Company receives from investments in other companies and which are in excess of the accumulated income that these companies carry upon distribution shall be subject to a 35% income tax withholding as a sole and final payment. YPF has not recorded any charge for this tax since it has estimated that dividends from earnings recorded by the equity method will not be subject to such tax.

1.b.6) Fixed assets

i. General criteria:

Fixed assets are valued at their acquisition cost, plus all the costs directly related to the location of such assets for their intended use, considering the criteria adopted by the Group in the transition to IFRS.

Borrowing costs of assets that require a substantial period of time to be ready for their intended use are capitalized as part of the cost of these assets.

Major inspections, necessary to restore the service capacity of the related asset are capitalized and depreciated on a straight-line basis over the period until the next overhaul is scheduled.

The costs of renewals, betterments and enhancements that extend the useful life of properties and/or improve their service capacity are capitalized. As fixed assets are retired, the related cost and accumulated depreciation are derecognized.

Repair, conservation and ordinary maintenance expenses are recognized in the statement of comprehensive income as incurred.

These assets are reviewed for impairment at least once a year or whenever there are indicators that the assets may have become impaired, as detailed in Note 1.b.8.

ii. Depreciation:

Fixed assets, other than those related to oil and gas exploration and production activities, are depreciated using the straight-line method, over the years of estimated useful life of the assets, as follows:

	Years of Estimated Useful Life
Buildings and other constructions	50
Refinery equipment and petrochemical plants	20-25
Infrastructure of natural gas distribution	20-50
Transportation equipment	5-25
Furniture, fixtures and installations	10
Selling equipment	10
Electric power generation facilities	15-20
Other property	10

Land is classified separately from the buildings or facilities that may be located on it and is deemed to have an indefinite useful life. Therefore, it is not depreciated.

The Group reviews annually the estimated useful life of each class of assets.

iii. Oil and gas exploration and production activities:

The Group recognizes oil and gas exploration and production transactions using the “successful-efforts” method. The costs incurred in the acquisition of new interests in areas with proved and unproved reserves are capitalized as incurred under Mineral properties, wells and related equipment. Costs related to exploration permits are classified as intangible assets (see Notes 1.b.4 and 6.a).

Exploration costs, excluding the costs associated to exploratory wells, are charged to expense as incurred. Costs of drilling exploratory wells, including stratigraphic test wells, are capitalized pending determination as to whether the wells have found proved reserves that justify commercial development. If such reserves are not found, the mentioned costs are charged to expense. Occasionally, an exploratory well may be determined to have found oil and gas reserves, but classification of those reserves as proved cannot be made. In those cases, the cost of drilling the exploratory well shall continue to be capitalized if the well has found a sufficient quantity of reserves to justify its completion as a producing well, and the Group is making sufficient progress assessing the reserves as well as the economic and operating viability of the project. If any of the mentioned conditions are not met, cost of drilling exploratory wells is charged to expense. In addition, the exploratory activity involves, in many cases, the drilling of multiple wells through several years in order to completely evaluate a project. As a consequence some exploratory wells may be kept in evaluation for long periods, pending the completion of additional wells and exploratory activities needed to evaluate and quantify the reserves related to each project. The detail of the exploratory well costs in evaluation stage is described in Note 6.b).

Intangible drilling costs applicable to productive wells and to developmental dry holes, as well as tangible equipment costs related to the development of oil and gas reserves, have been capitalized.

The capitalized costs described above are depreciated as follows:

- a) The capitalized costs related to productive activities have been depreciated by field on a unit-of-production basis by applying the ratio of produced oil and gas to the estimated proved and developed oil and gas reserves.
- b) The capitalized costs related to the acquisition of property and the extension of concessions with proved reserves have been depreciated by field on a unit-of-production basis by applying the ratio of produced oil and gas to the estimated proved oil and gas reserves.

Revisions in oil and gas proved reserves are considered prospectively in the calculation of depreciation. Revisions in estimates of reserves are performed at least once a year. Additionally, estimates of reserves are audited by independent petroleum engineers on a three-year rotation plan.

iv. Costs related to hydrocarbon wells abandonment obligations:

Costs related to hydrocarbon wells abandonment obligations are capitalized at their discounted value along with the related assets, and are depreciated using the unit-of-production method. As compensation, a liability is recognized for this concept at the estimated value of the discounted payable amounts. Revisions of the payable amounts are performed upon consideration of the current costs incurred in abandonment obligations on a field-by-field basis or other external available information if abandonment obligations were not performed. Due to the number of wells in operation and/or not abandoned and likewise the complexity with respect to different geographic areas where the wells are located, current costs incurred in plugging activities are used for estimating the plugging activities costs of the wells pending abandonment. Current costs incurred are the best source of information in order to make the best estimate of asset retirement obligations. Future changes in the costs above mentioned, as well as changes in regulations related to abandonment obligations, which are not possible to be predicted at the date of issuance of these financial statements, could affect the value of the abandonment obligations and, consequently, the related asset, affecting the results of future operations.

v. Environmental tangible assets:

The Group capitalizes the costs incurred in limiting, neutralizing or preventing environmental pollution only in those cases in which at least one of the following conditions is met: (a) the expenditure improves the safety or efficiency of an operating plant (or other productive assets); (b) the expenditure prevents or limits environmental pollution at operating facilities; or (c) the expenditure is incurred to prepare assets for sale and do not raise the assets carrying value above their estimated recoverable value.

The environmental related assets and the corresponding accumulated depreciation are disclosed in the consolidated financial statements together with the other elements that are part of the corresponding assets which are classified according to their accounting nature.

1.b.7) Provisions

The Group makes a distinction between:

- a) Provisions: represent legal or assumed obligations, arising from past events, the settlement of which is expected to give rise to an outflow of resources and which amount and timing are uncertain. Provisions are recognized when the liability or obligation giving rise to an indemnity or payment arises, to the extent that its amount can be reliably estimated and that the obligation to settle is probable or certain. Provisions include both obligations whose occurrence does not depend on future events (such as provisions for environmental liabilities and provision for hydrocarbon wells abandonment obligations), as well as those obligations that are probable and can be reasonably estimated whose realization depends on the occurrence of a future events that are out of the control of the Company (such as provisions for contingencies). The amount recorded as provision corresponds to the best estimate of expenditures required to settle the obligation, taking into consideration the relevant risks and uncertainties (see Note 10); and
- b) Contingent liabilities: represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company, or present obligations arising from past events, the amount of which cannot be estimated reliably or whose settlement is not likely to give rise to an outflow of resources embodying future economic benefits. Contingent liabilities are not recognized in the consolidated financial statements, but rather are disclosed to the extent they are significant, as required by IAS 37, "Provisions, contingent liabilities and contingent assets" (see Note 11).

When a contract qualifies as onerous, the related unavoidable liabilities are recognized in the consolidated financial statements as provisions, net of the expected benefits.

Except for provisions for hydrocarbon wells abandonment obligations, where the timing of settlement is estimated on the basis of the work plan of the Group, and considering the estimated production of each field (and therefore its abandonment) and provisions for pension plans, in relation to other noncurrent provisions, it is not possible to reasonably estimate a specific schedule of settlement of the provisions considering the characteristics of the concepts included.

1.b.8) Impairment of fixed assets and intangible assets

For the purpose of evaluating the impairment of fixed assets and intangible assets, the Group compares their carrying value with their recoverable amount at the end of each year, or more frequently, if there are indicators that the carrying value of an asset may not be recoverable.

In order to assess impairment, assets are grouped into Cash-Generating Units ("CGU"), whereas the assets do not generate cash flows that are independent of those generated by other assets or CGU, considering regulatory, economic, operational and commercial conditions. Considering the above mentioned, the Group's assets were grouped into eleven CGU.

Exploration and Production Segment

The assets included in this segment have been grouped into seven CGU. One that gathers the assets of YPF fields, which basically have crude oil reserves; five CGU that group the assets of YPF and YSUR fields which basically have natural gas reserves, according to the Argentina's basins, and another one that gathers the assets in the United States fields.

- CGU Oil – YPF;
- CGU Oil – YPF Holdings
- CGU Gas – Neuquina Basin– YPF;
- CGU Gas – Noroeste Basin – YPF;
- CGU Gas – Austral Basin – YPF;
- CGU Gas – Neuquina Basin – YSUR;
- CGU Gas – Austral Basin – YSUR.

Downstream Segment

The assets included in this segment have been grouped in three CGU. The YPF Downstream CGU which mainly includes the assets assigned to the crude oil refining activity (or that complement such activity), the petrochemical industry and marketing of such products. The Metrogas CGU, which includes assets related to the distribution of natural gas and YPF Energía Eléctrica CGU, which includes assets related to generation and commercialization of electric energy.

Corporate Segment

A-Evangelista CGU mainly included of the assets used for the construction activity related to the Company's business.

This aggregation is the best reflection of how the Group currently makes its management decisions for the generation of separate cash flows of the assets.

The recoverable amount is the higher of, the fair value less costs of disposal and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a rate that reflects the weighted average capital cost employed for each CGU.

If the recoverable amount of a CGU is estimated to be less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable amount, and an impairment loss is recognized as an expense under "Other operating results, net" in the Consolidated Statement of Comprehensive Income.

Any impairment loss is allocated to the assets comprising the CGU on a pro-rata basis based on their carrying amount. Consequently, the basis for future depreciation or amortization will take into account the reduction in the value of the asset as a result of any accumulated impairment losses.

Upon the occurrence of new events or changes in existing circumstances, which prove that an impairment loss previously recognized could have disappeared or decreased, a new estimate of the recoverable amount of the corresponding asset is calculated to determine whether a reversal of the impairment losses recognized in previous periods needs to be made.

In the event of a reversal, the carrying amount of the asset (or the CGU) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined in case no impairment loss had been recognized for the asset (or the CGU) in the past.

1.b.9) Methodology used in the estimation of recoverable amounts

Group's General Criteria: The recoverable amount of fixed assets and intangible assets is generally estimated on the basis of their value in use, calculated on the basis of future expected cash flows derived from the use of the assets, discounted at a rate that reflects the weighted average capital cost employed.

In the assessment of the value in use, cash flow forecasts based on the best estimate of income and expense available for each CGU using sector inputs, past results and future expectations of business evolution and market development are utilized. The most sensitive aspects included in the cash flows used in all the CGU are the purchase and sale prices of hydrocarbons (including gas distribution applicable fees), outstanding regulations, estimation of cost increase, employee costs and investments.

The cash flows from the exploration and production assets are generally projected for a period that covers the economically productive useful lives of the oil and gas fields and is limited by the contractual expiration of the concessions permits, agreements or exploitation contracts. The estimated cash flows are based on production levels, commodity prices and estimates of the future investments that will be necessary in relation to undeveloped oil and gas reserves, production costs, field decline rates, market supply and demand, contractual conditions and other factors. The unproved reserves are weighted with risk factors, on the basis of the type of each one of the exploration and production assets.

Downstream cash flows are estimated on the basis of the projected sales trends, contribution margins by unit, fixed costs and investment flows, in line with the expectations regarding the specific strategic plans of each business. However, cash inflows and outflows relating to planned restructurings or productivity enhancements are not considered. The projections evaluation horizon is 10 years, considering an annual rent for the last period, based on the long useful life of this GCU assets.

The reference prices considered are based on a combination of market prices available in those markets where the Group operates, also taking into consideration specific circumstances that could affect different products the Group commercializes and management's estimations and judgments.

Estimated net future cash flows are discounted to its present value using a rate that reflects the weighted average capital cost employed for each CGU.

1.b.10) Employee benefit plans and share-based payments

i. Retirement plan:

Effective March 1, 1995, the Group have established a defined contribution retirement plan that provides benefits for each employee who elects to join the plan. Each plan member will pay an amount between 3% and 10% of his monthly compensation and the Group will pay an amount equal to that contributed by each member.

The plan members will receive from the Group the contributed funds before retirement only in the case of voluntary termination under certain circumstances or dismissal without cause and, additionally, in case of death or incapacity. The Group has the right to discontinue this plan at any time, without incurring termination costs.

ii. Performance Bonus Programs:

These programs cover certain YPF and its controlled companies' personnel. These bonuses are based on compliance with business unit objectives and performance. They are calculated considering the annual compensation of each employee, certain key factors related to the fulfillment of these objectives and the performance of each employee and are paid in cash.

iii. Share-based benefit plan:

From the year 2013, YPF has decided to implement a share-based benefit plan. This plan organized in annual programs, covers certain executive and management positions and key or with critical technical knowledge personnel. The above mentioned plan is aimed at aligning the performance of these personnel with the objectives of the strategic plan of the Company.

This plan consists in giving participation, through shares of the Company, to each selected employee with the condition of remaining in it for the previously defined period (up to three years from the grant date, hereinafter "service period"), being this the only condition necessary to access the agreed final retribution. During the year 2013, the implementation of these plans has included the conversion of certain long term compensation plans existing to date of implementation.

Consequently, during the month of June 2013, the Company has converted these existing plans to new share-based schemes, reversing a liability of 38 corresponding to existing plans as of December 31, 2012.

Consistent with share-based benefit plans approved in 2013, the Board of Directors at its meeting held on June 11, 2014, approved the creation of a new share-based benefit plan 2014-2016, which will be valid for three years from July 1, 2014 (grant date), with similar characteristics to those of the 2013-2015 plan.

Likewise, the Board of Directors at its meeting held on June 8, 2015, approved the creation of a new share-based benefit plan 2015-2017, which will be valid for three years from July 1, 2015 (grant date), with similar characteristics to the existing plans.

For accounting purposes, YPF recognizes the effects of the plans in accordance with the guidelines of IFRS 2, "Share-based Payment". In this order, the total cost of the plans granted is measured at the grant date, using the fair value or market price of the Company's share in the United States market. The above mentioned cost is accrued in the Company's net income for the year, over the vesting period, with the corresponding increase in Shareholders' equity in the "Share-based Benefit Plans" account.

iv. Pension plans and other Post- Retirement and Post- employment for YPF Holdings Inc.:

YPF Holdings Inc., which has operations in the United States of America, has certain defined benefit plans and post-retirement and post-employment benefits.

The funding policy related to the defined benefit plan, is to contribute amounts to the plan sufficient to meet the minimum funding requirements under governmental regulations, plus such additional amounts as management may determine to be appropriate.

In addition, YPF Holdings Inc. provides certain health care and life insurance benefits for eligible retired employees, and also certain insurance, and other post-employment benefits for eligible individuals in the event employment is terminated by YPF Holdings Inc. before their normal retirement. Employees become eligible for these benefits if they meet minimum age and years-of-service requirements. YPF Holdings Inc. accounts for benefits provided when payment of the benefit is probable and the amount of the benefit can be reasonably estimated. No assets were specifically reserved for the post-retirement and post-employment benefits, and consequently, payments related to them are funded as claims are received.

The plans mentioned above are valued at their net present value, are accrued based on the years of active service of the participating employees and are disclosed as noncurrent liabilities in the "Salaries and social security" account. The actuarial gains and losses arising from the remeasurement of the defined benefit liability of pension plans are recognized in Other Comprehensive Income as a component of shareholders' equity, and are transfer directly to the retained earnings. YPF Holdings Inc. updates its actuarial assumptions at the end of each fiscal year.

Additional disclosures related to the mentioned plans, are included in Note 13.

Additionally, Management believes that the deferred tax asset generated by the cumulative actuarial losses related to the pension plans of YPF Holdings Inc., will not be recoverable based on estimated taxable income generated in the jurisdiction in which they are produced.

1.b.11) Revenue recognition

General criteria

Revenue is recognized on sales of crude oil, refined products and natural gas, in each case, when title and risks are transferred to the customer following the conditions described below:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group does not retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue recognition related to Government incentive programs

Incentives to the Additional Injection of natural gas and to the production of crude oil (see Note 11.c) granted by the Planning and Strategic Coordination Commission of the National Plan of Hydrocarbons Investment by Resolutions No. 1/2013 and No. 14/2015, respectively, fall within the scope of the IAS 20 “Accounting for Government grants and disclosure of government assistance”, as they constitute economic compensations for the companies committed to increasing their respective production. Incentives have been included in “Revenues” in the Consolidated Statement of Comprehensive Income.

Likewise, these regulations also apply to the temporary economic assistance by Metrogas (see Note 11.c), as approved by Resolution No. 263/2015 of the Federal Energy Secretariat as its purpose is to fund the expenses and investments related to the normal operation of the natural gas distribution service through networks, while preserving the chain of payment to natural gas producers until the Tariff Review is concluded. The incentives have been included in the item “Other operating results, net” in the Consolidated Statement of Comprehensive Income.

In addition, Argentine tax authorities provide a tax incentive for investment in capital goods, computers and telecommunications for domestic manufacturers through a fiscal bond, provided that manufacturers have industrial establishments located in Argentina, a requirement that is satisfied by the controlled company A-Evangelista S.A. The Group recognizes such incentive when the formal requirements established by Decrees No. 379/01, 1551/01, its amendments and regulations are satisfied, to the extent that there is reasonable certainty that the grants will be received. The bond received may be computed as a tax credit for the payment of national taxes (i.e., Income Tax, Tax on Minimum Presumed Income, Value Added Tax and Domestic Taxes) and may also be transferred to third parties. The incentives have been included in the item “Other operating results, net” in the Consolidated Statement of Comprehensive Income.

Recognition of this income is made at its fair value when there is a reasonable certainty that incentives will be received and that regulatory requirements related therewith have been fulfilled.

Recognition of revenues and costs associated with construction contracts method

Revenues and costs related to construction activities performed by A-Evangelista S.A. are accounted for in the consolidated statement of comprehensive income for the year using the percentage of completion method, considering the final contribution margin estimated for each project at the date of issuance of the financial statements, which arises from technical studies on sales and total estimated costs for each of them, as well as their physical progress.

The adjustments in contract values, changes in estimated costs and anticipated losses on contracts in progress are reflected in earnings in the year when they become evident.

The table below details information related to the construction contracts as of December 31, 2015, 2014 and 2013:

	Revenues of the year	Contracts in progress		
		Costs incurred plus accumulated recognized profits	Advances received	Retentions
2015	455	577	—	—
2014	419	418	—	—
2013	312	2,359	368	—

1.b.12) Leases

Operating leases

A lease is classified as an operating lease when the lessor does not transfer substantially to the lessee the entire risks and rewards incidental to ownership of the asset.

Costs related to operating leases are recognized on a straight-line basis in “Rental of real estate and equipment” and “Operation services and other service contracts” of the Consolidated Statement of Comprehensive Income for the year in which they arise.

Financial Leases

The Group has no financial leases as they are defined by IFRS.

1.b.13) Earnings per share

Basic earnings per share is calculated by dividing the net income for the year attributable to YPF's shareholders by the weighted average of shares of YPF outstanding during the year net of repurchased shares as mentioned in Note 8.

Diluted earnings per share is calculated by dividing the net income for the fiscal year by the weighted average of shares outstanding, and when dilutive, adjusted for the effect of all potentially dilutive shares, including share options, on an as if they had been converted.

In computing diluted earnings per share, income available to ordinary shareholders, used in the basic earnings per share calculation, is adjusted by those results that would result of the potential conversion into ordinary stock. The weighted average number of ordinary shares outstanding is adjusted to include the number of additional ordinary shares that would have been outstanding if the dilutive potential ordinary shares had been issued. Diluted earnings per share is based on the most advantageous conversion rate or exercise price over the entire term of the instrument from the standpoint of the security holder. The calculation of diluted earnings per share excludes potential ordinary shares if their effect is anti-dilutive.

As of the date of the issuance of these financial statements, there are no YPF's instruments outstanding that imply the existence of potential ordinary shares (also taking into account the Company's intent to cancel the Share-based benefit plans through their repurchase in the market). Thus the basic earnings per share matches the diluted earnings per share. See Note 9.

1.b.14) Financial liabilities

Financial liabilities are initially recognized at their fair value less the transaction costs incurred. Since the Group does not have financial liabilities whose characteristics require the recognition at their fair value, according to IFRS, after their initial recognition, financial liabilities are measured at amortized cost. Any difference between the financing received (net of transaction costs) and the repayment value is recognized in the consolidated statement of comprehensive income over the life of the related debt instrument, using the effective interest rate method.

The Group derecognizes financial liabilities when the related obligations are settled or expire.

At the closing of these consolidated financial statements, the Group's financial liabilities at amortized cost include account payables and loans.

In order to account for the exchange of debt obligations arising from the voluntary reorganization petition of Metrogas and GASA for new negotiable obligations executed on January 11, 2013 and March 15, 2013, respectively, the Group has followed the guidelines provided by IFRS 9, "Financial Instruments".

IFRS 9 states that an exchange of debt instruments between a borrower and a lender shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability when the instruments have substantially different terms. The difference between the carrying amount of the financial liability extinguished and the consideration paid, which includes any non-cash assets transferred or liabilities assumed, is recognized in net income for the period or fiscal year. The Group considers that the terms of the outstanding debt obligations, arising from the voluntary reorganization petition, subject to the exchange are substantially different from the new negotiable obligations. Additionally, the Group has evaluated and positively concluded over the estimated funds that such companies will have to comply with the terms of the debt and that allows the recognition of the debt relief. Consequently, Metrogas and GASA have recorded the debt instruments' exchange following the guidelines mentioned above. Also, according to IFRS 9 the new negotiable obligations were recognized initially at fair value, net of transaction costs incurred and subsequently measured at amortized cost. In the initial recognition, the fair value of such debt has been estimated using the discounted cash flow method, in the absence of quoted prices in active markets representative for the amount issued.

1.b.15) Taxes, withholdings and royalties

Income tax and tax on minimum presumed income

The Group recognizes the income tax applying the liability method, which considers the effect of the temporary differences between the financial and tax basis of assets and liabilities and the tax loss carry forwards and other tax credits, which may be used to offset future taxable income, at the current statutory rate of 35%.

Additionally, the Group calculates tax on minimum presumed income applying the current 1% tax rate to taxable assets as of the end of each year. This tax complements income tax. The Company's tax liability will coincide with the higher between the determination of tax on minimum presumed income and the Company's tax liability related to income tax, calculated applying the current 35% income tax rate to taxable income for the year. However, if the tax on minimum presumed income exceeds income tax during one tax year, such excess may be computed as prepayment of any income tax excess over the tax on minimum presumed income that may be generated in the next ten years.

Under Law No. 25,063, dividends distributed, either in cash or in kind, in excess of accumulated taxable income as of the end of the year immediately preceding the dividend payment or distribution date, shall be subject to a 35% income tax withholding as a sole and final payment, except for those distributed to shareholders resident in countries benefited from treaties for the avoidance of double taxation, which will be subject to a minor tax rate.

Additionally, on September 20, 2013, Law No. 26,893 was enacted, establishing changes to the Income Tax Law, and determining, among other things, an obligation respecting such tax as a single and final payment of 10% on dividends paid in cash or in kind (except in shares) to foreign beneficiaries and individuals residing in Argentina, in addition to the 35% retention mentioned above. The dispositions of this Law came in force on September 23, 2013, date of its publication in the Official Gazette.

Personal assets tax – Substitute responsible

Individuals and foreign entities, as well as their undistributed estates, regardless of whether they are domiciled or located in Argentina or abroad, are subject to personal assets tax of 0.5% of the value of any shares or ADSs issued by Argentine entities, held at December 31 of each year. The tax is levied on the Argentine issuers of such shares or ADSs, such as YPF, which must pay this tax in substitution of the relevant shareholders, and is based on the equity value (following the equity method), or the book value of the shares derived from the latest financial statements at December 31 of each year. Pursuant to the Personal Assets Tax Law, the Group is entitled to seek reimbursement of such paid tax from the applicable shareholders, using the method the Group considers appropriate.

Royalties and withholding systems for hydrocarbon exports

A 12% royalty is payable on the estimated value at the wellhead of crude oil production and the commercialized natural gas volumes. The estimated value is calculated based upon the approximate sale price of the crude oil and gas produced, less the costs of transportation and storage. To calculate royalties, the Company has considered price agreements according to crude oil buying and selling operations obtained in the market for certain qualities of such product, and has applied these prices, net of the discounts mentioned above, according to regulations of Law No. 17,319 and its amendments. In addition, and pursuant to the extension of the original terms of exploitation concessions, the Company has agreed to pay an extraordinary production royalty and in some cases a royalty of 10% is payable over the production of unconventional hydrocarbons (see Note 11).

Royalty expense and the extraordinary production royalties are accounted for as a production cost.

Law No. 25,561 on Public Emergency and Exchange System Reform ("Public emergency law"), issued in January 2002, established duties for hydrocarbon exports for a five-year period. In January 2007, Law No. 26,217 extended this export withholding system for an additional five-year period and also established specifically that this regime is also applicable to exports from "Tierra del Fuego province", which were previously exempted. In addition, Law No. 26,732 published in the Official Gazette in December 2011 extended for an additional 5 years the mentioned regime. On November 16, 2007, the Ministry of Economy and Production ("MEP") published Resolution No. 394/2007, modifying the withholding regime on exports of crude oil and other refined products. In addition, the Resolution No. 1/2013, published on January 3, 2013 and the Resolution No. 803/2014 published on October 21, 2014 from the Ministry of Economy and Public Finance modified the reference and floor prices.

Resolution No. 1,077/2014 dated on December 29, 2014 repealed Resolution No. 394/2007 and amended and established a new withholding system based on the International Price of crude oil (“IP”), calculated on the basis of the “Brent value” applicable to the export month minus eight dollars per barrel (US\$ 8.0 per barrel). The new regime establishes a general nominal rate of 1% while IP is below US\$ 71 per barrel. Additionally, the Resolution establishes an increasing variable rate for export of crude oil while IP is above US\$ 71 per barrel; therefore, the producer will collect a maximal value of about US\$ 70 per exported barrel, depending on the quality of crude oil sold. Likewise, the Resolution establishes a variable increasing withholding rates for exports of diesel, gasoline, lubricants and other petroleum derivatives when IP exceeds US\$ 71 per barrel by using formulas allowing the producer to collect a portion of such higher price.

Furthermore, in March 2008, Resolution No. 127/2008 of the MEP increased the natural gas export withholding rate to 100% of the highest price from any natural gas import contract. This resolution has also established a variable withholding system applicable to liquefied petroleum gas, similar to the one established by the Resolution No. 394/2007.

1.b.16) Shareholders’ equity accounts

Shareholders’ equity accounts have been valued in accordance with accounting principles in effect as of the transition date. The accounting transactions that affect shareholders’ equity accounts were accounted for in accordance with the decisions taken by the Shareholders’ meetings, and legal standards or regulations.

Subscribed capital stock and adjustments to contributions

Consists of the shareholders’ contributions represented by shares and includes the outstanding shares at face value net of treasury shares mentioned in the following paragraph “Treasury shares and adjustment to treasury shares”. The subscribed capital account has remained at its historical value and the adjustment required previous Argentine GAAP to state this account in constant Argentine pesos is disclosed in the “Adjustments to contributions” account.

The adjustment to contributions cannot be distributed in cash or in kind, but is allowed its capitalization by issuing shares. Also, this item may be used to compensate accumulated losses.

Treasury shares and adjustments to treasury shares

Corresponds to the reclassification of the nominal value and the corresponding adjustment in constant peso (Adjustment to Contributions) of shares issued and repurchased by YPF in market transactions, as is required by the CNVs regulations in force.

Share-based benefit plans

Corresponds to the balance related to the share-based benefit plans as mentioned in Note 1.b.10.iii).

Acquisition cost of repurchased shares

Corresponds to the cost incurred in the acquisition of the shares that YPF holds as treasury shares (see Note 8).

Considering the CNV regulations RG 562, the distribution of retained earnings is restricted by the balance of this account.

Share trading premium

Corresponds to the difference between accrued amount in relation to the share-based benefit plan and acquisition cost of the shares settled during the year in relation with the mentioned plan.

Considering the debit balance of the premium, distribution of retained earnings is restricted by the balance of this premium.

Issuance premiums

Corresponds to the difference between the amount of subscription of the capital increase and the corresponding face value of the shares issued.

Legal reserve

In accordance with the provisions of Law No. 19,550, YPF has to appropriate to the legal reserve no less than 5% of the algebraic sum of net income, prior year adjustments, transfers from other comprehensive income to retained earnings and accumulated losses from previous years, until such reserve reaches 20% of the subscribed capital plus adjustment to contributions. As of December 31, 2015, the legal reserve has been fully integrated amounting 2,007.

Reserve for future dividends

Corresponds to the allocation made by the YPF's Shareholders' meeting, whereby a specific amount is transferred to the reserve for future dividends.

Reserve for investments and reserve for purchase of treasury shares

Corresponds to the allocation made by the YPF's Shareholders' meeting, whereby a specific amount is being assigned to be used in future investments and in the purchase of YPF's shares to meet the obligations arising from share-based benefit plan described in Note 1.b.10.iii).

Initial IFRS adjustment reserve

Corresponds to the initial adjustment in the transition to IFRS application, which was approved by the Shareholders' meeting of April 30, 2013, in accordance with the General Resolution No. 609 of the CNV.

Such reserve cannot be used in distributions in cash or in kind to the shareholders or owners of YPF and may only be reversed for capitalization or absorption of an eventual negative balance on the "Retained earnings" account according the aforementioned Resolution.

Other comprehensive income

Includes income and expenses recognized directly in equity accounts and the transfer of such items from equity accounts to the income statement of the year or to retained earnings, as defined by IFRS.

Retained earnings

Includes accumulated gains or losses without a specific appropriation that being positive can be distributed upon the decision of the Shareholders' meeting, while not subject to legal restrictions. Additionally, it includes the net income of previous years that was not distributed, the amounts transferred from other comprehensive income and adjustments to income of previous years produced by the application of new accounting standards.

Additionally, pursuant to the regulations on the CNV, when the net balance of other comprehensive income account is positive, it shall not be distributed, capitalized nor used to compensate accumulated losses, and when the net balance of these results at the end of a year is negative, a restriction on the distribution of retained earnings for the same amount will be imposed.

Non-controlling interest

Corresponds to the interest in the net assets acquired and net income of Metrogas (30%) and YPF Tecnología S.A. (49%), representing the rights on shares that are not owned by YPF.

1.b.17) Derivative financial instruments and hedge transactions

Derivative financial instruments are recognized at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedge instrument, and, if so, the nature of the item being hedged.

The Group manages exposures to several risks using different financial instruments. The Group does not use derivative financial instruments for speculative purposes. As of this date, the Group has used US dollar future exchange rate agreements.

The Group's policy is to apply hedge accounting to hedging relationships where it is both permissible under IFRS 9, practical to do so and its application reduces volatility. Transactions that may be effective hedges in economic terms may not always qualify for hedge accounting under IFRS 9. As of this date, the Group has not applied hedge accounting to its derivative financial instruments. Gains or losses from these derivative financial instruments are classified as "Financial results, net", in the statement of comprehensive income.

Fair values of derivative financial instruments that are traded in active markets are computed by reference to market prices. The fair value of derivative financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each fiscal year. As of December 31, 2015, the Group only holds derivative instruments traded on active markets

1.b.18) Trade receivables and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

A provision for bad debt is created where there is objective evidence that the Group may not be able to collect all receivables within the original payment terms. Indicators of bad debts include significant financial distress of the debtor, the debtor potentially filing a petition for reorganization or bankrupt, or any event of default or past due account.

In the case of larger non-homogenous receivables, the impairment provision is calculated on an individual basis. When assessed individually, the Group records a provision for impairment which amounts to the difference between the value of the discounted expected future cash flows of the receivable and its carrying amount, taking into account existing collateral, if any. This provision takes into consideration the financial condition of the debtor, the resources, payment track-record and, if applicable, the value of collateral.

The Group does not hold significant homogeneous credits.

The carrying amount of the assets is reduced through the use of the provision account, and the amount of the loss is recognized in the statement of comprehensive income within "Selling expenses". Subsequent recoveries of amounts previously written off are credited against "Selling expenses" in the statement of comprehensive income.

1.b.19) Cash and cash equivalents

In the consolidated statement of cash flow, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquidity investments with original maturities of three months or less. They do not include bank overdrafts.

1.b.20) Dividends distribution

Dividends payable by the Group are recognized as liabilities in the period in which they are approved.

1.b.21) Business combinations

Business combinations are accounted for by applying the acquisition method when YPF takes effective control over the acquired company.

The Group recognizes in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest and, goodwill, if any, in accordance with IFRS 3.

The acquisition cost is measured as the sum of the consideration transferred, measured at fair value at their acquisition date and the amount of any non-controlling interest in the acquired entity. The Group will measure the non-controlling interest in the acquired entity at fair value or at the non-controlling interest's proportionate share of the acquired entity's identifiable net assets.

If the business combination is achieved in stages, the Group shall remeasure its previously held equity interest in the acquired entity at its acquisition date fair value and recognize a gain or loss in the statement of comprehensive income.

The goodwill cost is measured as the excess of the consideration transferred over the identifiable assets acquired and liabilities assumed net by the Group. If this consideration is lower than the fair value of the assets identifiable and liabilities assumed, the difference is recognized in the statement of comprehensive income.

1.b.22) Total or partial disposal of foreign operation whose functional currency is other than the U.S. Dollar

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation) all of the translation differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated translation differences are re-attributed to non-controlling interest and are not recognized in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Translation differences arising are recognized in other comprehensive income.

1.b.23) Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the top authority decision-maker, who is the person responsible for allocating resources and assessing the performance of the operating segments. Operating segments are described in Note 4.

1.b.24) New standards issued

As required by IAS 8, "Accounting policies, changes in accounting estimates and errors", we detail below a brief summary of the standards or interpretations issued by the IASB, whose application is mandatory as of the closing date of these consolidated financial statements, as well as of those whose application has not been mandatory as of the closing date of these consolidated financial statement and, therefore, have not been adopted by the Group.

The standards, interpretations and related amendments published by the IASB whose application is mandatory as of the closing date of these consolidated financial statements and, therefore, have been applied by the Group, are the following:

IAS 19 – Employee Benefits

In November 2013, IASB issued an amendment to IAS 19, to simplify the accounting on employees' contribution or third party to the defined benefit plans, allowing recognition of the aforementioned contribution as a reduction in the service cost in the period in which the related service was rendered rather than recognizing it at the service period.

It is applicable for fiscal years beginning on or after July 1, 2014.

Annual improvements of IFRS — 2010-2012 Cycle

The 2010-2012 annual improvements are applicable to fiscal years beginning on or after July 1, 2014. There follows a summary of the main standards amended and the purposes thereof.

<u>Standard</u>	<u>Purpose of the amendment</u>
IFRS 2 <i>Share-based payment</i>	Definition of the vesting conditions.
IFRS 3 <i>Business Combinations</i>	Accounting for the contingent consideration under a business combination
IFRS 8 Operating Segments	(i) Disclosure of criteria applied to decided whether or not to group operating segments, (ii) when is required reconciliation of all assets of the reportable segments to the assets of an entity
IFRS 13 Fair value measurement	Short-term receivables and payables
IAS 16 <i>Property, Plant and Equipment</i> and IAS 38 <i>Intangible assets</i>	Method of revaluation, pro rata restructuring of accumulated depreciation (amortization)
IAS 24 <i>Relates Parties Disclosures</i>	Key management staff

Annual improvements of IFRS. 2011-2013 Cycle

The 2011-2013 annual improvements are applicable to fiscal years beginning on or after July 1, 2014. There follows a summary of the main standards amended and the purposes thereof.

<u>Standard</u>	<u>Purpose of the amendment</u>
IFRS 3 <i>Business combinations</i>	Exemptions to the scope of joint ventures
IFRS13 <i>Fair value measurement</i>	Scope of paragraph 52 (portfolio exception)
IAS 40 <i>Investment Property</i>	Clarification of the interpretation between IFRS 3 and IAS 40 in classifying of property as investment property or property occupied by owner

Standards or interpretations issued by the IASB whose application is not mandatory at the closing date of these consolidated financial statements and have not been adopted by the Company.

IFRS 9 – Financial Instruments

In July 2014, IASB introduced an amendment to supersede IAS 39. The standard includes the requirements for classification and measurement, impairment and hedge accounting of financial instruments. It is effective for fiscal years beginning on or after January 1, 2018 with early application permitted.

IFRS 11 – Joint Arrangements

In May 2014, IASB amended IFRS 11 in order to establish that acquisitions of participations in joint operations whose activities constitute a business as defined by IFRS 3, apply the accounting principles set out in this standard. It is effective for fiscal years beginning on or after January 1, 2016, with the early application permitted.

Amendments to IFRS 11 provide guidelines as to how to account for the acquisition of an interest in a joint venture in which activities constitute a business as per the definition of IFRS 3, “Business Combinations”.

Also, a joint operator is required to disclose the significant information requested by the IFRS 3 and other standards applicable to business combinations.

Entities must apply amendments prospectively to the acquisitions of interests in joint ventures occurring from the beginning of fiscal years commencing on January 1, 2016.

The Company’s Management does not anticipate that the application of these amendments to IFRS 11 will have a significant effect on the financial statements of the Company, as the Company does not deal in these types of transactions.

IFRS 14 – Regulatory deferral accounts

In January 2014, the IASB approved IFRS 14 which is applicable to all fiscal years beginning on or after January 1, 2016, and which is authorized to be applied in advance. The scope of this Standard is limited to entities which have adopted the IFRS for the first time and which have recognized the balances of the regulated activities deferral accounts in their financial statements according to their previous accounting standards. The first accounting statements presented by the Group under the IFRS were as of December 31, 2012 and the standard was issued in January 2014. Therefore, the Group has not applied this standard to its financial statements.

IFRS 15 – Revenues from contracts with customers

IFRS 15 is effective for periods reported as beginning on January 1, 2018 or later, though its early application is permitted. Entities may decide whether to apply the model retrospectively or use an amended transition approach, to which the standard will be applied retrospectively only in the event of contracts which have not been completed by the initial application date (e.g. January 1, 2018 for a company whose fiscal year ends on December 31)

IFRS 15 sets forth a comprehensive and detailed model for the entities to use it in the accounting of revenues from contracts with customers. It shall substitute for the following revenues Standards and Interpretations as of its effective date:

- IAS 18 Revenue;
- IAS 11 Construction contracts;
- IFRIC 13 Customer loyalty programmes;
- IFRIC 15 Agreements for the construction of real estate;
- IFRIC 18 Transfer of assets from customers; and
- SIC 31: Barter transactions involving advertising services.

IAS 16 and 38 – Depreciation and amortization methods

Amendments to IAS 16, “Property, plant and equipment” prohibits entities from applying a depreciation method based in the income from property, plant and equipment items. On the other hand, amendments to IAS 38, “Intangible assets” include legal presumptions ascertaining that revenues are not appropriate principles for the amortization of intangible assets.

Amendments apply prospectively to annual fiscal years beginning on or after January 1, 2016, and its advanced application is permitted.

IAS 16 and 41 – Agriculture – Production Plants

Amendments to IAS 16 and IAS 41, “Agriculture” define the concept of “production plant”. In addition they require biological assets to meet this definition in order to be accounted for as property, plant and equipment under IAS 16 rather than IAS 41. As to the amendments, production plants may be measured using the cost model or the revaluation model set forth in IAS 16.

Amendments are retroactively applied for fiscal years beginning on or after January 1, 2016 and advanced application is permitted. As a temporary provision, entities need not disclose the quantitative information required by paragraph 28 (f) of IAS 8 for the current period. However, quantitative information is required for the previous fiscal year filed.

IAS 27 – Separate Financial Statements

Amendments focus on separate financial statements and allow the use of the equity method in such financial statements.

Amendments are retroactively applied for fiscal years beginning on or after January 1, 2016 and advanced application is permitted

IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture

In September 2014, the IASB amended IFRS 10 and the IAS 28 to clarify that in transactions involving a controlled company, the extension of the profit or loss to be recognized in the financial statements depends on whether the controlled company sold or contributed constitutes a business according to the IFRS 3.

On August 10, 2015, the IASB issued a proposal to postpone the effective date of these amendments indefinitely depending on the result of its research project on the accounting through the equity method, which was approved on December 17, 2015.

IAS 1 – Presentation of the financial statements – Disclosures initiative

Amendments to IAS 1 are effective for fiscal years beginning on or after January 1, 2016 and advanced application is permitted. The application of the amendments need not be disclosed.

The amendments were a response to the comments that there were difficulties in the application of the materiality concept in practice at the time of drafting some of the requirements of IAS 1 has been interpreted to avoid the use of judgment. Some highlights of the amendments are as follow:

- The entity should not reduce the understandability of its financial statements by concealing substantial information with irrelevant information or by adding material elements with different nature or function.
- The entity does not need to disclose specific information required by the IAS if the resulting information is not material.
- In the section “Other comprehensive income” of a Statement of Comprehensive Income and other comprehensive income, amendments require separate disclosures for the following elements:
 - the proportion of other comprehensive income of associates and joint ventures which is recognized by the equity method and which will not be subsequently reclassified to results, and
 - the proportion of other comprehensive income of associates and joint ventures which is recognized by the equity method and which will be subsequently reclassified to results.

In addition, amendments to IAS 1 are related to the following matters:

- Materiality
- Disaggregation and subtotals
- Notes
- Disclosure of accounting policies
- Other comprehensive income resulting from investments recognized by the equity method

IFRS 10, IFRS 12 and IAS 28 – Exemption from consolidation for investment entities.

In December 2014, the IASB issued amendments to IFRS 10, IFRS 12 and IAS 28 which are applicable to fiscal years beginning on or after January 1, 2016, and may be applied in advance.

Amendments clarify, among other things that the exemption from preparation of consolidated financial statements is available for a controlling entity which is controlled by an investment entity, even if the investment entity measures all its controlled companies at fair value under IFRS 10. The amendments resulting from IAS 28 to clarify the exemption from applying the equity method is applicable to an investor in an associate or joint venture if such investor is controlled by an investment entity which measures all its investments at fair value.

Amendments further clarify that the requirement that an investment entity consolidate a controlled company that provides services related to the foregoing investment activities is only applicable to controlled companies which are not investment entities.

On the other hand, amendments clarify that by applying the equity method to an associate or joint venture which is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its affiliates.

Finally, it is also made clear that an investment entity that measures all its controlled companies at fair value must make the disclosures required by IFRS 12 “Disclosure of interest in other entities”.

Annual improvements to the IFRS- 2012-2014 Cycle

In September 2014, the IASB issued 2012-2014 annual improvements which are applicable to fiscal years beginning on or after January 1, 2016, and may be applied in advance.

There follows a summary of the main standards amended and their respective purposes:

<u>Standard</u>	<u>Purpose of amendment</u>
IFRS 5 Non-current assets held for sale and discontinued operations.	Changes in assets disposal methods
IFRS 7 Financial instruments disclosures (with amendments results from IFRS 1 amendments)	(i) Service Agreements (ii) Applicability of IFRS 7 amendments to compensation disclosures in condensed interim financial statements.
IAS 19 Employee Benefits	Discount rate: regional market issues
IAS 34 Interim financial reporting	Disclosure of information included “elsewhere in the interim financial statement”

Currently the Group is analyzing the impact of the enforcement of standard amended and new standards.

1.c) Accounting Estimates and Judgments

The items in the financial statements and areas which require the highest degree of judgment and estimates in the preparation of the financial statements are: (1) crude oil and natural gas reserves; (2) provisions for litigation and other contingencies; (3) provisions for environmental liabilities and hydrocarbon wells abandonment obligations (see Note 1.b.6 paragraph iv); (4) the calculation of income tax and deferred income tax; and (5) provision for impairment of fixed assets and intangible asset (see Note 1.b.9).

Crude oil and natural gas reserves

Estimating crude oil and gas reserves is an integral part of the Company’s decision-making process. The volume of crude oil and gas reserves is used to calculate the depreciation using unit of production ratio and to assess the impairment of the capitalized costs related to the exploration and production assets (see Notes 1.b.8 and 1.b.9 and last paragraph of this note)

The Group prepares its estimates of crude oil and gas reserves in accordance with the rules and regulations established for the crude oil and natural gas industry by the U.S. Securities and Exchange Commission (“SEC”).

Provisions for litigation and other contingencies

The final costs arising from litigation and other contingencies, and the perspective given to each issue by the Management may vary from their estimates due to different interpretations of laws, contracts, opinions and final assessments of the amount of the claims. Changes in the facts or circumstances related to these types of contingencies can have, as a consequence, a significant effect on the amount of the provisions for litigation and other contingencies recorded or the perspective given by the Management.

Provisions for environmental costs

Given the nature of its operations, the Group is subject to various provincial and national laws and regulations relating to the protection of the environment. These laws and regulations may, among other things, impose liability on companies for the cost of pollution clean-up and environmental damages resulting from operations. YPF management believes that the Group’s operations are in substantial compliance with laws and regulations of Argentina and the countries where the Group operates, relating to the protection of the environment as such laws have historically been interpreted and enforced.

The Group periodically conducts new studies to increase its knowledge of the environmental situation in certain geographic areas where it operates in order to establish the status, cause and remedy of a given environmental issue and, depending on its years of existence, analyze the Argentine Government's possible responsibility for any environmental liabilities existing prior to December 31, 1990. The Group cannot estimate what additional costs, if any, will be required until such studies are completed and evaluated; however, provisional remedial or other measures may be required.

In addition to the hydrocarbon wells abandonment legal obligation, the Group has accrued the environmental remediation which evaluations and/or remediation works are probable and can be reasonably estimated, based on the Company's existing remediation program. Legislative changes, on individual costs and/or technologies may cause a re-evaluation of the estimates. The Group cannot predict what environmental legislation or regulation will be enacted in the future or how future laws or regulations will be administered. In the long-term, these potential changes and ongoing studies could materially affect the Group's future results of operations.

Additionally, certain environmental contingencies in the United States of America were assumed by Tierra Solutions Inc. and Maxus Energy Corporation, indirect controlled companies through YPF Holdings Inc. The detail of these contingencies is disclosed in Note 10.

Income tax and deferred income tax assets and liabilities

The proper assessment of income tax expenses depends on several factors, including interpretations related to tax treatment for transactions and/or events that are not expressly provided for by current tax law, as well as estimates of the timing and realization of deferred income taxes. The actual collection and payment of income tax expenses may differ from these estimates due to, among others, changes in applicable tax regulations and/or their interpretations, as well as unanticipated future transactions impacting the Group's tax balances.

Provision for impairment of fixed assets and intangible assets

As indicated in Note 1.b.8 and 1.b.9, as a general criterion, the method used to estimate the recoverable amount of fixed assets and intangible assets mainly consists in the calculation of the value in use, based on the future estimate cash flows resulting from the exploitation of the relevant assets, discounted at a rate that reflects the weighted average capital employed.

For fiscal year 2015, the discount rate was 10.33% after taxes (the discount rate applied for fiscal year 2014 was 10.86% after taxes).

Calculations of crude oil price estimates for fiscal year 2015 for the CGU Oil—YPF of the Exploration and Production Segment have taken into account the disengagement of internal market prices from international prices with respect to this product in the latest years, based on the negotiations between country's Producers and Refineries and Argentine Government policies intended to preserve the sector activity levels and ensure the crude oil supply for the country. Therefore, the following local market price presumptions have been considered for the different varieties of crude oil: i) for 2016 and 2017 the Company has considered local market prices according to the negotiations between Producers and Refineries based on prices currently effective since January 2016, resulting in an estimate of US\$/Bbl 67.5 for Medanito crude oil, US\$/Bbl 54.9 for Escalante crude oil and US\$/Bbl 55.9 for Cañadón Seco crude oil; ii) for 2018, 2019 and 2020, it has been considered the estimates for the local prices based on the the estimation of the international price (adjusted by the quality of each type of crude oil, freight and the relative shortage situation in the local market) set on the basis of estimate Brent crude oil values according to analysts' consensus estimates available as of December 31, 2015 (at US\$/Bbl 68.7 for 2018, US\$/Bbl 68.3 for 2019 and US\$/Bbl 69.3 for 2020); and iii) thereafter, a projected price curve is considered on the basis of an adjustment by United States of America forecasted inflation.

Based on the above mentioned methodology and presumptions, the Group has recorded a charge for impairment of fixed assets with respect to the CGU Oil - YPF of the Exploration and Production Segment of 2,361 as of December 31, 2015, mainly due to a decrease in the short-term price of oil in the local market and a reduction in the expectations of medium and long term international prices. The recoverable amount of the CGU Oil – YPF, after taxes, amounts to 76,829.

In addition, the Group has recorded a charge for impairment of fixed assets for the CGU Oil - YPF Holdings which groups the assets of crude oil production fields in the United States, of 94 as of December 31, 2015, due to a decrease in crude oil international prices. The recoverable amount of the CGU Oil – YPF Holdings amounts to 179. Likewise, the Group has recorded a charge for impairment of intangible assets of 80 related to exploration rights of which the recoverable amount is zero.

For fiscal years ended December 31, 2014 and 2013, the Group has not recorded charges for impairment, or income from reversion of impairment of assets.

Main factors that could result in additional charges for impairment in future periods would be any increase in the discount rate used for the cash flow estimates and a further decline in the business, competitive and economic factors, such as oil and gas prices, change in the number of equipment units, the competitive context and the cost of raw material, as well as a potential revisions of previous estimates of reserves based on the new prices.

1.d) Comparative Information

Balance items as of December 31, 2014 and 2013 presented in these financial statements for comparison purposes arise from the consolidated financial statements then ended. Certain reclassifications have been made in order to present figures comparatively with those of this year.

2. ACQUISITIONS AND DISPOSALS

Fiscal year ended on December 31, 2015

- May 7 2015, Repsol Butano S.A. transferred to YPF shares representing 33.997 % of YPF Gas S.A.'s capital stock and Repsol Trading S.A. transferred to YPF 17.79% of Oleoducto Transandino Chile's capital stock, the transaction was made for an amount of 161.

Fiscal year ended on December 31, 2014

- On February 12, 2014, YPF and its subsidiary YPF Europe BV (“YPF Europe”, constituted in January, 2014) accepted an offer made by Apache Overseas Inc. and Apache International Finance II S.à r.I. (collectively, “Apache Group”) for the acquisition of 100% of Apache's interest in controlled companies which are the owners of assets located in the Argentine Republic, and the acquisition of certain intercompany loans owed by the acquired companies to the Apache Group companies. The price agreed upon by the parties was US\$ 786 million, which was canceled through by an initial deposit of US\$ 50 million held on February 12, 2014, and the remaining balance was paid on March 13, 2014, date from which YPF has taken control of the mentioned companies (the “acquisition date”). Together with the assets and liabilities incorporated by these companies, local market debt was assumed for US\$ 31 million.

As of result of the previously described transaction, YPF acquired the following corporate shares: (i) 100% of the capital stock of Apache Canada Argentina Investment S.à r.I. and 100% of the capital stock of Apache Canada Argentina Holdings S.à r.I.; (ii) 100% of the capital stock of Apache Argentina Corporation, through which it will control 65.28% of Apache Petrolera Argentina S.A., and (iii) 34.72% of Apache Petrolera Argentina S.A. Since YPF has acquired 100% of the interest, there is no non-controlling interest recorded.

As of the date of acquisition these companies controlled directly or indirectly assets in the provinces of Neuquen, Tierra del Fuego and Río Negro, with a total production of approximately 49,100 oil equivalent barrels per day and had an important infrastructure of pipelines and facilities and around 350 employees. In addition, certain assets have potential for exploration and development in the Vaca Muerta formation.

The fair value of the main identified assets and liabilities of the companies acquired (100% interest values and after consolidation adjustments), which have been incorporated in the Company's balance sheet as of the date of acquisition is disclosed below:

Cash and cash equivalents	95
Assets held for sale	1,538
Inventories	55
Trade receivables	520
Other receivables and other assets	213
Intangible assets – Exploration rights	1,246
Fixed assets	5,469
Provisions	781
Deferred income tax liabilities	1,241
Loans	110
Accounts payables	639
Social security and other taxes payables	134
Income tax liability	24

Below is detailed the information related with revenues, costs and expenses of the acquired companies required by IFRS:

	Since the acquisition date up to December 31, 2014	Since the beginning of the year up to December 31, 2014
Revenues	3,370	4,099
Cost of sales	(2,960)	(3,601)
Gross profit	410	498
Other operating expenses	(232)	(282)
Operating income	178	216
Financial result, net	(78)	(95)
Income tax	560	681
Net income for the period	660	802

Additionally, YPF and Apache Energía Argentina S.R.L. has entered into a transfer of assets agreement with Pluspetrol S.A. ("Pluspetrol") whereby it will transfer, in exchange for US\$ 217 million, an interest that belongs to Apache Energía Argentina S.R.L. (a subsidiary of Apache Canada Argentina Holdings S.à.r.l.), in three concessions and four joint operation contracts, as well as an interest of YPF in a joint operation contract. The aforementioned interests correspond to assets located in the Province of Neuquén, with the objective of jointly exploring and developing the Vaca Muerta formation. The mentioned transaction has been approved by the regulatory authority during November, 2014.

During October, 2014, the registered names of some companies have changed as follows: Apache Energía Argentina S.R.L. to YSUR Energía Argentina S.R.L.; Apache Natural Resources Petrolera Argentina S.R.L. to YSUR Recursos Naturales S.R.L.; Apache Petrolera Argentina S.A. to YSUR Petrolera Argentina S.A.; Apache Argentina Corporation to YSUR Argentina Corporation; Apache Canada Argentina Investment S.à.r.l. to YSUR Argentina Investment S.à.r.l.; and Apache Canada Argentina Holdings S.à.r.l. to YSUR Argentina Holdings S.à.r.l.

- On January 31, 2014, YPF acquired Petrobras Argentina S.A.'s 38.45% interest in the joint operation contract Puesto Hernández signed between both companies for the exploitation of the Puesto Hernández area (the "Area"). The Area is an exploitation concession located in the Provinces of Neuquén and Mendoza. YPF is the holder of the concession until 2027, which is operated under the aforementioned joint operation contract which expires on June 30, 2016 and will be early terminated. Now YPF owns 100% interest in the Area, and has become the operator. Puesto Hernández currently produces approximately 10,000 barrels per day of light crude oil (Medanito quality). The transaction was completed for the amount of US\$ 40.7 million. By becoming the operator of the Area, YPF will be able to accelerate its investments plans to optimize the Area's production potential until 2027. The amount paid was mainly classified as fixed assets.

- On February 7, 2014, YPF acquired Potasio Rio Colorado S.A.’s 50% interest in the joint operation contract, Segment 5 Loma La Lata – Sierra Barrosa (known as “Lajas” formation) signed by YPF and Potasio Rio Colorado S.A. for the exploitation of the Lajas formation concession area (the “Area”). The Area is an exploitation concession, located in the Province of Neuquén. YPF is the holder of the concession which expires in 2027. Exploitation of the Area was conducted under the aforementioned joint operation contract. The terms of the joint operation contract provided that it would expire upon the earlier of the expiration of the concession or the early termination of any agreement or contract that granted the right to continue exploiting the Area. As a result of the termination of the joint operation contract YPF will own 100% interest in the Area. The consideration for the transaction was US\$ 25 million. The amount paid was mainly classified as fixed assets.
- YPF and Sinopec Argentina Exploration and Production, Inc., Sucursal Argentina (“SINOPEC”), are part in a Joint Operating Agreement (“JOA”) in the area “La Ventana”, located in the basin of Cuyo in the Province of Mendoza, whose original due date was December 31, 2016. YPF is the exclusive owner of such exploitation concession whose due date was November 14, 2017, and through executive order of the Province of Mendoza No. 1,465/2011 the original due date was extended for 10 years more, to November 14, 2027, the new concession due date. On September 1, 2014 (“effective date”) YPF and SINOPEC extended the JOA’s due date in relation with the Concession for the Exploitation of Hydrocarbons in the area “La Ventana”, until December 31, 2026. The extension of the Concession and the JOA involve the continuity of the participation of the parties in the rights and commitments that emerge from the Concession and that, as of the effective date, YPF’s percentage of participation increased by an additional 10%, reaching 70%. The consideration for the transaction was US\$ 44 million, an amount that SINOPEC will pay to YPF for the extension of the Concession. Additionally, the transaction generated an income of 369, which has been charged to “Other operating result, net”, in the statement of comprehensive income.
- On December 5, 2014, an agreement has been signed between the Province of Neuquén, Gas y Petróleo del Neuquén S.A., YPF S.A. and YSUR Energía Argentina S.R.L. in which the restructuring of the Joint Operating Agreement has been arranged related to “La Amarga Chica” and “Bajada de Añelo” non-conventional hydrocarbons exploitation concession in which YPF and YSUR will hold the following interests: (i) La Amarga Chica, YPF S.A. 100% (ii) Bajada de Añelo: YPF S.A. 85% and YSUR Energía Argentina S.R.L. 15%. As compensation for the aforementioned restructuring (a), YPF S.A. has made a US\$41 million payment to the Neuquén Province, US\$ 12 million for and on behalf of YSUR Energía Argentina S.R.L. and (b) YPF and YSUR granted in favor of the Province of Neuquén, who thereby contributed to Gas y Petróleo de Neuquén S.A, the totality of YPF and YSUR’s interests in the following areas: (i) Puesto Cortadera; (ii) Loma Negra NI; (iii) Cutral Co Sur; (iv) Neuquén del Medio; (v) Collon Cura Bloque I; (vi) Bajo Baguales. These transferences became effective on January 1, 2015.

Fiscal year ended on December 31, 2013

- During May 2013, the Company, through its subsidiary YPF Inversora Energética S.A. took control of GASA (controlling company of Metrogas), by acquiring shares representing a 54.67% interest in GASA. Prior to this acquisition, the Company through its interest in YPF Inversora Energética S.A. owned 45.33% of the capital of GASA

The main characteristics of the transaction, as well as information to enable users of the financial statements to assess the nature and financial effects of the business combination resulting from the aforementioned operation, as IFRS requires are described below.

Name and description of the acquired entity:	<p>GASA is the parent company of Metrogas, company awarded with the license for the distribution of natural gas in the City of Buenos Aires and southern suburbs of Buenos Aires Province.</p> <p>GASA owns 70% equity interest of Metrogas by holding all of the class “A” representing a stake of 51% in capital, and class “B” shares representing a stake of 19% in capital.</p> <p>Metrogas provides distribution services to approximately 2.2 million customers within its service area (city of Buenos Aires and eleven municipalities in the south of Buenos Aires).</p>
The acquisition date, the percentage acquired and primary reasons for the acquisition:	<p>YPF has fulfilled with the obligations arising from the purchase agreement, which corresponded to the payment of the balance of the purchase price, during May 2013. As a result of the transaction (which includes shares representing 54.67% stake in GASA), YPF controls 100% of GASA.</p> <p>As described in Resolution No. 1/2566 D from Enargas, the operation is expected to result in a substantial benefit to customers of the distribution company as a consequence of applying to Metrogas a responsible management, not only in economic and financial matters, but also taking social principles upon which the welfare of current and future generations.</p>
The acquisition-date fair value of the total consideration transferred and the acquisition-date fair value of each main asset:	<p>The price of the above operation (acquisition of shares representing 54.67% stake in GASA) was US\$ 9.7 million, which implies a total value for the 100% of the participation in GASA of approximately US\$ 17.7 million, which approximates the fair value of the net assets and liabilities of the acquired company.</p> <p>Below are the fair values of the main assets and liabilities of the acquired company (values at 100% interest) at acquisition date, which have been incorporated into YPF’s balance sheet as of the acquisition date:</p>

Cash and cash equivalents	143
Trade receivables	318
Other receivables and other assets	23
Fixed assets	1,788
Provisions	104
Loans	879
Accounts payables	461
Social security and other taxes payables	102
Deferred income tax liabilities	328
Income tax liability	12

Additionally, non-controlling interest amounted to 178 as of the date of acquisition, corresponding to the 30% interest in Metrogas, a company controlled by GASA.

Prior to the transaction, the carrying value of the interest in GASA amounted to zero. As a consequence of the acquisition, remeasurement of shares in GASA to fair value generated a gain of approximately 136, which has been recorded in the second quarter of 2013 under “Income on investments in companies” account in the comprehensive income statement of YPF for the year ended December 31, 2013.

Income and expenses from ordinary activities of GASA since the acquisition date included in the financial statements of the YPF for the year 2013:	<table border="0"> <tr> <td>Revenues</td> <td style="text-align: right;">1,363</td> </tr> <tr> <td>Cost of sales</td> <td style="text-align: right;">(1,044)</td> </tr> <tr> <td>Gross profit</td> <td style="text-align: right;">319</td> </tr> <tr> <td>Other operating expenses</td> <td style="text-align: right;">(266)</td> </tr> <tr> <td>Operating income</td> <td style="text-align: right;">53</td> </tr> <tr> <td>Financial result, net</td> <td style="text-align: right;">(326)</td> </tr> <tr> <td>Income tax</td> <td style="text-align: right;">139</td> </tr> <tr> <td>Net loss for the year</td> <td style="text-align: right;">(134)</td> </tr> </table>	Revenues	1,363	Cost of sales	(1,044)	Gross profit	319	Other operating expenses	(266)	Operating income	53	Financial result, net	(326)	Income tax	139	Net loss for the year	(134)
Revenues	1,363																
Cost of sales	(1,044)																
Gross profit	319																
Other operating expenses	(266)																
Operating income	53																
Financial result, net	(326)																
Income tax	139																
Net loss for the year	(134)																

Income and expenses from ordinary activities of GASA since the beginning 2013 and until December 31, 2013:	<table border="0"> <tr> <td>Revenues</td> <td style="text-align: right;">1,848</td> </tr> <tr> <td>Cost of sales</td> <td style="text-align: right;">(1,425)</td> </tr> <tr> <td>Gross profit</td> <td style="text-align: right;">423</td> </tr> </table>	Revenues	1,848	Cost of sales	(1,425)	Gross profit	423
Revenues	1,848						
Cost of sales	(1,425)						
Gross profit	423						

Other operating expenses	(394)
Operating income	29
Financial result, net	721 ⁽¹⁾
Income tax	(253)
Net income for the year	497

(1) Includes the gain as a result of debt restructuring of Metrogas and GASA prior to the acquisition date for a total amount of 1,141

- On June 4, 2013, YPF, Pluspetrol Resources Corporation B.V. (“PPRC”) and Pluspetrol Energy S.A. (“PPE”) signed an agreement to carry out a spin off PPE, without dissolving it, and allocate part of their assets to create a new spun off company.

This spin-off was done with effective date on August 1, 2013 and as a consequence, YPF Energía Eléctrica S.A. was created (spun off company), on which YPF directly or indirectly holds 100% interest and YPF withdrew its participation in PPE.

As a result of the spin off, YPF Energía Eléctrica S.A. maintained the electric generation business, previously operated by PPE, and a 27% interest in Ramos Consortium.

The main characteristics of the transaction, as well as information to enable users of the financial statements to assess the nature and financial effects of the business combination resulting from the aforementioned operation as IFRS requires, are described below.

Name and description of the parent company:	Pluspetrol Energy S.A. On July 31, 2013, YPF had 45% interest on its capital.
Name and description of the spun off company:	YPF Energía Eléctrica S.A. The main goal of this company is the electric generation business operating two power plants in the province of Tucuman, plus a 27% interest in the Ramos Consortium dedicated to the Exploration and Production of Hydrocarbons.
The spin off date:	July 31, 2013
Fair value of the consideration transferred and fair value of the main assets of the acquisition:	The fair value of the net assets and liabilities transferred to the company’s spin off process, amounted to 485. Below are the main items:

Trade receivables	65
Fixed assets	638
Accounts payables	77
Loans	52
Social security and other taxes payables	50
Deferred income tax liabilities	35
Other Liabilities	4

Prior to the transaction, the carrying amount of the investment in PPE was 350 and YPF maintained a 115 translation difference reserve in relation with the mentioned investment. As a consequence of the spin-off, the fair value of the assets and liabilities emerging from the spin-off of Pluspetrol Energy S.A. generated a gain of approximately 20, that was recorded in the second semester of 2013 under the “Income on investments in companies” account in the comprehensive income statement of the Company for the year ended December 31, 2013.

Income and expenses from ordinary activities of YPF Energía Eléctrica since the acquisition date included in the financial statements of the Company for the year ended December 31, 2013:	Revenues	266
	Cost of sales	(162)
	Gross profit	104
	Other operating expenses	8
	Operating income	112
	Financial results, net	(16)
	Income tax	(28)
	Net income for the year	68

3. FINANCIAL RISK MANAGEMENT

The Group’s activities involve various types of financial risks: market risk (including exchange rate risk, interest rate risk and price risk, credit risk, liquidity risk, and capital risk). The Group maintains an organizational structure and systems that allow the identification, measurement and control of the risks to which it is exposed.

Market Risk

The market risk to which the Group is exposed is the possibility that the valuation of the Group’s financial assets or financial liabilities as well as certain expected cash flows may be adversely affected by changes in interest rates, exchange rates or certain other price variables.

The following is a description of these risks as well as a detail of the extent to which the Company is exposed and a sensitivity analysis of possible changes in each of the relevant market variables.

Exchange Rate Risk

The value of financial assets and liabilities denominated in a currency different from the Company's functional currency is subject to variations resulting from fluctuations in exchange rates. Since YPF's functional currency is the U.S. dollar, the currency that generates the greatest exposure is the Argentine peso, the Argentine legal currency.

The Group does not use derivatives as a hedge against exchange rate fluctuations. While during this fiscal year the Group started to operate with US dollars future exchange rate agreements, for IFRS 7 "Financial instruments: disclosures" no exchange rate risk arises from financial instruments denominated in the Entity's functional currency.

Otherwise, according to the Company's functional currency, and considering the translation process to presentation currency, the fluctuations in the exchange rate related to the financial assets and liabilities' value in pesos does not have any effect in the Other comprehensive income in Shareholders' equity.

The following table provides a breakdown of the effect a variation of 10% in the prevailing exchange rates on the Group's net income, taking into consideration the exposure of financial assets and liabilities denominated in pesos as of December 31, 2015

	<u>Appreciation (+) / depreciation (-) of exchange rate of peso against dollar</u>	<u>Income(loss) for fiscal year ended December 31, 2015</u>
Impact on net income before income tax corresponding to financial assets and liabilities	+10%	1,912
	-10%	(1,912)

Interest Rate Risk

The Group is exposed to risks related to interest rates to different extents, according to the different types of maturities and currencies in which a loan was borrowed or cash was invested.

The Company's short-term financial loans as of December 31, 2015 include negotiable obligations, pre-financing of exports and imports' financing arrangements, local bank credit lines and financial loans with local and international financial institutions. Long-term financial loans include negotiable obligations and financial loans with local and international financial institutions. Approximately 73% (77,538) of the total of the financial loans of the Group is denominated in U.S. dollars and the rest in Argentine pesos, as of December 31, 2015. These loans are basically used for working capital and investments.

Financial assets mainly include, in addition to trade receivable which have low exposure to interest rate risk, bank deposits, fixed-interest deposits and investments in mutual funds such as "money market" or short-term fixed interest rate instruments.

Historically, the strategy for hedging interest rates is based on the fragmentation of financial counterparts, the diversification of the types of loans taken and, essentially, the maturities of such loans, taking into consideration the different levels of interest along the yield curve in pesos or U.S. dollars, and the amount of the loans based on future expectations and the timing of the future investment outlays to be financed.

The Group does not usually use derivative financial instruments to hedge the risks associated with interest rates.

Changes in interest rates may affect the interest income or expenses derived from financial assets and liabilities tied to a variable interest rate. Additionally, the fair value of financial assets and liabilities that accrue interests based on fixed interest rates may also be affected.

The table below provides information about the financial assets and liabilities as of December 31, 2015 that accrues interest considering the applicable rate:

	<u>December 31, 2015</u>	
	<u>Financial Assets (1)</u>	<u>Financial Liabilities (2)</u>
Fixed interest rate	667	74,386
Variable interest rate	27	31,365

Total	<u>694</u>	<u>105,751</u>
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- (1) It only includes temporary investments and loans to related companies. Does not include trade receivables which mostly do not accrue interest.
- (2) Includes only financial loans. Does not include accounts payable which mostly do not accrue interest.

The portion of loans which accrues variable interest rate is mainly exposed to the fluctuations in LIBOR and BADLAR. Approximately 22,564 accrues variable interest of BADLAR plus a maximum spread of 4.75% and 8,801 accrues variable interest of LIBOR plus a spread between 4% and 7.5%.

The table below shows the estimated impact on the consolidated comprehensive income that an increase or decrease of 100 basis points in the interest rate would have.

	<u>Increase (+) / decrease (-) in the interest rates (basis points)</u>	<u>Income(loss) for fiscal year ended December 31, 2015</u>
Impact on the net income after income tax	+100	(129)
	-100	129

Other Price Risks

The Group is not significantly exposed to commodity price risks, as a result, among other reasons, of the existing regulatory, economic and government policies, which determines that local prices charged for gasoline, diesel and other fuels are not affected in the short-term by fluctuations in the price of such products in international and regional markets. Additionally, the Group is reached by certain regulations that affect the determination of export prices received by the Group, such as those mentioned in Notes 1.b.15 and 11.c, which consequently limits the effects of short-term price volatility in the international market.

In addition, the Group is exposed to the own price risk for investments in financial instruments (mutual funds and US dollars future exchange rate agreements), which were classified in the statement of financial position as “at fair value through profit or loss”. The Group continuously monitors the change in these investments for significant movements.

As of December 31, 2015, the aggregate value of investments in financial assets at fair value through profit or loss amounts to 1,578.

The following table shows the effect that a 10% variation in the prices of investments in financial instruments would have on the Company’s results as of December 31, 2015:

	<u>Increase (+) / decrease (-) in the prices of investments in financial</u>	<u>Profit (loss) for the year ended December 31, 2015</u>
Impact on the net result before income tax	+10%	391
	-10%	(453)

Liquidity Risk

Liquidity risk is associated with the possibility of a mismatch between the need of funds to meet short, medium or long term obligations.

As mentioned in previous paragraphs, the Group intends to align the maturity profile of its financial debt to be related to its ability to generate enough cash flows for its payment, as well as to finance the projected expenditures for each year. As of December 31, 2015 the availability of liquidity reached 20,087, considering cash for 13,920, other liquid financial assets for 1,467 and available credit lines with banks for 4,700. Additionally, YPF has the ability to issue debt under the negotiable obligations global program originally approved by the Shareholders meeting in 2008 expanded in September 2012, in April 2013 and in February 2015 (see Note 6.j).

After the process which concluded with the change of shareholders mentioned in Note 8, the Group is still focused in structuring more efficiently the structure of maturity of its debt, in order to facilitate the daily operations and to allow the proper financing of planned investments.

To this end, the Group operates derivative financial instruments (US dollars future exchange rate agreements) as a way of managing liquidity risk. As of December 31, 2015, there are US dollars future exchange rate agreements with maturities between February and May 2016. These amount to 464 (see Note 5).

The following table sets forth the maturity dates of the Company's financial liabilities as of December 2015:

Financial Liabilities	December 31, 2015						Total
	Maturity date						
	0 - 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	
Accounts Payable ⁽¹⁾	39,511	514	—	—	—	103	40,128
Loans	27,817	6,888	21,928	3,892	5,914	39,312	105,751

(1) The amounts disclosed are the contractual, undiscounted cash flows associated to the financial liabilities given that they do not differ significantly from their face values

Most of the Company's financial debt contains usual covenants for contracts of this nature. Additionally, approximately 50% of the outstanding financial debt as of December 31, 2015 is subject to financial covenants related to the leverage ratio and debt service coverage ratio of the Company.

A portion of the financial debt provides that certain changes in control with respect to the Company may constitute an event of default. In addition, part of the financial debt also contains cross default or cross acceleration provisions (the "Acceleration Clauses") which may result in their advanced enforceability if the debt containing provisions related to change of control becomes in default.

Credit Risk

Credit risk is defined as the possibility of a third party not complying with its contractual obligations, thus negatively affecting results of operations of the Group.

Credit risk in the Group is measured and controlled on an individual customer basis. The Group has its own systems to conduct a permanent evaluation of credit performance of all of its debtors, and the determination of risk limits with respect to third parties, in line with best practices using for such end internal customer records and external data sources.

Financial instruments that potentially expose the Group to a concentration of credit risk consist primarily of Cash and cash equivalents, trade receivables and other receivables. The Group invests excess cash primarily in high liquid investments with financial institutions with a strong credit rating both in Argentina and abroad. In the normal course of business and based on ongoing credit evaluations to its customers, the Group provides credit to its customers and certain related parties. Likewise, the Group accounts for doubtful trade losses in the Statement of Comprehensive Income, based on specific information regarding its clients. As of the date of these consolidated financial statements, the Company's customer portfolio is diversified.

The provisions for doubtful accounts are measured by the following criteria:

- The aging of the receivable;
- The analysis of the customer's capacity to return the credit granted, also taking into consideration special situations such as the existence of a voluntary reorganization petition, bankruptcy and arrears, guarantees, among others.

The maximum exposure to credit risk of the Group as of December 31, 2015 based on the type of its financial instruments and without excluding the amounts covered by guarantees and other arrangements mentioned below, is set forth below:

	Maximum exposure as of December 31, 2015
Cash and cash equivalents	15,387
Other financial assets	29,743

Considering the maximum exposure to the risk of the Other financial assets based on the concentration variable of the counterparties, the credit with the National Government and direct agencies accounts for 44% (12,848) while the Group's remaining debtors are diversified.

Following is the breakdown of the financial assets past due as of December 31, 2015.

	Current trade receivable	Other current receivables
Less than three months past due	4,395	1,557
Between three and six months past due	952	112
More than six months past due	1,991	197
	<u>7,338</u>	<u>1,866</u>

At such date, the provision for doubtful trade receivables amounted to 848 and the provisions for other doubtful receivables amounted to 33. These provisions are the Group's best estimate of the losses incurred in relation with accounts receivables.

Guarantee Policy

As collateral of the credit limits granted to customers, the Group has several types of guarantees received from them. In the service stations and distributors market, where generally long-term relationships with customers are established, mortgages prevail. For foreign customers prevail the joint and several bonds from their parent companies. In the industrial and transport market, bank guarantees prevail. With a lower presence, the Group has also obtained other guarantees as credit insurances, surety bonds, guarantee customer – supplier, car pledges, etc.

The Group has effective guarantees granted by third parties for a total amount of 6,277, 3,676 and 2,131 as of December 31, 2015, 2014 and 2013, respectively.

During the year ended December 31, 2015, the Group executed guarantees received for an amount of 2. As of December 31, 2014 and 2013, the Group executed guarantees received for an amount of 1 and 4, respectively.

4. SEGMENT INFORMATION

The different segments in which the Group is organized have in consideration the different activities from which the Group obtains income and incurs expenses. The mentioned organizational structure is based on the way in which the highest authority in the operational decision-making process analyzes the main financial and operating magnitudes while making decisions about resource allocation and performance assessment also considering the Group's business strategy.

- Exploration and production: it covers the exploration and production of hydrocarbons, including contractual purchases of natural gas and purchase of crude oil arising from service contracts and concession obligations, as well as crude oil and natural gas intersegment sales
- Downstream: it covers the refining, petrochemistry, transport, purchase of crude oil and natural gas to third parties and intersegment, and marketing of crude oil, natural gas, refined products, petrochemicals, electric power generation and natural gas distribution. Grouping those businesses in a single segment is mainly because they are aligned in strategy, which is shared among them, considering the operational synergies generated between refining and petrochemical businesses, having the focus on maximizing fuel offered to the market carried out by the commercial department, in respect to volume and quality.
- Corporate and Other: it covers other activities, not falling into these categories, principally including corporate administrative expenses and assets, construction activities, the environmental remediation and other legal expenses according to the controlled company YPF Holdings (see Note 10).

Sales between business segments were made at internal transfer prices established by the Company, which generally seek to approximate to market prices.

Operating income and assets for each segment have been determined after consolidation adjustments.

	Exploration and Production	Downstream	Corporate and Other	Consolidation Adjustments ⁽¹⁾	Total
For the year ended December 31, 2015					
Revenues from sales	16,044	138,962	1,130	—	156,136
Revenues from intersegment sales	64,243	1,535	6,182	(71,960)	—
Revenues	<u>80,287</u>	<u>140,497</u>	<u>7,312</u>	<u>(71,960)</u>	<u>156,136</u>
Operating income (loss)	7,535	8,446	(2,331)	2,938	16,588
Income (loss) on investments in companies	—	318	—	—	318
Depreciation of fixed assets	23,075	3,168	442	—	26,685
Impairment of fixed assets and intangible assets ⁽⁴⁾	2,535	—	—	—	2,535
Acquisition of fixed assets	48,598	9,343	1,939	—	59,880
Assets	223,035	113,805	26,708	(95)	363,453
For the year ended December 31, 2014					
Revenues from sales	8,853	132,254	835	—	141,942
Revenues from intersegment sales	61,844	1,489	5,212	(68,545)	—
Revenues	<u>70,697</u>	<u>133,743</u>	<u>6,047</u>	<u>(68,545)</u>	<u>141,942</u>
Operating income (loss)	12,353	10,978	(3,343)	(246)	19,742
Income (loss) on investments in companies	(10)	568	—	—	558
Depreciation of fixed assets	17,180	2,445	311	—	19,936
Acquisition of fixed assets ⁽²⁾	41,371	8,392	1,408	—	51,171
Assets	126,228	68,509	16,356	(2,539)	208,554
For the year ended December 31, 2013					
Revenues from sales	3,851	85,624	638	—	90,113
Revenues from intersegment sales	38,846	1,147	2,285	(42,278)	—
Revenues	<u>42,697</u>	<u>86,771</u>	<u>2,923</u>	<u>(42,278)</u>	<u>90,113</u>
Operating income (loss)	6,324	6,721	(1,522)	(363)	11,160
Income (loss) on investments in companies	(93)	446	—	—	353
Depreciation of fixed assets ⁽³⁾	9,591	1,452	193	—	11,236
Acquisition of fixed assets ⁽³⁾	28,849	4,903	453	—	34,205
Assets	70,775	51,336	15,161	(1,677)	135,595

(1) Correspond to the elimination of income among segments of the group YPF.

(2) Investments in fixed assets net of increases corresponding to YSUR Group at acquisition date, Joint Operations Puesto Hernández and Las Lajas, and La Ventana agreement at acquisition date of the additional interest. See Note 2.

(3) Investments and depreciations of fixed assets net of increases corresponding to GASA at acquisition date and YPF Energía Eléctrica at spin-off date (see Note 2).

(4) See Note 1.c).

The distribution of revenues by geographic area, according to the markets for which they are intended, for the years ended on December 31, 2015, 2014 and 2013, and fixed assets by geographic area as of December 31, 2015, 2014 and 2013 are as follows:

	Revenues			Fixed assets		
	2015	2014	2013	2015	2014	2013
Argentina	143,851	126,539	78,070	269,914	156,415	93,255
Mercosur and associated countries	6,302	8,298	6,461	553	38	20
Rest of America	4,175	4,753	4,022	438	477	221
Europe	1,808	2,352	1,560	—	—	—
Total	<u>156,136</u>	<u>141,942</u>	<u>90,113</u>	<u>270,905</u>	<u>156,930</u>	<u>93,496</u>

As of December 31, 2015 no foreign client represents 10% or more of the Group's revenue from its ordinary activities.

5. FINANCIAL INSTRUMENTS BY CATEGORY

The following tables show the financial assets and liabilities by category of financial instrument and a reconciliation to the corresponding line item in the statements of financial position, as appropriate. Since the line items "Trade receivables", "Other receivables" and "Accounts payable" contain both financial instruments and non-financial assets and liabilities (such as tax receivables, and receivables and payables in kind, among other) reconciliation is presented in the columns headed "Non-financial assets" and "Non-financial Liabilities".

2015					
Financial Assets	Financial Assets at amortized cost	Financial Assets at fair value through profit or loss	Subtotal Financial Assets	Non-financial Assets	Total
Other receivables (excluding provision for other doubtful receivables)	6,392	—	6,392	15,574	21,966
Trade receivables (excluding provision for doubtful trade receivables)	23,428	—	23,428	—	23,428
Investment in financial assets	—	804	804	—	804
Cash and cash equivalents	14,613	774	15,387	—	15,387
	<u>44,433</u>	<u>1,578</u>	<u>46,011</u>	<u>15,574</u>	<u>61,585</u>

2014					
Financial Assets	Financial Assets at amortized cost	Financial Assets at fair value through profit or loss	Subtotal Financial Assets	Non-financial Assets	Total
Other receivables (excluding provision for other doubtful receivables)	3,096	—	3,096	5,875	8,971
Trade receivables (excluding provision for doubtful trade receivables)	13,063	—	13,063	—	13,063
Cash and cash equivalents	8,223	1,535	9,758	—	9,758
	<u>24,382</u>	<u>1,535</u>	<u>25,917</u>	<u>5,875</u>	<u>31,792</u>

2013					
Financial Assets	Financial Assets at amortized cost	Financial Assets at fair value through profit or loss	Subtotal Financial Assets	Non-financial Assets	Total
Other receivables (excluding provision for other doubtful receivables)	4,018	—	4,018	5,517	9,535
Trade receivables (excluding provision for doubtful trade receivables)	8,126	—	8,126	—	8,126
Cash and cash equivalents	8,691	2,022	10,713	—	10,713
	<u>20,835</u>	<u>2,022</u>	<u>22,857</u>	<u>5,517</u>	<u>28,374</u>

2015					
Financial Liabilities	Financial Liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Subtotal financial liabilities	Non-financial liabilities	Total
Accounts Payable	40,128	—	40,128	476	40,604
Loans	105,751	—	105,751	—	105,751
	<u>145,879</u>	<u>—</u>	<u>145,879</u>	<u>476</u>	<u>146,355</u>

2014					
Financial Liabilities	Financial Liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Subtotal financial liabilities	Non-financial liabilities	Total
Accounts Payable	30,552	—	30,552	420	30,972
Loans	49,305	—	49,305	—	49,305
Provisions	718	—	718	28,245	28,963
	<u>80,575</u>	<u>—</u>	<u>80,575</u>	<u>28,665</u>	<u>109,240</u>

2013					
Financial Liabilities	Financial Liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Subtotal financial liabilities	Non-financial liabilities	Total
Accounts Payable	20,319	—	20,319	463	20,782
Loans	31,890	—	31,890	—	31,890
Provisions	485	—	485	20,083	20,568
	<u>52,694</u>	<u>—</u>	<u>52,694</u>	<u>20,546</u>	<u>73,240</u>

Gains and losses on financial instruments are allocated to the following categories:

	2015		
	Financial and non- financial Assets / Liabilities at amortized cost	Financial Assets / Liabilities at fair value through profit or loss	Total
Interest income	1,638	—	1,638
Interest loss	(8,618)	—	(8,618)
Financial accretion	(1,987)	—	(1,987)
Exchange differences , net	20,214	—	20,214
Fair value gains on financial assets at fair value through profit or loss	—	446	446
Gains on derivative financial instruments	—	464	464
	<u>11,247</u>	<u>910</u>	<u>12,157</u>
	2014		
	Financial and non- financial Assets / Liabilities at amortized cost	Financial Assets / Liabilities at fair value through profit or loss	Total
Interest income	1,029	—	1,029
Interest loss	(5,456)	—	(5,456)
Financial accretion	(1,880)	—	(1,880)
Exchange differences, net	7,782	—	7,782
Fair value gains on financial assets at fair value through profit or loss	—	297	297
	<u>1,475</u>	<u>297</u>	<u>1,772</u>
	2013		
	Financial and non- financial Assets / Liabilities at amortized cost	Financial Assets / Liabilities at fair value through profit or loss	Total
Interest income	821	—	821
Interest loss	(2,514)	—	(2,514)
Financial accretion	(1,319)	—	(1,319)
Exchange differences , net	5,744	—	5,744
Fair value gains on financial assets at fair value through profit or loss	—	103	103
	<u>2,732</u>	<u>103</u>	<u>2,835</u>

Fair value measurements

IFRS 9 defines the fair value of a financial instrument as the amount for which an asset could be exchanged, or a financial liability settled, between knowledgeable, willing parties in an arm's length transaction. All financial instruments recognized at fair value are allocated to one of the valuation hierarchy levels of IFRS 7. This valuation hierarchy provides for three levels.

In the case of Level 1, valuation is based on unadjusted quoted prices in active markets for identical financial assets or liabilities that the Group can refer to at the end of the period. A market is deemed active if transactions take place with sufficient frequency and in sufficient quantity for price information to be available on an ongoing basis. Since a quoted price in an active market is the most reliable indicator of fair value, this should always be used if available. Financial instruments assigned by the Group to this level comprise investments in listed mutual funds, and financial derivative.

In the case of Level 2, fair value is determined by using valuation methods based on inputs directly or indirectly observable in the market. If the financial instrument concerned has a fixed contract period, the inputs used for valuation must be observable for the whole of this period. The Group has not valued financial instruments under this category.

In the case of Level 3, the Group uses valuation techniques not based on inputs observable in the market. This is only permissible insofar as no market data are available. The inputs used reflect the Group's assumptions regarding the factors which market players would consider in their pricing. The Group uses the best available information for this, including internal company data. The Group

has not valued financial instruments under this category.

YPF Finance Division has a team in place in charge of estimating valuation of financial instruments required to be reported in the financial statements, including the fair value of Level-3 instruments. The team directly reports to the Chief Financial Officer (“CFO”). The CFO and the valuation team discuss the valuation methods and results upon the acquisition of a financial instrument and, if necessary, on a quarterly basis, in line with the Group’s quarterly reports.

The Group's policy, transfers among the several categories of valuation hierarchies are recognized when occurred, or when there are changes in the prevailing circumstances requiring the transfer.

In addition, no transfer has occurred among the different hierarchies used to determine the fair value of the Group's financial instruments.

The tables below show the Group's financial assets and liabilities measured at fair value as of December 31, 2015, 2014 and 2013 and their allocation to their fair value levels.

Financial Assets	2015			
	Level 1	Level 2	Level 3	Total
Investments in financial assets:				
- Mutual funds	340	—	—	340
- Other financial assets	464	—	—	464
Cash and cash equivalents:				
- Mutual funds	774	—	—	774
	<u>1,578</u>	<u>—</u>	<u>—</u>	<u>1,578</u>
Financial Assets	2014			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
- Mutual funds	1,535	—	—	1,535
	<u>1,535</u>	<u>—</u>	<u>—</u>	<u>1,535</u>
Financial Assets	2013			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
- Mutual funds	2,022	—	—	2,022
	<u>2,022</u>	<u>—</u>	<u>—</u>	<u>2,022</u>

The Group has no financial liabilities at fair value through profit or loss.

Fair value of financial assets and financial liabilities measured at amortized cost

The estimated fair value of loans, considering unadjusted listed prices (Level 1) for Negotiable Obligations and interest rates offered to the Group (Level 3) for the other financial loans remaining, amounted to 106,336, 53,108 and 33,784 as of December 31, 2015, 2014 and 2013, respectively.

The fair value of the following financial assets and financial liabilities do not differ significantly from their book value:

- Other receivables
- Trade receivables
- Cash and cash equivalents
- Accounts payable

6. ANALYSIS OF THE MAIN ACCOUNTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

6.a) Intangible assets:

	2015
Net book value Intangible assets	7,359
Provision for impairment of intangible assets (Note 1.c)	(80)
	<u>7,279</u>

Changes in Group's intangible assets for the year ended December 31, 2015 and comparative information as follows:

Main account	2015				At the end of year	Net book value
	At beginning of year	Increases	Translation effect	Decreases and reclassifications		
	Cost					
Service concession	5,707	653	3,218	(51)	9,527	
Exploration Rights	1,975	270	928	(183)	2,990	
Other intangibles	2,607	190	1,443	20	4,260	
Total 2015	10,289	1,113	5,589	(214)	16,777	
Total 2014	6,597	3,734 ⁽¹⁾	2,205	(2,247) ⁽¹⁾⁽²⁾	10,289	
Total 2013	4,443	624	1,547	(17)	6,597	
	2015					
	Amortization					
Service concession	3,476	180	1,904	(6)	5,554	3,973
Exploration Rights	150	—	5	—	155	2,835
Other Intangibles	2,270	143	1,296	—	3,709	551
Total 2015	5,896	323	3,205	(6)	9,418	7,359
Total 2014	4,151	469	1,314	(38)	5,896	
Total 2013	2,951	197	1,027	(24)	4,151	

(1) Includes 2,784, of acquisitions corresponding to YSUR Group in Argentina at the time on the acquisition date and 1,538 of dispos areas to Pluspetrol S.A., respectively. See note 2.

(2) Includes 682 reclassified to Mineral property, wells and related equipment of Fixed Assets as of December 31, 2014.

6.b) Fixed assets:

	2015	2014
Net book value of fixed assets	274,122	150,000
Provision for obsolescence of materials and equipment	(762)	(1,000)
Provision for impairment of fixed assets (Note 1.c)	(2,455)	(1,000)
	<u>270,905</u>	<u>148,000</u>

Changes in Group's fixed assets for the year ended December 31, 2015 and comparative information as follows:

Main account	2015				
	Cost				
	At beginning of year	Increases	Translation effect	Decreases and reclassifications	At the end of year
Land and buildings	9,084	23	4,630	212	13,949
Mineral property, wells and related equipment	265,376	(1,140)	155,844	37,986 ⁽¹⁰⁾	458,066
Refinery equipment and petrochemical plants	42,081	7	23,707	3,634	69,429
Transportation equipment	2,160	5	1,155	330	3,650
Materials and equipment in warehouse	8,241	7,823	4,432	(7,018)	13,478
Drilling and work in progress	45,051	50,139	24,005	(42,392)	76,803
Exploratory drilling in progress ⁽²⁾	1,781	2,767	992	(1,893)	3,647
Furniture, fixtures and installations	3,314	36	1,865	388	5,603
Selling equipment	5,520	1	3,640	1,617	10,778
Infrastructure for natural gas distribution	2,722	—	—	209	2,931
Electric power generation facilities	1,567	—	—	6	1,573
Other property	5,502	219	2,633	(63)	8,291
Total 2015	392,399	59,880 ⁽⁶⁾	222,903	(6,984) ⁽⁴⁾	668,198
Total 2014	258,603	58,613 ⁽³⁾⁽⁵⁾⁽⁶⁾	79,302	(4,119) ⁽⁴⁾⁽¹¹⁾	392,399
Total 2013	170,843	39,220 ⁽⁶⁾⁽⁷⁾⁽⁸⁾	59,121	(10,581) ⁽⁹⁾	258,603

Main account	2015					Net book value
	Amortization					
	At beginning of year	Increases	Translation effect	Decreases and reclassifications	At the end of year	
Land and buildings	3,779	211	1,934	(4)	5,920	8,000
Mineral property, wells and related equipment	192,170	22,884	110,301	(433) ⁽¹⁰⁾	324,922	133,000
Refinery equipment and petrochemical plants	24,842	2,289	14,019	(12)	41,138	28,000
Transportation equipment	1,455	218	773	(54)	2,392	1,200
Materials and equipment in warehouse	—	—	—	—	—	13,000
Drilling and work in progress	—	—	—	—	—	76,000
Exploratory drilling in progress ⁽²⁾	—	—	—	—	—	3,000
Furniture, fixtures and installations	2,817	323	1,559	—	4,699	9,000
Selling equipment	4,215	345	2,361	—	6,921	3,800
Infrastructure for natural gas distribution	1,116	68	—	(3)	1,181	1,200
Electric power generation facilities	1,171	112	—	—	1,283	2,000
Other property	3,591	235	1,796	(2)	5,620	2,000
Total 2015	235,156	26,685	132,743	(508) ⁽⁴⁾	394,076	274,000
Total 2014	164,941	19,936	50,671	(392) ⁽⁴⁾⁽¹¹⁾	235,156	164,941
Total 2013	113,740	13,830 ⁽⁷⁾⁽⁸⁾	38,901	(1,530) ⁽⁹⁾	164,941	113,740

(1) Includes 8,435, 6,343 and 3,748 of mineral property as of December 31, 2015, 2014 and 2013, respectively.

- (2) As of December 31, 2015, there are 58 exploratory wells in progress. During year ended on such date, 47 wells were drilled, 27 with exploratory expense, 14 were transferred to proved properties which are included in the account Mineral property, wells and related assets assigned.
- (3) Includes 858, 210 and 866 of increases corresponding to Puesto Hernandez, Las Lajas, and Bajada Añelo–Amarga Chica joint operations corresponding to the La Ventana agreement, on the additional interest acquisition date.
- (4) Includes 6 and 32 of net book value charged to fixed assets provisions for the years ended December 31, 2015 and 2014, respectively.
- (5) Includes 5,469 of increases corresponding to YSUR Group in Argentina on the acquisition date. See Note 2.
- (6) Includes (1,281), (268) and 4,357 corresponding to hydrocarbon wells abandonment costs for the years ended December 31, 2015 and 2014, respectively.
- (7) Includes 1,878 and 1,242 of increases and accumulated depreciation, respectively, corresponding to YPF Energía Eléctrica at the end of 2015 and 2014, respectively.
- (8) Includes 3,137 and 1,352 of increases and accumulated depreciation, respectively, corresponding to GASA on the acquisition date and 2014, respectively.
- (9) Includes among others, 6,708 from the decrease of assets related to the investment project agreement (see Note 11.c) and the write-down of the unit as a consequence of the incident in La Plata refinery on April 2013, as a result of the storm that took place in that city.
- (10) Includes (2,671) of net book value for El Orejano area; (226) corresponding to derecognition of changes of interest in Magallanes area and derecognition of Puesto Cortadera area.
- (11) Includes (325) of derecognition of areas transferred by YPF and YSUR mentioned in Note 2.

The Group capitalizes the financial cost as a part of the cost of the assets. For the year ended December 31, 2015, 2014 and 2013 the rate of capitalization has been 12.01%, 12.29% and 12.03%, respectively and the amount capitalized amounted to 1,003, 574 and 605, respectively for the years above mentioned.

Set forth below is the evolution of the provision for obsolescence of materials and equipment for the years ended December, 31 2015, 2014 and 2013:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Amount at beginning of year	313	166	132
Increase charged to expenses	243	133	16
Decreases charged to income	—	(4)	—
Amounts incurred due to utilization	(6)	(32)	—
Translation differences	212	50	18
Amount at end of year	<u>762</u>	<u>313</u>	<u>166</u>

Set forth below is the cost evolution for the exploratory wells in evaluation stage as of the years ended on December 31, 2015, 2014 and 2013:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Amount at beginning of year	993	710	815
Additions pending the determination of proved reserves	1,219	921	424
Decreases charged to exploration expenses	(479)	(336)	(255)
Decrease of assets assignment	(466)	(336)	—
Reclassifications to mineral property, wells and related equipment with proved reserves	(89)	(188)	(481)
Translation difference	599	222	207
Amount at end of year	<u>1,777</u>	<u>993</u>	<u>710</u>

The following table shows the capitalized cost for exploratory wells for a period greater than a year and the number of projects related as of December 31, 2015.

	<u>Amount</u>	<u>Number of projects</u>	<u>Number of Wells</u>
Between 1 and 5 years	242	3	3

6.c) Investments in companies:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Investments in companies (Notes 7 and 16)	4,384	3,189	2,136
Provision for impairment of investments in companies	(12)	(12)	(12)
	<u>4,372</u>	<u>3,177</u>	<u>2,124</u>

6.d) Inventories:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Refined products	10,709	7,720	5,713
Crude oil and natural gas	7,155	4,187	3,451
Products in process	169	99	115
Construction works in progress for third parties	85	271	107
Raw materials, packaging materials and others	1,140	724	495
	<u>19,258⁽¹⁾</u>	<u>13,001⁽¹⁾</u>	<u>9,881⁽¹⁾</u>

(1) As of December 31, 2015, 2014 and 2013, the fair value of the inventories does not differ, significantly, from their cost.

6.e) Other receivables:

	2015		2014		2013	
	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current
Trade	—	928	—	664	—	377
Tax credit, export rebates and production incentives	304	8,058	130	1,066	22	1,233
Trust contributions – Obra Sur	30	18	56	22	67	34
Loans to clients and balances with Related parties ⁽¹⁾	297	2,366	231	53	517	81
Collateral deposits	318	895	528	435	397	253
Prepaid expenses	198	682	39	451	11	490
Advances and loans to employees	8	285	7	299	3	166
Advances to suppliers and custom agents ⁽²⁾	—	3,147	—	2,224	—	1,062
Receivables with partners in Joint Operations and agreements	1,118	1,881	612	764	1,852 ⁽³⁾	595 ⁽³⁾
Insurance receivables (Note 11.b)	—	808	—	1,068	—	1,956
Miscellaneous	241	384	95	227	62	357
	2,514	19,452	1,698	7,273	2,931	6,604
Provision for other doubtful receivables	(13)	(39)	—	(102)	—	(98)
Provision for valuation of other receivables to their estimated recoverable value	—	—	(7)	(1)	(4)	—
	<u>2,501</u>	<u>19,413</u>	<u>1,691</u>	<u>7,170</u>	<u>2,927</u>	<u>6,506</u>

(1) See Note 12 for information about related parties.

(2) Includes among others, advances to customs agents for the payment of taxes and import rights related to the imports of fuels and goods.

(3) Includes the receivables related to the investment agreement with Chevron Corporation (see Note 11.c).

6.f) Trade receivables:

	2015		2014		2013	
	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current
Accounts receivable and related parties ⁽¹⁾	469	22,959	26	13,037	60	8,066
Provision for doubtful trade receivables	—	(848)	(7)	(866)	(6)	(652)
	<u>469</u>	<u>22,111</u>	<u>19</u>	<u>12,171</u>	<u>54</u>	<u>7,414</u>

(1) See Note 12 for information about related parties.

Changes in the provision for doubtful trade receivables

	2015		2014		2013	
	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current
Amount at beginning of year	7	866	6	652	5	494
Increases charged to expenses	—	313	—	210	—	191
Decreases charged to income	—	(412)	—	(41)	—	(73)
Amounts incurred due to utilization	(7)	(17)	—	(4)	1	—
Translation differences	—	98	1	49	—	40
Amount at end of year	<u>—</u>	<u>848</u>	<u>7</u>	<u>866</u>	<u>6</u>	<u>652</u>

6.g) Cash and cash equivalents:

	2015	2014	2013
Cash	13,920	6,731	4,533
Short-term investments	693	1,492	4,158
Financial assets at fair value through profit or loss	774	1,535	2,022
	<u>15,387</u>	<u>9,758</u>	<u>10,713</u>

6.h) Provisions:

	Provision for pending lawsuits and contingencies		Provision for environmental liabilities		Provision for hydrocarbon wells abandonment obligations	
	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current
Amount as of December 31, 2014	7,014	851	1,269	1,145	18,087	376
Increases charged to expenses	2,062	95	986	—	1,694	—
Decreases charged to income	(434)	(141)	—	—	(314)	—
Amounts incurred due to payments/utilization	—	(374)	—	(1,030)	—	(283)
Exchange and translation differences, net	2,383	10	464	186	10,109	159
Change of interest in Joint Operation charged to expenses	—	—	—	—	—	(504)
Reclassifications and other	(650)	(292)	(1,099)	1,099	(2,196) ⁽¹⁾	681 ⁽¹⁾
Amount as of December 31, 2015	<u>10,375</u>	<u>149</u>	<u>1,620</u>	<u>1,400</u>	<u>27,380</u>	<u>429</u>
	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current
Amount as of December 31, 2013	5,020	159	764	926	13,220	289
Increases charged to expenses	3,367	24	1,066	—	1,366	3
Decreases charged to income	(465)	(82)	—	—	—	—
Increase from subsidiaries acquisition	20	—	21	2	724	14
Increase from joint operation interest acquisition	—	—	—	—	339	153
Amounts incurred due to payments/utilization	(5)	(1,126)	—	(621)	(61)	(136)
Exchange and translation differences, net	930	23	175	81	2,772	48
Reclassifications and other	(1,853)	1,853	(757)	757	(273) ⁽¹⁾	5 ⁽¹⁾
Amount as of						

December 31, 2014	<u>7,014</u>	<u>851</u>	<u>1,269</u>	<u>1,145</u>	<u>18,087</u>	<u>376</u>
	Provision for pending lawsuits and contingencies		Provision for environmental liabilities		Provision for hydrocarbon wells abandonment obligations	
	<u>Noncurrent</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Current</u>
Amount as of						
December 31, 2012	2,892	122	677	489	6,958	193
Increases charged to expenses	1,877	29	208	551	719	—
Decreases charged to income	(90)	(41)	—	—	—	—
Amounts incurred due to payments/utilization	—	(160)	—	(432)	—	(105)
Exchange and translation differences, net	579	9	138	59	1,355	29
Reclassifications and other	(238)	200	(259)	259	4,188 ⁽¹⁾	172 ⁽¹⁾
Amount as of						
December 31, 2013	<u>5,020</u>	<u>159</u>	<u>764</u>	<u>926</u>	<u>13,220</u>	<u>289</u>

- (1) Includes (1,281), (268) and 4,357 from abandonment obligation costs which has counterpart in fixed assets for the years ended on 2013, respectively; (226) from the derecognition for changes in interest in Magallanes area with counterpart in assets as of December 31, 2015; and (226) from the derecognition of the Puesto Cortadera area with counterpart in assets as of December 31, 2015.

6.i) Income Tax:

The calculation of the income tax expense accrued for the years ended December 31, 2015, 2014 and 2013 is as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current income tax	517	(7,323)	(2,844)
Deferred income tax	(25,154)	(5,900)	(6,425)
	<u>(24,637)</u>	<u>(13,223)</u>	<u>(9,269)</u>

The reconciliation of pre-tax income included in the consolidated statement of comprehensive income, at the statutory tax rate, to the income tax as disclosed in the consolidated statements of comprehensive income for the years ended December 31, 2015, 2014 and 2013, respectively, is as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net income before income tax	29,063	22,072	14,348
Statutory tax rate	35%	35%	35%
Statutory tax rate applied to net income before income tax	(10,172)	(7,725)	(5,022)
Effect of the valuation of fixed assets and intangible assets measured in functional currency	(31,200)	(10,064)	(7,186)
Exchange differences	19,164	5,872	4,008
Effect of the valuation of inventories	(2,412)	(1,156)	(807)
Income on investments in companies	111	195	124
Miscellaneous	(128) ⁽¹⁾	(345)	(386)
Income tax expense	<u>(24,637)</u>	<u>(13,223)</u>	<u>(9,269)</u>

(1) Includes 301 of tax loss carry-forwards originated during previous years.

Breakdown of deferred tax as of December 31, 2015, 2014 and 2013 is as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Deferred tax assets			
Provisions and other non-deductible liabilities	3,093	2,479	1,723
Tax losses carry-forward and other tax credits	3,236	222	45
Miscellaneous	83	17	115
Total deferred tax assets	<u>6,412</u>	<u>2,718</u>	<u>1,883</u>
Deferred tax liabilities			
Fixed assets	(45,393)	(19,250)	(11,659)
Miscellaneous	(4,877)	(2,172)	(1,649)
Total deferred tax liabilities	<u>(50,270)</u>	<u>(21,422)</u>	<u>(13,308)</u>
Total deferred tax, net	<u>(43,858)</u>	<u>(18,704)⁽¹⁾</u>	<u>(11,425)</u>

(1) Includes (1,241) arising from the business combination detailed in Note 2.

For fiscal year ended December 31, 2015, YPF estimated a tax loss carry-forward, therefore created a provision for 1,192 for minimum presumed income tax, which was charged to Other current receivables.

Deferred income tax assets are recognized for tax loss carry-forwards to the extent their setoff through future taxable profits is probable. Tax loss carry-forwards in Argentina expire within 5 years.

In order to fully realize the deferred income tax asset, the Group will need to generate taxable income. Based upon the level of historical taxable income and projections for future over the years in which the deferred income tax are deductible, the management believes that as of December 31, 2015 it is probable that the Group will realize all of the deferred income tax assets.

As of December 31, 2015, Group's tax loss carry-forwards at the statutory tax rate were as follows:

<u>Date of generation</u>	<u>Date of expiration</u>	<u>Jurisdiction</u>	<u>Amount</u>
2011	2016	Argentina	4
2012	2017	Argentina	85
2013	2018	Argentina	85
2014	2019	Argentina	134
2015	2020	Argentina	2,928
			<u>3,236</u>

As of December 31, 2015, 2014 and 2013 the Group did not recognized deferred income tax assets for 4,373, 3,511 and 978, respectively, from which 2,041, 1,953 and 559 corresponds to taxable temporary differences not recoverable and 2,332, 1,558 and 419 corresponds to tax loss carry forwards from a foreign subsidiary, since they do not meet the recognition criteria set forth under IFRS. From the tax loss carry forwards above mentioned, as of December 2015, 957 will expire form 2017, 1,351 from 2032 and 24 have undetermined expiration date.

As of December 31, 2015, 2014 and 2013 the Group has classified as deferred tax asset 954, 244 and 34, respectively, and as deferred tax liability 44,812, 18,948 and 11,459, respectively, all of which arise from the net deferred tax balances of each of the separate companies included in this consolidated financial statements.

Likewise, 100 has not been recorded for minimum presumed income tax, with expiration between 2016 and 2024.

As of December 31 2015, 2014 and 2013, the causes that generate allocations to other comprehensive income, did not create temporary differences for income tax.

6.j) Loans:

	Interest rate ⁽¹⁾		Maturity	2015		2014		2013	
				Non-current	Current	Non-current	Current	Non-current	Current
Argentine pesos:									
Negotiable obligations	20.83%	- 29.31%	2016-2024	19,280	2,050	10,858	2,329	9,553	1,666
Loans	15.25%	- 29.06%	2016-2020	1,224 ⁽³⁾	1,104 ⁽³⁾	847	637	613	580
Account overdraft	24.50%	- 29.00%	2016	—	4,425 ⁽⁵⁾	—	2,398	—	111
				<u>20,504</u>	<u>7,579</u>	<u>11,705</u>	<u>5,364</u>	<u>10,166</u>	<u>2,357</u>
Currencies other than the Argentine peso:									
Negotiable obligations ⁽²⁾⁽⁴⁾	1.29%	- 10.00%	2016-2028	52,651	9,981	22,472	1,257	10,921	2,630
Export pre- financing	3.50%	- 7.20%	2016-2018	1,039	3,680	—	2,428	—	1,119
Imports financing	4.00%	- 6.81%	2016	—	4,736	—	2,848	—	1,601
Loans	2.30%	- 7.50%	2016-2019	3,740	1,841	1,853	1,378	1,989	1,107
				<u>57,430</u>	<u>20,238</u>	<u>24,325</u>	<u>7,911</u>	<u>12,910</u>	<u>6,457</u>
				<u>77,934</u>	<u>27,817</u>	<u>36,030</u>	<u>13,275</u>	<u>23,076</u>	<u>8,814</u>

(1) Annual interest rate as of December 31, 2015.

(2) Disclosed net of 1,349, 252 and 137 corresponding to YPF's outstanding Negotiable Obligations repurchased through open market transactions as of December 31, 2015, 2014 and 2013, respectively.

(3) Includes 460 corresponding to loans granted by Banco Nación Argentina, of which 210 accrue fixed interest rate of 15% until December 2015 and then accrue variable interest of BADLAR plus a spread of percentage points and 250 accrue variable interest of BADLAR plus a spread of 4 percentage points with a maximum lending interest rate of the overall portfolio of Banco Nación. See Note 12.

(4) Includes 9,970, 7,129 and 7,494 as of December 31, 2015, 2014 and 2013, respectively, of face value negotiable obligations, to be cancelled in Argentine pesos at the prevailing exchange rate according to terms of issued series.

(5) Includes 1,926 of overdraft granted by Banco Nación Argentina as of December 31, 2015. See Note 12.

The breakdown of the Group's borrowings as of the year ended on December 31, 2015, 2014 and 2013 is as follows:

	2015	2014	2013
Amount at beginning of the year	<u>49,305</u>	<u>31,890</u>	<u>17,104</u>
Proceed form loans	55,158	23,949	16,829
Payments of loans	(24,090)	(13,320)	(6,804)
Decease of loans for "El Orejano" agreement ⁽²⁾	(2,373)	—	—
Payments of interest	(6,780)	(5,059)	(2,696)
Accrued interest ⁽¹⁾	8,342	5,447	2,939
Exchange differences and translation, net	26,189	6,398	4,518
Amount at the end of the year	<u>105,751</u>	<u>49,305</u>	<u>31,890</u>

(1) Includes capitalized financial costs. See Note 6.b

(2) See Note 11.

On February 5, 2015 the General Shareholder's Meeting of YPF approved an increase of the amount of the Global Medium—Term Notes (“M.T.N.”) Program of the Company for US\$ 3,000 million, for a total maximum nominal outstanding amount at any time of the Program of US\$ 8,000 million or its equivalent in other currencies.

In December, 2015, YPF and an investors group entered into a purchase and sale agreement whereby YPF purchased 100% of Series A-L Negotiable Obligations (NO) and Additional Series A-L NO (collectively, “Series A-L NO”) issued by GASA in a principal amount of up to US\$ 61.9 million. In consideration therefor, YPF has granted to GASA bondholders the right to underwrite Series XXVI NO, which were issued in December 2015.

As a result of the above (i) YPF issued the relevant waiver to GASA with respect to any and all obligations assumed (including any principal and interest payment) under the Indenture between GASA and The Bank of New York Mellon, dated March 15, 2013, without such waiver implying a Triggering Event; (ii) The Bank of New York Mellon was given due notice of the acquisition of the Series A-L NO so that, in its capacity of Trustee, it may proceed to the settlement thereof under the restructuring merger to be executed by YPF with respect to GASA and YPF Inversora Energética S.A., the latter being the current controlling company of GASA as well as a company controlled by YPF and (iii) YPF agreed not to transfer the Series A-L NO until surrender thereof for cancellation.

As a result of the foregoing regarding the merger proceedings, and in compliance with IAS 21 “The effects of change in foreign exchange rates” guidelines, the exchange difference recognized by GASA in its statement of comprehensive income following the acquisition of Series A-L NO by YPF was accounted for in “Other comprehensive income – Exchange difference from investments in companies” of the Company and will be offset with YPF’s translation difference resulting from the merger.

Details regarding the Negotiable Obligations of the Company are as follows:

Month	Year	Principal value	Rf.	Class	Interest rate ⁽³⁾		Principal Maturity	2015		2016
								Noncurrent	Current	Noncurrent
-	1998	US\$ 15	(1)(6)	-	Fixed	10.00%	2028	49	3	62
September	2012	\$ 200	(2)(6)	Class VII	—	—	—	—	—	—
September	2012	\$ 1,200	(2)(4)(6)	Class VIII	—	—	—	—	—	—
October	2012	US\$ 130	(2)(5)(6)	Class IX	—	—	—	—	—	—
October and December	2012	US\$ 552	(2)(4)(5)(6)(8)	Class X	Fixed	6.25%	2016	—	7,258	4,699
November and December	2012	\$ 2,110	(2)(4)(6)(8)	Class XI	BADLAR plus 4.25%	24.76%	2017	1,055	1,129	2,110
December and March	2012/3	\$ 2,828	(2)(4)(6)(8)	Class XIII	BADLAR plus 4.75%	25.52%	2018	2,828	25	2,828
March	2013	\$ 300	(2)(6)	Class XIV	—	—	—	—	—	—
March	2013	US\$ 230	(2)(5)(6)	Class XV	—	—	—	—	—	—
March	2013	\$ 300	(2)(6)	Class XVI	—	—	—	—	—	—
April	2013	\$ 2,250	(2)(4)(6)(8)	Class XVII	BADLAR plus 2.25%	22.68%	2020	2,250	91	2,250
April	2013	US\$ 59	(2)(5)(6)	Class XVIII	—	—	—	—	—	—
April	2013	US\$ 89	(2)(5)(6)	Class XIX	Fixed	1.29%	2017	1,156	3	75
June	2013	\$ 1,265	(2)(4)(6)	Class XX	BADLAR plus 2.25%	23.01%	2020	1,265	12	1,265
July	2013	\$ 100	(2)(6)	Class XXI	—	—	—	—	—	—
July	2013	US\$ 92	(2)(5)(6)	Class XXII	Fixed	3.50%	2020	630	162	512
October	2013	US\$ 150	(2)(6)	Class XXIV	Libor plus 7.50%	7.77%	2018	802	471	822
October	2013	\$ 300	(2)(6)	Class XXV	—	—	—	—	—	—
December, February and December	2013/5	US\$ 862	(2)	Class XXXVI	Fixed	8.88%	2018	11,057	33	4,899
December	2013	\$ 150	(2)(6)	Class XXXVII	—	—	—	—	—	—
April and February	2014/5	US\$1,325	(2)	Class XXXVIII	Fixed	8.75%	2024	17,212	364	8,500
March	2014	\$ 500	(2)(6)(8)	Class XXIX	BADLAR	20.69%	2020	500	7	500
March	2014	\$ 379	(2)(6)	Class XXX	—	—	—	—	—	—
June	2014	\$ 201	(2)(6)	Class XXXI	—	—	—	—	—	—
June	2014	\$ 465	(2)(6)	Class XXXII	BADLAR plus 3.2%	23.92%	2016	—	157	157
June	2014	US\$ 66	(2)(5)(6)	Class XXXIII	Fixed	2.00%	2017	287	574	567
September	2014	\$ 1,000	(2)(6)(8)	Class XXXIV	BADLAR plus 0.1%	20.83%	2024	1,000	56	1,000
September	2014	\$ 750	(2)(4)(6)	Class XXXV	BADLAR plus 3.5%	24.23%	2019	750	49	750
February	2015	\$ 950	(2)(8)(6)	Class XXXVI	BADLAR plus 4.74%	25.37%	2020	950	95	—
February	2015	\$ 250	(7)(2)(6)	Class XXXVII	BADLAR plus 3.49%	25.75%	2017	250	9	—
April	2015	\$ 935	(2)(4)(6)	Class XXXVIII	BADLAR plus 4.75%	25.31%	2020	935	55	—
April	2015	US\$1,500	(2)	Class XXXIX	Fixed	8.50%	2025	19,369	1,111	—
July	2015	\$ 500	(2)	Class XL	BADLAR plus 3.49%	23.74%	2017	500	26	—
September	2015	\$ 1,900	(2)(8)	Class XLI	BADLAR	21.69%	2020	1,900	112	—
September	2015	\$ 1,697	(2)(4)	Class XLII	BADLAR plus 4%	25.69%	2020	1,697	119	—
October	2015	\$ 2,000	(2)(8)	Class XLIII	BADLAR	21.06%	2023	2,000	83	—
December	2015	\$ 1,400	(2)	Class XLIV	BADLAR plus 4.75%	29.31%	2018	1,400	25	—
Metrogas										
January	2013	US\$ 177		Series A-L	Fixed	8.88%	2018	1,906	2	1,180
January	2013	US\$ 18		Series A-U	Fixed	8.88%	2018	183	—	120
Gas Argentino										
March	2013	US\$ 57		Series A-L	—	—	—	—	—	34
March	2013	US\$ 1		Series A-U	—	—	—	—	—	—
								71,931	12,031	33,330

(1) Corresponds to the 1997 M.T.N. Program for US\$1,000 million.

(2) Corresponds to the 2008 M.T.N. Program for US\$ 8,000 million.

(3) Interest rate as of December 31, 2015.

- (4) The ANSES and/or the “Fondo Argentino de Hidrocarburos” have participated in the primary subscription of these negotiable obligations, which may at the discretion of the Company be subsequently traded in the securities market where these negotiable obligations are authorized to be traded.
- (5) The payment currency of these Negotiable Obligations is the Argentine Peso at the Exchange rate applicable under the terms of the series issued.
- (6) As of the date of issuance of these financial statements, the Company has fully complied with the use of proceeds disclosed in the pricing supplements.
- (7) Until the course of twelve months since the date of issuance and liquidation to a fixed nominal annual rate of 25.75%; and from the course of twelve months since the date of maturity of the negotiable obligations to a variable nominal annual rate of BADLAR plus 3.49%.
- (8) Negotiable Obligations classifying as productive investment, computable as such for purposes of subsection 35.8.1, paragraph K of General Regulations applicable to the Argentine Insurance Supervision Bureau.

6.k) Accounts payable:

	2015		2014		2013	
	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current
Trade and related parties ⁽¹⁾	204	38,782	66	28,522	153	18,553
Investments in companies with negative shareholders' equity	—	1	—	2	—	127
Extension of Concessions	340	412	332	884	275	1,036
Guarantee deposits	8	467	—	418	8	328
Miscellaneous	73	317	168	580	34	268
	<u>625</u>	<u>39,979</u>	<u>566</u>	<u>30,406</u>	<u>470</u>	<u>20,312</u>

(1) For more information about related parties, see Note 12.

6.l) Revenues:

	2015	2014	2013
Sales ⁽¹⁾	159,387	147,020	92,978
Production incentive program (Note 11.c)	1,988	—	—
Revenues from construction contracts	455	419	312
Turnover tax	(5,694)	(5,497)	(3,177)
	<u>156,136</u>	<u>141,942</u>	<u>90,113</u>

(1) Includes 12,345, 7,762 and 4,289 for the year ended on December 2015, 2014 and 2013, respectively, associated with revenues related to the natural gas additional injection stimulus program created by Resolution 1/2013 of the Planning and Strategic Coordination Commission of the National Plan of Hydrocarbons Investment. See Note 11.c).

6.m) Cost of sales:

	2015	2014	2013
Inventories at beginning of year	13,001	9,881	6,922
Purchases for the year	33,886	35,951	25,846
Production costs	85,550	68,840	42,980
Translation effect	6,358	2,821	2,227
Inventories at end of year	(19,258)	(13,001)	(9,881)
Cost of sales	<u>119,537</u>	<u>104,492</u>	<u>68,094</u>

6.n) Expenses:

	2015				Total	2014	2013
	Production costs	Administrative expenses	Selling expenses	Exploration expenses		Total	Total
Salaries and social security taxes	7,566	2,065	1,207	224	11,062	8,031	5,906
Fees and compensation for services	775	1,378 ⁽²⁾	280	24	2,457	1,940	1,361
Other personnel expenses	2,303	277	121	42	2,743	1,986	1,370
Taxes, charges and contributions	1,144	259	2,885	—	4,288 ⁽¹⁾	5,660 ⁽¹⁾	3,893 ⁽¹⁾
Royalties, easements and canons	11,932	—	17	28	11,977	9,544	5,871
Insurance	831	38	56	—	925	792	592
Rental of real estate and equipment	3,360	33	394	2	3,789	2,950	1,956
Survey expenses	—	—	—	504	504	251	77
Depreciation of fixed assets	25,706	382	597	—	26,685	19,936	11,236
Amortization of intangible assets	185	117	21	—	323	469	197
Industrial inputs, consumable materials and supplies	3,801	27	88	5	3,921	3,522	2,143
Operation services and other service contracts	6,261	237	546	—	7,044	5,908	3,043
Preservation, repair and maintenance	14,231	248	322	24	14,825	11,812	7,959
Unproductive exploratory drillings	—	—	—	1,425	1,425	1,265	514
Transportation, products and charges	4,796	25	3,756	—	8,577	6,881	4,805
Provision for doubtful trade receivables	—	—	(99)	—	(99)	169	118
Publicity and advertising expenses	—	395	292	—	687	710	265
Contractual commitments	31	—	—	—	31	52	174
Fuel, gas, energy and miscellaneous	2,628	105	616	195	3,544	3,640	2,586
Total 2015	85,550	5,586	11,099	2,473	104,708		
Total 2014	68,840	4,530	10,114	2,034		85,518	
Total 2013	42,980	2,686	7,571	829			54,066

- (1) Include approximately 1,220, 1,775 and 1,757 corresponding to export withholdings for years ended December 2015, 2014 and 2013, respectively.
- (2) Includes 140 of YPF's Directors and Statutory Auditor's fees and remunerations for all concepts. On April 30, 2015, the General Ordinary and Extraordinary Shareholder's meeting of YPF decided to ratify fees for the year 2014 for 123 and decided to approve as fees and remunerations for all concepts in advance for the year 2015 the sum of approximately 146.

The expense recognized in the consolidated statements of comprehensive income related to research and development activities during the years ended December 31, 2015, 2014 and 2013 amounted to 270, 215 and 83, respectively.

6.o) Other operating results, net:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Lawsuits	(1,188)	(2,034)	(1,069)
Environmental remediation from YPF Holdings Inc	(162)	(214)	(201)
Impairment of fixed assets and intangible assets (Note 1.c)	(2,535)	—	—
Temporary economic assistance ⁽¹⁾	711	—	—
Sale of extension of “La Ventana” and “Magallanes” concession agreement (Note 2)	—	428	—
Construction incentive ⁽²⁾	621	233	169
Insurance (Note 11.b)	371	—	1,479
Miscellaneous	1,329	557	(151)
	<u>(853)</u>	<u>(1,030)</u>	<u>227</u>

(1) Corresponds to the temporary economic assistance received by Metrogas S.A. ordered by the Argentine Energy Secretariat in Resolution No. 263/2015 (see Note 11.c).

(2) Corresponds to the incentive to Argentine manufacturers of capital goods received by A-Evangelista S.A. under the provisions of Executive Order No. 379/2001 of the Argentine Ministry of Economy.

6.p) Financial results, net:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Financial income			
Interest income	1,638	1,029	821
Exchange differences	25,625	10,272	7,919
Total financial income	27,263	11,301	8,740
Financial loss			
Interest loss	(8,618)	(5,456)	(2,514)
Financial accretion	(1,987)	(1,880)	(1,319)
Exchange differences	(5,411)	(2,490)	(2,175)
Total financial loss	(16,016)	(9,826)	(6,008)
Other financial results			
Fair value gains on financial assets at fair value through profit or loss	446	297	103
Gains on derivative financial instruments	464	—	—
Total other financial results	910	297	103
Other financial results, net	<u>12,157</u>	<u>1,772</u>	<u>2,835</u>

7. INVESTMENTS IN COMPANIES AND JOINT OPERATIONS

The following table shows in aggregate, considering that none of the companies are individually material, the amount of investments in affiliated companies and joint ventures as of December 31, 2015, 2014 and 2013:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Amount of investments in affiliated companies	1,248	757	227
Amount of investments in joint ventures	3,136	2,432	1,909
Provision for impairment of investments in companies	(12)	(12)	(12)
	<u>4,372</u>	<u>3,177</u>	<u>2,124</u>

Investments in companies with negative shareholders' equity are disclosed in “Accounts payable”.

The main changes that affected the amount of the investments previously mentioned, during the fiscal years ended December 31, 2015, 2014, and 2013 are the following:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Amount at the beginning of year	3,177	2,124	1,914
Acquisitions and contributions	163	448	153
Loss from investments in companies and joint ventures	318	558	353
Translation differences	999	470	470

Reclassification of investments in companies with negative shareholders' equity	(1)	(125)	123
Distributed dividends	(280)	(299)	(280)
Other movements	(4)	1	(609) ⁽¹⁾
Amount at the end of year	<u>4,372</u>	<u>3,177</u>	<u>2,124</u>

(1) Includes, among others, the movements related to Pluspetrol Energy SA split-off.

Note 16 provides information of investments in companies.

The following table shows the main magnitudes of net results from the Group's investments in companies, calculated according to the equity method, for the fiscal year ended on December 31, 2015, 2014 and 2013. YPF has made adjustments, where applicable, to the amounts reported by such companies in order to comply with the accounting principles used by such companies to those used by the Company:

	Affiliated companies			Joint ventures		
	2015	2014	2013	2015	2014	2013
Net Income	321	234	63 ⁽¹⁾	(3)	324	290
Other comprehensive income	50	18	120	949	452	350
Comprehensive income for the year	<u>371</u>	<u>252</u>	<u>183</u>	<u>946</u>	<u>776</u>	<u>640</u>

(1) Includes 156 corresponding to the comprehensive income generated in business combination with GASA and YPF Energía Eléctrica S.A. (see Note 2).

Additionally, the Group participates in joint operations and other agreements which give to the Group a contractually established percentage over the rights of the assets and obligations that emerge from the contracts. Interest in such joint operations have been consolidated line by line on the basis of the mentioned interest over the assets, liabilities, income and expenses related to each contract. Interest in Joint Operations have been calculated based upon the latest available financial statements as of the end of each year, taking into consideration significant subsequent events and transactions as well as management information available.

The exploration and production joint operations and other agreements in which YPF participates allocate the hydrocarbon production to each partner based on the ownership interest, consequently such hydrocarbons are commercialized directly by the partners recognizing each of them the corresponding economic effects.

Note 17 discloses the most relevant Joint Operations and other agreements on which the Company participates, and their operation nature.

The assets and liabilities as of December 31 2015, 2014 and 2013, and expenses for the three fiscal years ended on December 31, 2015, 2014 and 2013 of the Joint Operations and other agreements are as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Noncurrent assets	47,322	22,439	9,472
Current assets	944	1,295	661
Total assets	<u>48,266</u>	<u>23,734</u>	<u>10,133</u>
Noncurrent liabilities	4,593	3,129	2,342
Current liabilities	<u>6,391</u>	<u>4,641</u>	<u>1,247</u>
Total liabilities	<u>10,984</u>	<u>7,770</u>	<u>3,589</u>
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Production Cost	12,959	9,047	4,647
Exploration expenses	395	672	43

8. SHAREHOLDERS' EQUITY

The Company's subscribed capital as of December 31, 2015, is 3,933 and is represented by 393,312,793 shares of common stock and divided into four classes of shares (A, B, C and D), with a par value of Argentine pesos 10 and one vote per share. These shares are fully subscribed, paid-in and authorized for stock exchange listing.

As of December 31 2015, there are 3,764 Class A outstanding shares. As long as any Class A share remains outstanding, the affirmative vote of Argentine Government is required for: 1) mergers, 2) acquisitions of more than 50% of YPF shares in an agreed or hostile bid, 3) transfers of all the YPF's production and exploration rights, 4) the voluntary dissolution of YPF or 5) change of corporate and/or tax address outside the Argentine Republic. Items 3) and 4) will also require prior approval by the Argentine Congress.

Until the enforcement of Law No. 26,741 detailed in the next paragraphs, Repsol S.A. ("Repsol") had a participation in the Company, directly and indirectly, of approximately 57.43% shareholding while Petersen Energía S.A. ("PESA") and its affiliates exercised significant influence through a 25.46% shareholding of YPF's capital stock.

Law No. 26,741 enacted on May 4, 2012, changed YPF's shareholding structure. The mentioned Law declared as national public interest and subject to expropriation the Class D Shares of YPF owned by Repsol, its controlled or controlling entities, representing the 51% of YPF's equity. According to Law 26,741, achieving self-sufficiency in the supply of hydrocarbons as well as in the exploitation, industrialization, transportation and sale of hydrocarbons, is thereby declared of national public interest and a priority for Argentina, with the goal of guaranteeing 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 provinces and regions. The shares subject to expropriation will be distributed as follows: 51% for the Argentine federal government and 49% for certain Argentine Provinces.

According to reports by Repsol to the BCBA dated May 7, 2014, Repsol sold to Morgan Stanley & Co. LLC and 11.86% of the capital stock of YPF, represented by 46,648,538 ordinary shares Class D, ceasing to be a shareholder of the company after such transaction.

On April 30, 2015, a General Ordinary and Extraordinary Shareholders' meeting was held, which has approved the financial statements of YPF for the year ended December 31, 2014 and additionally decided the following in relation with the distribution of earnings of fiscal year ended as of December 31, 2014: (i) appropriate the amount of 120 to a reserve for future acquisition of YPF shares under the "performance and bonus program" mentioned in the Director's report of the consolidated financial statements for the year ended December 31, 2014 giving to the Board of Directors the opportunity to acquire shares when it considers it convenient and to comply with the commitments assumed and to be assumed in relation with the mentioned program; (ii) to appropriate the amount of 8,410 to constitute a reserve for investment in accordance with the article 70, third paragraph of the Law No. 19,550 of Argentine Corporations as amended; and (iii) the appropriation to a reserve for future dividends in an amount of 503, empowering the Board of Directors to determine the opportunity of payment which should not exceed the ending of the present fiscal year. On June 8, 2015, the Board of Directors decided to pay a dividend of 1.28 pesos per share for the amount of 503 which was available for shareholders on July 28, 2015.

During the fiscal years ended 2015, 2014 and 2013, YPF has repurchased 382,985, 634,204 and 1,232,362 shares for a total amount of 120, 200 and 120, respectively, and has settled 623,350, 563,754 and 479,174 shares to the beneficiaries of the Share-Based Benefit Plan, respectively, in order to fulfill the Share-Based Benefit Plans mentioned in Note 1.b.10.iii). The cost of such repurchases is accounted in equity in the "Acquisition cost of treasury shares" account, while the nominal value and the adjustment due to the monetary restatement effect pursuant Previous Argentine GAAP have been reclassified from Subscribed Capital and Adjustments to Contributions accounts to "Treasury shares" and "Adjustment to treasury shares", respectively.

9. EARNINGS PER SHARE

The following table shows the net income and the number of shares that have been used for the calculation of the basic earnings per share:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net income	4,579	9,002	5,125
Average number of shares outstanding	392,101,191	392,136,465	392,789,433
Basic and diluted earnings per share	11.68	22.95	13.05

Basic and diluted earnings per share are calculated as shown in Note 1.b.13.

10. PROVISIONS FOR PENDING LAWSUITS, CLAIMS AND ENVIRONMENTAL LIABILITIES

The Group is party to a number of labor, commercial, civil, tax, criminal, environmental, customs and administrative proceedings that, either alone or in combination with other proceedings, could, if resolved in whole or in part adversely against it, result in the imposition of material costs, fines, judgments or other losses. While the Group believes that such risks have been provisioned appropriately based on the opinions and advice of our external legal advisors and in accordance with applicable accounting standards, certain loss contingencies, are subject to change as new information develops and results of the presented evidence is obtain, among others. It is possible that losses resulting from such risks, if proceedings are decided in whole or in part adversely to the Group, could significantly exceed the recorded provisions.

As of December 31, 2015, the Group has accrued pending lawsuits, claims and contingencies which are probable and can be reasonably estimated, amounting to 10,524. The most significant pending lawsuits and contingencies accrued are described in the following paragraphs.

Additionally, YPF is subject to various provincial and national laws and regulations relating to the protection of the environment. These laws and regulations may, among other things, impose liability on companies for the cost of pollution clean-up and environmental damages resulting from operations. Management believes that the Company's operations are in substantial compliance with Argentine laws and regulations currently in force relating to the protection of the environment as such laws have historically been interpreted and enforced.

However, the Company is periodically conducting new studies to increase its knowledge concerning the environmental situation in certain geographic areas where the Company operates in order to establish their status, causes and necessary remediation and, based on the aging of the environmental issue, to analyze the possible responsibility of Argentine Government, in accordance with the contingencies assumed by the Argentine Government for liabilities existing as of December 31, 1990. Until these studies are completed and evaluated, the Company cannot estimate what additional costs, if any, will be required. However, it is possible that other works, including provisional remedial measures, may be required.

Pending lawsuits: In the normal course of its business, the Company has been sued in numerous labor, civil and commercial actions and lawsuits. Management, in consultation with the external legal advisors, has recorded a provision considering its best estimation, based on the information available as of the date of the issuance of these consolidated financial statements, including counsel fees and judicial expenses.

Liabilities and contingencies assumed by the Argentine Government: The YPF Privatization Law provided for the assumption by the Argentine Government of certain liabilities of the predecessor as of December 31, 1990. In certain lawsuits related to events or acts that took place before December 31, 1990, YPF has been required to advance the payment established in certain judicial decisions. YPF has the right to be reimbursed for these payments by the Argentine Government pursuant to the above-mentioned indemnity.

Natural gas market: Pursuant to Resolution No. 265/2004 of the Secretariat of Energy, the Argentine Government created a program of useful curtailment of natural gas exports and their associated transportation service. Such program was initially implemented by means of Regulation No. 27/2004 of the Under-Secretariat of Fuels, which was subsequently substituted by the Program of Rationalization of Gas Exports and Use of Transportation Capacity (the "Program") approved by Resolution No. 659/2004 of the Secretariat of Energy. Additionally, Resolution No. 752/2005 of the Secretariat of Energy provided that industrial users and thermal generators (which according to this resolution will have to request volumes of gas directly from the producers) could also acquire the natural gas from the cutbacks on natural gas exports through the Permanent Additional Injection mechanism created by this Resolution. By means of the Program and/or the Permanent Additional Injection, the Argentine Government requires natural gas exporting producers to deliver additional volumes to the domestic market in order to satisfy natural gas demand of certain consumers of the Argentine market ("Additional Injection Requirements"). Such additional volumes are not contractually committed by YPF, who is thus forced to affect natural gas exports, which execution has been conditioned. The mechanisms established by the Resolutions No. 659/2004 and 752/2005 have been adapted by the Secretariat of Energy Resolution No. 599/2007, modifying the conditions for the imposition of the requirements, depending on whether the producers have signed or not the proposed agreement, ratified by such resolution, between the Secretariat of Energy and the Producers. Also, through Resolution No. 1410/2010 of the National Gas Regulatory Authority ("ENARGAS") approved the procedure which sets new rules for natural gas dispatch applicable to all participants in the natural gas industry, imposing new and more severe regulations to the producers' availability of natural gas ("Procedimiento para Solicitudes, Confirmaciones y Control de Gas"). Additionally, the Argentine Government, through instructions made using different procedures, has ordered limitations over natural gas exports (in conjunction with the Program and the Permanent Additional Injection, named the "Export Administration"). On January 5, 2012, the Official Gazette published Resolution of the Secretariat of Energy No. 172 which temporarily extends the rules and criteria established by Resolution No. 599/07, until new legislation replaces the Resolution previously mentioned. This Resolution was appealed on February 17, 2012 by filing a motion for reconsideration with the Secretariat of Energy.

As a result of the resolution mentioned before, in several occasions since 2004, YPF has been forced to suspend, either totally or partially, its natural gas deliveries to some of its export clients, with whom YPF has undertaken firm commitments to deliver natural gas.

YPF has challenged the Program, the Permanent Additional Injection and the Additional Injection Requirements, established by Resolution of the Secretariat of Energy No. 599/2007, 172/2011 and Resolution ENARGAS No. 1410/2010, as arbitrary and illegitimate, and has invoked vis-à-vis the relevant clients that the Export Administration constitute a fortuitous case or force majeure event (act of authority) that releases YPF from any liability and/or penalty for the failure to deliver the contractual volumes. These clients have rejected the force majeure argument invoked by YPF, and some of them have demanded the payment of indemnifications and/or penalties for the failure to comply with firm supply commitments, and/or reserved their rights to future claims in such respect (the “Claims”). On December 9, 2015, the ENARGAS rejected YPF’s challenged Resolution N° 1410/2010. YPF is evaluating the course of action.

Among them, on June 25, 2008, AES Uruguaiana Empreendimentos S.A. (“AESU”) claimed damages in a total amount of US\$ 28.1 million for natural gas “deliver or pay” penalties for cutbacks accumulated from September 16, 2007 through June 25, 2008, and also claimed an additional amount of US\$ 2.7 million for natural gas “deliver or pay” penalties for cutbacks accumulated from January 18, 2006 until December 1, 2006. YPF has rejected both claims. On September 15, 2008, AESU notified YPF the interruption of the fulfillment of its commitments alleging delay and breach of YPF obligations. YPF has rejected the arguments of 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 obligations. AESU has rejected this notification. On December 30, 2008, AESU rejected YPF’s right to suspend its natural gas deliveries. On March 20, 2009 AESU formally notified the termination of the contract. On April 6, 2009, YPF promoted an arbitration process at the International Chamber of Commerce (“ICC”) against AESU, Companhia do Gas do Estado do Rio Grande do Sul (“Sulgás”) and Transportadora de Gas del Mercosur S.A. (“TGM”). On the same date YPF was notified by the ICC of an arbitration process initiated by AESU and Sulgás against YPF in which they claim, among other matters considered inadmissible by YPF, consequential loss, AESU’s plant dismantling costs and the payment of “deliver or pay” penalties mentioned above, all of which totaled approximately US\$ 1,052 million.

Additionally, YPF was notified of the arbitration process brought by TGM at the ICC, claiming YPF the payment of approximately US\$ 10 million plus interest up to the date of effective payment, in connection with the payment of invoices related to the Transportation Gas Contract entered into in September 1998 between YPF and TGM, associated with the aforementioned exportation of natural gas contract signed with AESU. 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. In turn, YPF had initiated an arbitration process at the ICC against TGM, among others. YPF received the reply to the complaint from TGM, who requested the full rejection of YPF claims and deduced counterclaim against YPF asking the Arbitration Tribunal to condemn YPF to compensate TGM for all present and future damages suffered by TGM due to the extinction of the Transportation Gas Contract and the Memorandum of Agreement dated on October 2, 1998 by which YPF undertook to pay irrevocable non-capital contributions to TGM in return for the Uruguayana Project pipeline expansion; and to condemn AESU-Sulgás -in the case the Arbitration Tribunal finds that the termination of the Gas Contract occurred due to the failure of AESU or Sulgás- jointly and severally to indemnify all damages caused by such termination to TGM. Additionally, on July 10, 2009 TGM increased the amount of its claim to US\$ 17 million and claimed an additional amount of approximately US\$ 366 million for loss of profits, both considered inappropriate by YPF, and thus, rejected in its answer to such additional claim.

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 “YPF vs. AESU” 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” arbitration. 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 ruled that the evidence would be accepted if the Tribunal considered it necessary.

On May 24, 2013 YPF was notified of the partial award decreed by a majority in the ICC Arbitration “YPF vs. AESU and TGM” whereby YPF was deemed responsible for the termination in 2009 of natural gas export and transportation contracts signed with AESU and TGM. Such award only decides on the liability of the parties, leaving the determination of the damages that could exist subject to the subsequent proceedings before the same Tribunal. Moreover, the Tribunal rejected the admissibility of “deliver or pay” claims asserted by Sulgás and AESU for the years 2007 and 2008 for a value of US\$ 28 million and for the year 2006 for US\$ 2.4 million.

On May 31, 2013 YPF filed with the Arbitration Tribunal a writ of Nullity, in addition to making several presentations in order to safeguard its rights. Against the rejection of the writ of nullity, on August 5, 2013 YPF filed a complaint appeal with the Argentinian Court in Commercial matters. On October 24, 2013, the Argentinian Court in Commercial matters declared its incompetency and submitted the file to the Federal Contentious Administrative Tribunal. On December 16, the acting prosecutor issued an opinion supporting the jurisdiction of the court.

Besides, on October 17, 2013 the Arbitration Tribunal decided to resume the arbitration and set a procedural schedule for the damages stage, which shall be developed along 2014 for which the reports of the experts proposed by the parties occurred.

On December 27, 2013, the Federal Contentious Administrative Tribunal hearing Administrative Litigation matters was moved to grant the reconsideration motion from denial on appeal, then sustaining the appeal for procedural violations and declaring that the grant thereof shall have stay effects in connection with the arbitration process. In addition, the court was moved to grant, until the appeal for procedural violations is finally admitted, a restrictive injunction to prevent the development of the arbitration process while a decision on the reconsideration motion from denial on appeal and on the appeal for procedural violations filed by YPF is pending. On October 7, 2014, the Federal Court of Appeals hearing Administrative Litigation matters, besides its jurisdiction in the application of the writ of nullity, ordered the suspension of the court calendar related to the second stage of its arbitration process until a final court decision was rendered on the writ of nullity filed by YPF against the arbitral award on adjudication of liability. On October 8, 2014, the Arbitration Tribunal was served with notice of the decision rendered by the said Federal Court of Appeals and on October 31, 2014, the Arbitration Tribunal determined to suspend the arbitration process until February 2, 2015. On November 5, 2014, YPF was notified of the extraordinary appeal filed by TGM against the resolution of suspension of the court schedule issued by the mentioned Federal Contentious Administrative Tribunal. YPF answered such appeal on November 19, 2014; and on December 30, 2014, the Federal Contentious Administrative Tribunal dismissed the extraordinary appeal filed by TGM. On April 24, 2015, the arbitration tribunal resumed the proceedings and invited the parties to consult with each other regarding the continuation of the arbitration and to provide joint or individual report on next steps. YPF notified the Federal Contentious Administrative Tribunal of the decision on April 27, 2015 given that its order to suspend the arbitration proceedings was in effect. On July 2, 2015 the Arbitration Tribunal ordered hearings for the second stage of arbitration to take place on November 16 and 17 of 2015. Although the Federal Contentious Administrative Tribunal ordered the suspension of the second stage of the arbitration, the hearings proceeded without the presence of TGM and YPF. Dated December 4, 2015, YPF presented a document to the Arbitration Tribunal claiming the nullity of the mediation. On December 23, 2015, the Federal Contentious Administrative Tribunal granted the nullity request and vacated the partial arbitral award. On the same date, YPF notified the Arbitration Tribunal of the decision and requested the termination of the arbitration proceeding. On February 3, 2016 TGM filed an extraordinary appeal against the Federal Contentious Administrative Tribunal ruling to the Supreme Court of Justice. On February 2, 2016 AESU and SULGAS filed a nullity request against the Federal Contentious Administrative Tribunal ruling.

On the other hand, AESU filed a motion to the Uruguayan courts demanding the nullity of the Arbitration Tribunal's decision ordering the suspension of the arbitration proceedings and a restrictive injunction to prevent YPF from interrupting the development of the arbitration. AESU is trying to notify the various decisions rendered by the Uruguayan courts through letters rogatory and YPF has objected to such notification and also before the Argentine courts involved therein on the grounds of formal defects in such intended notification and also arguing that Uruguayan courts have no competence to deal with matters of this kind. On July 16, 2015 the Federal Contentious Administrative Tribunal 3 rejected one of the judicial petitions through which AESU tried to serve the nullity petition of the Arbitration Tribunal that declared the suspension of the Arbitration. On September 4, 2015 AESU requested an appeal. On December 23, 2015 the Federal Contentious Administrative Tribunal rejected the appeal and confirmed the resolution of the lower court.

On January 10, 2014, YPF was served with the complaint for damages filed by AESU with the Arbitration Tribunal claiming a total amount of US\$ 815.5 million and also with the complaint for damages filed by TGM with the Arbitration Tribunal claiming a total amount of US\$ 362.6 million. On April 25, 2014, YPF filed a reply to the complaint for damages with the Arbitration Tribunal rejecting the alleged sums claimed by TGM and AESU based on the fact that the said amounts are disproportionate due to errors in the technical valuations attached. On July 8, 2014, TGM filed an answer to the reply with the Arbitration Tribunal, which was in turn responded to by YPF on September 23, 2014 by filing a second answer thereto.

Considering the information available to date, the estimated time remaining until the end of the proceedings, the outcomes of the additional evidence presented in the continuation of the dispute and the provisions of the arbitral award, the Company has accrued its best estimate with respect to the amount of the claims.

Furthermore, there are certain claims in relation with payments of natural gas transportation contracts associated with exports of such hydrocarbon. Consequently, one of the parties, Transportadora de Gas del Norte S.A. ("TGN"), commenced mediation proceedings in order to determine the merits of such claims. The mediation proceedings did not result in an agreement and YPF was notified of the lawsuit filed against it, in which TGN is claiming the payment of unpaid invoices, according to their arguments, while reserving the right to claim for damages, which were claimed in a note addressed to YPF during November 2011. Additionally, the plaintiff notified YPF that it was terminating the contract invoking YPF's fault, basing its decision on the alleged lack of payment of transportation fees, reserving the right to claim for damages. After that, TGN filed the lawsuit claiming for damages mentioned above. The total amount claimed by TGN amounts to approximately US\$ 207 million. YPF has answered the mentioned claims, rejecting them based in the legal impossibility for TGN to render the transportation service and in the termination of the transportation contract determined by YPF and notified with a complaint initiated before ENARGAS. On the trial for the collection of bills, on September 2011, YPF was notified of the resolution of the Court of Appeals rejecting YPF's claims and declaring that ENARGAS is not the appropriate forum to decide on the matter and giving jurisdiction to the Civil and Commercial Federal courts to decide on the claim for the payment of unpaid invoices mentioned above.

Regarding the previously mentioned issue, on April 8, 2009, YPF had filed a complaint against TGN with ENARGAS, seeking the termination of the natural gas transportation contract with TGN in connection with the natural gas export contract entered with AESU and other parties. The termination of the contract with that company is based on: (a) the impossibility for YPF to receive the service and for TGN to render the transportation service, due to (i) the termination of the natural gas contract with Sulgás/AESU and (ii) the legal impossibility of assigning the transportation contract to other shippers because of the regulations in effect, (b) 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 (c) the "Teoría de la Imprevisión" available under Argentine law, when extraordinary events render a party's obligations excessively burdensome.

On April 3, 2013 the complaint for damages brought by TGN was notified whereby TGN claimed YPF the amount of US\$ 142 million, plus interests and legal fees for the termination of the transportation contract, and notified that YPF shall have 30 days to file and answer thereto. On May 31, 2013 YPF answered the claim requesting the dismissal thereof. On April 3, 2014 the evidence production period commenced for a 40-days lapse, and the court notified the parties that they shall submit a copy of evidence offered by them to create exhibit binder. As of the date of issuance of these consolidated financial statements, evidence offered by the parties is being produced.

In addition, Nación Fideicomisos S.A. (NAFISA) had initiated a claim against YPF in relation to payments of applicable fees for natural gas transportation services to Uruguaiiana corresponding to the transportation invoices claimed by TGN. A mediation hearing finished without arriving to an agreement, concluding the pre-trial stage. Additionally, on January 12, 2012 and following a mediation process which ended without any agreement, NAFISA filed a complaint against YPF, under article 66 of Law No. 24,076, before ENARGAS, claiming the payment of certain transportation charges in an approximate amount of 339. On February 8, 2012, YPF answered the claim raising ENARGAS' lack of jurisdiction (as the Company did in the proceeding against TGN), the accumulation in the "TGN vs. YPF" trial and rejecting the claim based on the theory of legal impossibility. On the same date, was also submitted in the trial "TGN vs. YPF" similar order of accumulation. 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. On November 11, 2013, such court dismissed the direct appeal filed by YPF. In turn, on November 19, 2013 YPF submitted an ordinary appeal before the National Supreme Court of Justice and on November 27, an extraordinary appeal was lodged, also before the Supreme Court. The ordinary appeal was granted and YPF timely filed the grounds of such appeal. On September 29, 2015, the Supreme Court upheld YPF's appeal and reversed the resolution issued by the Federal Contentious Administrative Court – Division IV – on the grounds that ENARGAS lacks legal capacity to participate in these proceedings as the parties are not subject to the Gas Law.

YPF's Management has accrued its best estimate with respect to the claims mentioned above. As of December 31, 2015, the Company has accrued costs for penalties associated with the failure to deliver the contractual volumes of natural gas in the export and domestic markets which are probable and can be reasonably estimated.

Users and Consumers' Association claim:

The Users and Consumers Association claimed (originally against Repsol YPF before extending its claim to YPF) the reimbursement of the overprice allegedly charged to bottled LPG consumers between 1993 and 1997 and 1997 to 2001. The claim amounts 91 for the period 1993 to 1997 (this sum brought up-to-date, would be approximately 502), together with an undetermined amount for the period 1997 to 2001. In the response to the claim, YPF requested the application of the statute of limitations since at the date of the extension of the claim, the two-year limit had already elapsed.

On December 28, 2015, the lower court rendered judgment admitting the claim seeking compensation for the term between 1993 to 1997 filed by Users and Consumers Association against YPF S.A. and ordered the Company to transfer the amount of 98 plus interest (to be estimated by the expert witness in the settlement period) to the Energy Secretariat, to be allocated to the trust fund created by Law No. 26.020.

The judgment dismissed the claim for the items corresponding to the 1997-2001 period considering the dominant position of YPF in the domestic bulk LPG market was not sufficiently proved. The Company appealed the decision of the lower court.

Finally, the judgment dismissed the complaint against Repsol as Repsol YPF S.A. had no equity interest in YPF S.A., nor any other kind of relation with YPF from 1993 to 1997, period in which the plaintiffs claim YPF abused its dominant position.

The updated judgment amount as of the date of these financial statements amounts to about 503 plus court costs.

Tax claims:

The Company has received several claims from the Administración Federal de Ingresos Públicos ("AFIP") and from 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 the issuance of these financial statements.

La Plata and Quilmes environmental claims:

La Plata: In relation with the operation of the refinery that YPF has in La Plata, there are certain claims for compensation of individual damages purportedly caused by the operation of the La Plata refinery and the environmental remediation of the channels adjacent to the mentioned refinery. During 2006, YPF submitted a presentation before the Environmental Secretariat of the Province of Buenos Aires which put forward for consideration the performance of a study for the characterization of environmental associated risks. As previously mentioned, YPF has the right of indemnity for events and claims prior to January 1, 1991, according to Law No. 24,145 and Decree No. 546/1993. Besides, there are certain claims that could result in the requirement to make additional investments connected with the operations of La Plata refinery.

On January 25, 2011, YPF entered into an agreement with the environmental agency of the Government of the Province of Buenos Aires (Organismo Provincial para el Desarrollo Sostenible (“OPDS”)), within the scope of the Remediation, Liability and Environmental Risk Control Program, created by Resolution No. 88/10 of the OPDS. Pursuant to the agreement, the parties agreed to jointly perform an eight-year work program in the channels adjacent to the La Plata refinery, including characterization and risk assessment studies of the sediments. The agreement provides that, in the case that a required remediation action is identified as a result of the risk assessment studies, the different alternatives and available techniques will be considered, as well as the steps needed for the implementation. Dating studies will also be performed pursuant to the agreement, in order to determine responsibilities of the Argentine Government in accordance with its obligation to hold YPF harmless in accordance with the article 9 of the Privatization Law No. 24,145. YPF has provisioned 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: Citizens which allege to be residents of Quilmes, Province of Buenos Aires, have filed a lawsuit in which they have requested remediation of environmental damages and also the payment of 47 plus interests as a compensation for supposedly personal damages. They base their claim mainly on a fuel leak in the pipeline running from La Plata to Dock Sud, currently operated by YPF, which occurred in 1988 as a result of an illicit detected at that time, being at that moment YPF a state-owned company. Fuel would have emerged and became perceptible on November 2002, which resulted in remediation works that are being performed by the Company in the affected area, supervised by the environmental authority of the Province of Buenos Aires. The Argentine Government has denied any responsibility to indemnify YPF for this matter, and the Company has sued the Argentine Government to obtain a declaration of invalidity of such decision. The suit is still pending. On November 25, 2009, the proceedings were transferred to the Federal Court on Civil and Commercial Matters No. 3, Secretariat No. 6 in Buenos Aires City and on March 4, 2010, YPF answered the complaint and requested the citation of the Argentine Government. On December 18, 2014 the Argentine Government was cited, by notification of the demand and its extensions, by letter to the Ministry of Federal Planning. In addition to the aforementioned, the Company has other 24 judicial active claims against it with total claims amounting to approximately 19. Additionally, YPF is aware of the existence of other out of court claims which are based on similar allegations.

Other claims and environmental liabilities:

In relation to environmental obligations, and in addition to the hydrocarbon wells abandonment legal obligations for 27,809 as of December 31, 2015, the Group has accrued 3,020 corresponding to environmental remediation, which evaluations and/or remediation works are probable and can also be reasonably estimated, based on the Group’s existing remediation program. Legislative changes, on individual costs and/or technologies may cause a re-evaluation of the estimates. The Group cannot predict what environmental legislation or regulation will be enacted in the future or how future laws or regulations will be administered. In the long-term, this potential changes and ongoing studies could materially affect future results of operations.

Environmental liabilities of YPF Holdings Inc.

1. Introduction

Laws and regulations relating to health and environmental quality in the United States of America affect nearly all the operations of YPF Holdings Inc. (hereinafter mentioned as “YPF Holdings Inc.” or “YPF Holdings”). These laws and regulations set various standards regulating certain aspects of health and environmental quality, provide for penalties and other liabilities for the violation of such standards and establish in certain circumstances remedial obligations.

YPF Holdings Inc. believes that its policies and procedures in the area of pollution control, product safety and occupational health are adequate to prevent reasonable risk of environmental and other damage, and of resulting financial liability, in connection with its business. Some risk of environmental and other damage is, however, inherent in particular operations of YPF Holdings Inc. and, as discussed below, Maxus Energy Corporation (“Maxus”) and Tierra Solutions Inc. (“TS”), both controlled by YPF Holdings Inc., could have certain potential liabilities associated with operations of Maxus’ former chemical subsidiary.

YPF Holdings Inc. cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered or enforced. Compliance with more stringent law regulations, as well as more vigorous enforcement policies of the regulatory agencies, could in the future require material expenditures by YPF Holdings Inc. for the installation and operation of systems and equipment for remedial measures, possible dredging requirements, among other things.

Also, certain laws allow for recovery of natural resource damages from responsible parties and ordering the implementation of interim remedies to abate an imminent and substantial endangerment to the environment. Potential expenditures for any such actions cannot be reasonably estimated.

In the following discussion, references to YPF Holdings Inc. include, as appropriate and solely for the purpose of this information, references to Maxus and TS.

In connection with the sale of Maxus’ former chemical subsidiary, Diamond Shamrock Chemicals Company (“Chemicals”) to Occidental Petroleum Corporation (“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 September 4, 1986 (the “selling date”), including environmental liabilities relating to chemical plants and waste disposal sites used by Chemicals prior to the selling date.

YPF Holdings Inc.’s management believes it has adequately provisioned for all environmental contingencies, which are probable and can be reasonably estimated; however, changes in circumstances, including new information or new requirements of governmental entities, could result in changes, including additions, to such provisions in the future. The most significant contingencies are described in the following paragraphs:

2. Environmental Issues relating to Lister site and Passaic River

2.1 Environmental administrative Issues relating to the lower 8 miles of the Passaic River

- *Newark, New Jersey*

A consent decree, previously agreed upon by the U.S. Environmental Protection Agency (“EPA”), the New Jersey Department of Environmental Protection and Energy (“DEP”) and Occidental, as successor to Chemicals, was entered in 1990 by the United States District Court of New Jersey and requires implementation of a remedial action plan at Chemical’s former Newark, New Jersey agricultural chemicals plant. The interim remedial plan has been completed and paid for by TS. This project is in the operation and maintenance phase.

- *Passaic River, New Jersey*

Maxus, complying with its contractual obligation to act on behalf of Occidental, negotiated an agreement with the EPA (the “1994 AOC”) under which TS has conducted testing and studies near the Newark plant site, adjacent to the Passaic River. While some work remains, the work under the 1994 AOC was substantially subsumed by reason of an administrative arrangement dated 2007 (the “2007 AOC”) with about 70 companies (including Occidental and TS). Under the 2007 AOC, the lower 17 miles of the Passaic River, from the mouth at Newark Bay to Dundee Dam, should be subjected to a Remedial Investigation / Feasibility Study (“RI/FS”). Participants of the 2007 AOC are discussing the possibility of conducting additional remedial works 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 is called the Cooperative Parties Group (the “CPG”). 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”).

On May 29, 2012, Occidental, Maxus and TS 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 continues to be a member of the 2007 AOC and its withdrawal from the CPG does not change its obligations under the 2007 AOC. The RI/FS concerning the 2007 AOC is expected to be completed by 2016 together with the filing with the EPA by the CPG of a preliminary report containing its recommendation as to preferred remediation. EPA will have to assess such recommendation and then render an opinion in this connection. This process may take from 12 to 18 months. After an agreement is reached by the CPG and the EPA on preferred remediation, the report will be published for public opinion, which will be considered for the purpose of issuing a Record of Decision or final decision on remediation.

The EPA’s findings of fact in the 2007 AOC (which amended the 1994 AOC) indicate that combined sewer overflow/storm water outfall discharges are an ongoing source of hazardous substances to the Lower Passaic River Study Area. For this reason, during the first half of 2011, Maxus and TS signed with the EPA, on behalf of Occidental, an Administrative Settlement Agreement and Order on Consent for Combined Sewer Overflow/Storm Water Outfall Investigation (“CSO AOC”), which 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. In the second half of 2014, TS submitted to the EPA its report (thus completing phase 1) and still expects the EPA’s comments on the proposed work plan. TS estimates that the total cost to implement the CSO AOC is approximately US\$ 5 million and will take approximately 2 years to be completed once EPA authorizes phase 2 (the work plan).

In 2003, the DEP issued Directive No. 1 to Occidental and Maxus and certain of their respective related entities as well as other third parties. Directive No. 1 seeks to address natural resource damages allegedly resulting from almost 200 years of historic industrial and commercial development along a portion of the Passaic River and a part of its watershed. Directive No. 1 asserts that the named entities are jointly and severally liable for the alleged natural resource damages without regard to fault. The DEP asserted jurisdiction in this matter even though all or part of the lower Passaic River is subject to the PRRP. Directive No. 1 calls for the following actions: interim compensatory restoration, injury identification, injury quantification and value determination. Maxus and TS responded to Directive No. 1 setting forth good faith defenses. Settlement discussions between the DEP and the named entities have been held; however, no agreement has been reached or is assured.

In 2004, the EPA and Occidental entered into an administrative order on consent (the “2004 AOC”) pursuant to which TS (on behalf of Occidental) has agreed to conduct testing and studies to characterize contaminated sediment and biota and evaluate remedial alternatives in the Newark Bay and a portion of the Hackensack, the Arthur Kill and Kill van Kull rivers. The initial field work on this study, which includes testing in the Newark Bay, has been substantially completed. Discussions with the EPA regarding additional work that might be required are underway. EPA has issued General Notice Letters to a series of additional parties concerning the contamination of Newark Bay and the work being performed by TS under the 2004 AOC. TS 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. The parties have not agreed to TS’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 third stage is approved, as well as the proposed distribution mentioned above.

In December 2005, the DEP issued a directive to TS, Maxus and Occidental directing said parties to pay the State of New Jersey’s cost of developing a Source Control Dredge Plan focused on allegedly dioxin-contaminated sediment in the lower six-mile portion of the Passaic River. The development of this plan was estimated by the DEP to cost approximately US\$ 2 million. The DEP has advised the recipients that (a) it is engaged in discussions with the EPA regarding the subject matter of the directive, and (b) they are not required to respond to the directive until otherwise notified.

In August 2007, the National Oceanic Atmospheric Administration (“NOAA”) sent a letter to a number of entities it alleged have a liability for natural resources damages, including TS and Occidental, requesting that the group enters into an agreement to conduct a cooperative assessment of natural resources damages in the Passaic River and Newark Bay. In November 2008, TS and Occidental entered into an agreement with the NOAA to fund a portion of the costs it has incurred and to conduct certain assessment activities during 2009. Approximately 20 other PRRP members have also entered into similar agreements. In November 2009, TS declined to extend this agreement.

- *Removal Action Next to Lister Avenue Site*

During June 2008, the EPA, Occidental, and TS entered into an AOC (“Removal AOC from 2008”), pursuant to which TS (on behalf of Occidental) will undertake a removal action of sediment from the Passaic River in the vicinity of the former Diamond Alkali facility. This action results in the removal of approximately 200,000 cubic yards of sediment, which will be carried out in two different phases. The first phase, which commenced in July 2011, encompasses the removal of 40,000 cubic yards (30,600 cubic meters) of sediments and was substantially completed in the fourth quarter of 2012. The EPA conducted a site inspection in January 2013, and TS received written confirmation of completion in March 2013. The second phase involves the removal of approximately 160,000 cubic yards (122,400 cubic meters) of sediment. This second phase will start after according with EPA certain development’s aspects related to it. Pursuant to the Removal AOC from 2008, the EPA has required the provision of financial assurance for the execution of the removal work which could increase or decrease over time if the anticipated cost of completing the removal work contemplated by the Removal AOC from 2008 changes. During the sediment removal action, contaminants which may have come from sources other than the former Diamond Alkali plant will necessarily be removed.

The 2014 FFS published on April 11, 2014 provides that phase two of the removal action contemplated by the Removal AOC shall be implemented in a manner consistent with the FFS. By letter of September 18, 2014, the EPA requested that TS submit a work plan to conduct additional sampling of the Phase II area. The sampling was completed in the first quarter of 2015 and TS is expected to present the validated results to the EPA during 2016.

2.2 Feasibility Study for the environmental remediation of the lower 8 miles of the Passaic River

- *First draft - Year 2007*

On June 2007, EPA released a draft Focused Feasibility Study (the “FFS 2007”). The FFS 2007 outlines several alternatives for remedial action in the lower eight miles of the Passaic River. These alternatives range from no action, which would result in comparatively little cost, to extensive dredging and capping. TS, in conjunction with the other parties working under the CPG, submitted comments over legal and technical defects of the FFS 2007 to EPA. As a result of all the comments received, EPA withdrew FFS 2007 in order to modify it and give more consideration to comments. On November 14, 2013 at a Community Advisory Group (“CAG”) meeting, the EPA described the alternatives considered in the FFS 2007, that consisted of four alternatives: (i) no action; (ii) deep dredging of 9.7 million cubic yards during 12 years (cost: US\$ 1.4 billion to US\$ 3.5 billion, depending in part on whether the dredged sediment is disposed of in a contained 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 during 6 years (cost: US\$ 1 billion to US\$ 1.8 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 during 3 years (the alternative proposed by the CPG). The EPA indicated that it had discarded alternative (iv) and that it was currently in favor of alternative (iii).

- *Second draft - Year 2014*

On April 11, 2014, the EPA published a new FFS draft (“FFS 2014”). The EPA submitted this draft for consideration for a period of public comments starting on April 21, 2014, after two extensions, the process ended on August 20, 2014.

The FFS 2014 contains the four remediation alternatives analysed by the EPA, as well as the estimation of the cost of each alternative which consist of: (i) no action, (ii) deep dredging of 9.7 million cubic yard capping (cost estimated by EPA: US\$ 1.34 billion to US\$ 3.24 billion, depending on the possibility of disposing dredged sediments in a contained subaquatic disposal facility on the floor of Newark Bay (“CAD”) or at an off-site disposal facility, or local decontamination and beneficial use); (iii) capping and dredging of 4.3 million cubic yards and placing of an engineering cap (a physical barrier mainly built with sand and stone) (cost estimated by EPA: US\$ 1 billion to US\$ 1.73 billion, depending on the existence of a CAD or an off-site disposal facility, or local decontamination and beneficial use); and (iv) focused dredging and filling of 1 million cubic yard (cost estimated by the EPA: US\$ 0.4 billion to US\$ 0.6 billion, depending on the existence of a CAD or off-site disposal facility, or local decontamination and beneficial use). The alternative favored by EPA at the time of issuance of FFS 2014 was the third one, considering the disposal of removed material at an off-site disposal facility, with a current estimated value of US\$ 1.73 billion (estimated at a 7% annual rate).

On August 20, 2014, Maxus and TS, on behalf of Occidental, submitted their comments on FFS 2014 to EPA. The main arguments offered by Maxus, TS and Occidental in the comments about the FFS were as follows:

- The FFS is not a legally authorized process to select the type and size of the remediation proposed by the EPA for the 8 miles of the lower Passaic River.
- The FFS is based on a flawed site design.
- The FFS overstates the issues of human health and ecological risk.
- The proposed plan is not executable and not economically reasonable in cost-benefit terms.
- Processes in Region 2 of the EPA present lack public transparency.
- The inclusion in the remediation plan of dredging for navigational purposes is not covered by the regulation.

In addition to the comments received from Maxus and TS, EPA also received comments from about 400 other companies, institutions, government agencies, non-governmental and private organizations, including the CPG, Amtrak (federal railway company), NJ Transit, United States Army Corps of Engineers, Passaic Valley Sewerage Commission, yacht clubs, public officials, and others.

In parallel to the revision of FFS 2014, Maxus and TS have been working on a preliminary project called In-ECO, an ecological and sustainable alternative of bioremediation as a substitute to the remediation chosen by EPA in its FFS 2014. Maxus and TS submitted In-ECO to EPA in May 2014, EPA provided comments in September and Maxus and TS submitted a revision in November 2014.

EPA provided additional comments to the In ECO Statement of Work in March 2015. Tierra developed responses to those comments and submitted them in the second semester. A meeting was held in September 2015 between Tierra, its experts, and the EPA. During this meeting the final issues were resolved and laboratory studies are anticipated to begin by early 2016.

In October 2015, the federal Government Accountability Office (“GAO”) informed Maxus, Tierra and OCC that it had initiated a study on a few select Superfund sediment sites across the United States, including the Lower Passaic River, at the request of the Senate Committee on Environmental and Public Works. GAO stated that it plans to speak to EPA leadership and project managers, as well as representatives from the community and PRP groups. At this time, it is unknown what effect, if any, the GAO’s review will have on the timing or content of the Record of Decision for the FFS.

Currently, EPA is considering these comments and will issue a response before EPA makes its final decision on the remedial plan for the area, which will probably be published in a “Record of Decision” during 2016.

- *Conclusion*

Based on the information available to the Company at the time of issuance of these financial statements, and also considering the uncertainties related to the different remedial alternatives and those that may be incorporated in the final proposal and their associated costs, the outcome of the discoveries and/or evidence that may be produced, the amounts previously incurred by YPF Holdings Inc. in remedial activities in the area covered by FFS, the quantity and diversity of potential responsible parties involved, and consequently the uncertainties related to the potential allocation of the removal costs, the opinion of external legal advisors, and the limit over its liability that YPF could have as indirect controlling shareholder of Maxus, it is not possible to reasonably estimate a loss or range of a loss on the mentioned matters, and therefore the Company has not recorded a provision for these matters.

2.3 Environmental Administrative Issues concerning to the lower 17 miles of the Passaic River

- *Passaic River Mile 10.9 Removal Action*

In February 2012, the EPA issued to the Cooperating Parties Group (“CPG”), of which TS then was a member, a draft Administrative Settlement Agreement and order on Consent (“AOC RM 10.9”) for Removal Action and Pilot Studies to address high levels of contamination of 2, 3, 7, 8 TCDD, PCBs, mercury and other contaminants of concern in the vicinity of the Passaic River’s mile 10.9 (“RM 10.9”), comprised of a sediment formation (“mud flat”) of approximately 8.9 acres. This proposed AOC RM 10.9 ordered that approximately 16,000 cubic yards of sediments be removed and that pilot scale studies be conducted to evaluate ex situ decontamination beneficial reuse technologies, innovative capping technologies, and in situ stabilization technologies for consideration and potential selection as components of the remedial action to be evaluated in the 2007 AOC and the FFS and selected in one or more subsequent records of decision.

On June 18, 2012, the EPA announced that it had signed an AOC for RM 10.9 with 70 Settling Parties. Occidental, Maxus and TS refused to sign this AOC since they failed to agree with the other parts of the CPG regarding the way of assigning the estimated cost of the removal action. On June 25, 2012, EPA addressed to Occidental the order, pursuant to section 106 of CERCLA, to participate and cooperate with the CPG members who had signed the AOC RM 10.9. Occidental sent to the CPG and EPA its notice of intent to comply with such order on July 23, 2012 followed by its good faith offer on July 27, 2012 to provide the use of TS’s dewatering facility. On August 10, 2012, the CPG rejected Occidental’s good faith offer and, on September 7, 2012, the CPG stated that it has alternative plans for handling sediment to be excavated at RM 10.9 and, therefore, has no use for the existing dewatering facility. EPA, by letter of September 26, 2012, advised that it will be necessary for EPA and Occidental to discuss other options for Occidental to participate and cooperate in the RM 10.9 removal action, as required by its Unilateral Administrative Order.

On September 18, 2012, the EPA advised the Passaic River CAG that the bench scale studies of the treatment technologies did not sufficiently lower concentrations of the chemicals to justify the cost, so the RM 10.9 sediments will be removed offsite for disposal. Therefore, the EPA notified OCC, Maxus and TS that other options would be discussed in order to determine how to comply with the Unilateral Administrative Order, which ends in a petition to constitute a financial guarantee. TS, on behalf of Occidental, worked during the first four-month period in 2014 to prepare a proposal for the EPA in connection with RM 10.9. In March 2014, TS sent a work schedule to conduct certain studies, which were conditionally accepted by the EPA. The fieldwork for this research was undertaken in August and an additional field investigation was initiated in December 2014 and was completed in February 2015. TS presented to the EPA its report regarding the pipelines during March 2015. EPA extended the deadline for the fulfillment of the financial guarantee to March 2014 and then extended the deadline indefinitely.

- *Feasibility Study for the lower 17 miles of the Passaic River*

Notwithstanding what is discussed above, the lower 17 mile section of the Passaic River, from the mouth at Newark Bay to the Dundee Dam, is the subject of the Remedial Investigation/Feasibility Study contemplated in AOC 2007, with completion was expected for 2015, after which EPA would choose a remediation action that will be made public in order to receive comments.

It is anticipated that the remediation and feasibility study will be completed during 2016 or thereafter.

The CPG submitted the Draft Remedial Investigation and Feasibility Study for the Lower 17 miles of the Passaic River during the first semester of 2015. Separate sections were submitted over a nine-month period from February to October 2015. The CGP draft offers potential alternatives to the EPA's FFS, which comprises the lower 8 miles of the Passaic River. The EPA may or may not consider this report as they continue to address comments to the FFS. As of the date of this annual report, the EPA has not submitted any comments.

2.4 Trial for the Passaic River

On the other hand, and in relation to the alleged contamination related to dioxin and other "hazardous substances" discharged from Chemicals' former Newark plant and the contamination of the lower stretch of the Passaic River, Newark Bay, other nearby waterways and surrounding areas in December 2005 the DEP sued YPF Holdings, TS, Maxus and several companies, besides Occidental. The DEP sought remediation of natural resources damaged and punitive damages and other matters. The defendants made responsive pleadings and filings.

In March 2008, the Court denied motions to dismiss by Occidental, TS and Maxus. The DEP filed its Second Amended Complaint in April 2008. YPF filed a motion to dismiss for lack of personal jurisdiction. The motion mentioned previously was denied in August 2008, and the denial was confirmed by the Court of Appeal. Notwithstanding, the Court denied to plaintiffs' motion to bar third party practice and allowed defendants to file third-party complaints. Third-party claims against approximately 300 companies and governmental entities (including certain municipalities) which could have responsibility in connection with the claim were filed in February 2009. DEP filed its Third Amended Complaint in August 2010, adding Maxus International Energy Company and YPF International S.A. as additional named defendants. 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.

In September 2010, Governmental entities of the State of New Jersey and a number of third-party defendants filed their dismissal motions and Maxus and TS filed their responses. In October 2010, a number of public third-party defendants filed a motion to sever and stay and the DEP joined their motion, which would allow the DEP to proceed against the direct defendants. However, the judge has ruled against this motion in November 2010. Third-party defendants have also brought motions to dismiss, which have been rejected by the assistant judge 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 No. XVII (CMO XVII), which contained the Trial Plan for the case. This Trial Plan divides the case into two phases, each with its own mini-trials ("Tracks") which totalized nine Tracks considered as individual trials. In phase one would be determined liability and phase two will determine damages. Regarding the sub-stages: (a) sub-stages I to III (Tracks I to III) correspond to damage claimed by Occidental and the State of New Jersey; (b) sub-stages IV to VII (Tracks IV to VII) correspond to liability by alter ego and fraudulent conveyance with respect to YPF, Maxus and Repsol and to the liability of third parties to Maxus; (c) sub-stage VIII (Track VIII) corresponds to damages claimed by the State of New Jersey; (d) sub-stage IX (Track IX) is the percentage of liability that would correspond to Maxus for the cleanup and remediation costs.

Specifically, sub-stage III (Track III) will determine the extent of Maxus' liability for the operation of the Lister Site; sub-stage IV (Track IV) will determine the possible scope of YPF and Repsol's liability for damages to the Lister Site (alter ego and fraudulent conveyance).

Following the issuance of CMO XVII, the State of New Jersey and Occidental filed motions for partial summary judgment. The State filed two motions: the first one against Occidental and Maxus on liability under the Spill Act, and against TS 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 allegation cannot be made if the nexus between any discharge and the alleged damage is not established. Additionally, the Court ruled that TS has Spill Act liability to the State based merely on its current ownership of the Lister Avenue site; and that Maxus has an obligation under the 1986 Stock Purchase Agreement to indemnify Occidental for any Spill Act liability arising from contaminants discharged on the Lister Avenue site. 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 S.A., YPF and Maxus, on the other hand to discuss the parties' respective positions, but no agreement was reached.

In February 2012, plaintiffs and Occidental filed motions for partial summary judgment, seeking summary adjudication that Maxus has liability under the Spill Act of New Jersey. In the first quarter of 2012 Maxus, Occidental and plaintiffs submitted their respective briefs. Oral arguments were heard on May 15 and 16, 2012. The Judge held that Maxus and TS have direct liability for the contamination generated into the Passaic River. However, volume, toxicity and cost of the contamination were not verified (these issues will be determined in a later phase of the trial). Maxus and TS have the right to appeal such decision.

On September 11, 2012 the Court issued the track VIII order. The track VIII order governs the process by which the Court would conduct the discovery and trial of the State's damages against Occidental, Maxus and TS (caused by the Diamond Alkali Lister Avenue plant). Under the order, the trial for the first phase of track VIII was scheduled to commence in July 2013. However, this schedule has been changed by the following occurrence.

On September 21, 2012, Judge Lombardi (trial judge) granted the State's application for an Order to Show Cause to Stay all proceedings against third party defendants who entered into a Memorandum of Understanding ("MOU") with the State to discuss settlement of the claims against the third party defendants.

On September 27, 2012, Occidental filed its Amended Cross-Claims and the following day, the State filed its fourth Amended Complaint. The principal changes to the State's pleading concern the State's allegations against YPF and Repsol, all of which Occidental has adopted in its cross-claims. In particular, there were three new allegations against Repsol involving asset stripping from Maxus and also from YPF based on the Argentine Government's Mosconi Report. On October 25, 2012, the parties to the litigation agreed to a Consent Order, subject to approval by Judge Lombardi, which, in part, extended the deadline for YPF to respond to the State's and Occidental's new pleadings by December 31, 2012, extends fact deposition discovery until April 26, 2013, extends expert discovery until September 30, 2013, and sets trial on the merits for February 24, 2014, date on which it lost effectiveness as it was replaced by subsequent court orders.

During the fourth quarter of 2012 and the first quarter of 2013, YPF, YPF Holdings, Maxus and TS together with certain other direct defendants in the litigation, have engaged in on-going mediation and negotiation seeking the possibility of a settlement with the State of New Jersey. During this time, the Court has stayed the litigation. On March 26, 2013, the State advised the Court that a proposed settlement between the State and certain third party defendants had been approved by the requisite threshold number of private and public third party defendants. YPF, YPF Holdings, Maxus and TS approved in Boards of Directors the authorization to sign the settlement agreement (the "Agreement") above mentioned. The proposal of the Agreement, which did not imply endorsement of facts or rights and that it is presented only with conciliatory purposes, was subject to an approval process, publication, comment period and court approval. According to the terms of the Agreement, the state of New Jersey would agree to solve certain claims related with environmental liabilities within a geographic area of the Passaic River, New Jersey, United States of America, initiated against YPF and certain subsidiaries, recognizing to YPF and other participants in the litigation, a limited liability of US\$ 400 million, if they are found responsible. In return, Maxus would make cash payment of US\$ 65 million at the time of approval of the Agreement.

In September 2013, Judge Lombardi published its Case Management order XVIII ("CMO 18"), which provides a schedule for approval of the settlement agreement. Pursuant to the CMO 18, the court heard oral arguments on December 12, 2013, after which, Judge Lombardi ruled the rejecting of Occidental's claims and approved the settlement agreement. On January 24, 2014, Occidental appealed the approval of the settlement agreement. Notwithstanding, on February 10, 2014, in compliance with the settlement agreement, Maxus made a deposit of US\$ 65 million in an escrow account. Occidental appealed Judge Lombardi's decision approving the settlement agreement, which was dismissed. Later, on April 11, 2014 Occidental notified the parties that it would not seek an additional revision of Judge Lombardi's decision approving the settlement agreement.

Likewise, on June 23, 2014, lawyers of the State of New Jersey reported that Occidental and the State of New Jersey reached an understanding about the general terms and conditions for a settlement agreement that would end the Track VIII proceedings; and on August 20, 2014 they reported that an agreement had been reached on the text of such settlement agreement.

On July 22, 2014, the Court issued the following:

(a) Case Management Order No. XXIII to conduct the proceedings, establishing a schedule for the first phase of Track IV (related to claims by Occidental alleging “alter ego” between Maxus and its shareholders, and the transfer of assets to YPF and Repsol).

(b) a court Order for the process of approval of the agreement between the State of New Jersey and Occidental, which established a schedule for the approval of the agreement between Occidental and the State of New Jersey.

On December 16, 2014, the Court approved the Settlement Agreement whereby the State of New Jersey agreed to settle all claims against Occidental related to the environmental liabilities within a specific geographical area of the Passaic River, New Jersey, United States of America, in consideration for the payment of US\$ 190 million in three installments, the last payable on June 15, 2015; and a sum amounting up to US\$ 400 million if the State of New Jersey had to pay its percentage for future remedial actions.

On January 5, 2015, Maxus Energy Corporation (“Maxus”), a subsidiary of YPF S.A., received a letter from Occidental requesting Maxus to indemnify Occidental for all the payments that Occidental agreed to pay to the State. Formerly, in 2011 the Court held that Maxus had the contractual obligation to indemnify and hold Occidental harmless from any liability under the New Jersey Spill Compensation and Control Act resulting from contaminants dumped in or from the Lister Avenue site owned by a company bought by Occidental, and with which it merged in 1986. Maxus holds that both the existence and the amount of such obligation to indemnify Occidental for the payments made to the State under the settlement agreement are pending issues that must wait for the Court decision on the Passaic River case.

In addition, on July 31, 2014 Occidental submitted its third amendment to the complaint, in replacement of the second amendment submitted in September 2012. YPF, Repsol and Maxus filed motions to limit Occidental’s third amended complaint arguing that the claims incorporated in the third amendment were not included in the second. Occidental answered that the third amendment incorporates new facts, but not new claims. On October 28, 2014 Judge Lombardi rejected Occidental’s arguments.

Also, Repsol S.A. countersued Occidental Petroleum Corporation (“Occidental”) alleging that the US\$ 65 million paid by Repsol as per the agreement between Repsol, YPF, YPF Holdings, Maxus and Tierra Solutions with the State of New Jersey was paid for damages caused by (a) Diamond Shamrock Chemicals Company, for which Occidental is liable under the share purchase agreement of 1986 or (b) Occidental’s individual conduct.

On March 26, 2015, a new presiding judge was appointed for the case (Hon. Gary Furnari).

On April 15, 2015, Occidental sent Maxus a letter claiming indemnity protection under the share purchase agreement with respect to the counterclaim filed by Repsol against Occidental. On 28 April 2015, Maxus replied contesting the claims reserving all arguments and defenses regarding the SPA’s indemnification provisions.

On March 9, 2015 the Special Master issued the Case Management Order XXVI and the Case Management Order XXVII dated July 1, 2015 under which the new judge extended the deadline to complete all presentations until January 29, 2016, established a briefing schedule pursuant to which summary judgment will not be decided until late April or early May 2016, at the earliest, and included a provision that trial shall be scheduled in June 2016. Depositions of witnesses residing in the U.S. and abroad began in December 2014 in accordance with the Case Management Order XXV. Since that time about forty witnesses have been deposed, including the corporate representatives of all the parties. The issues being explored include Track IV (the alter-ego and fraudulent transfers of assets) and Track III (indemnity claims filed by OCC against Maxus). Depositions of witnesses were completed in mid-October 2015.

Notwithstanding the above, the Special Master authorized the parties to file briefs specifying any issue in respect of which each party believed that the court should authorize early summary judgment motions. The motions filed by the parties and the non-binding opinions as issued by the special judge on January 14, 2016, are summarized below:

(a) YPF filed for early summary judgment against OCC on four issues: i) dismissal of the portion of OCC's claims for alter ego liability, based on the financing of YPF's acquisition of Maxus shares in 1995; ii) dismissal of the portion of OCC's claims for alter ego liability, based on the transfer of Maxus' assets from 1995 through 1999; iii) dismissal of the portion of OCC's liability claims based on the alleged "control" by YPF of Maxus's Board of Directors' decision, in 1996, to sell its subsidiaries in Bolivia and Venezuela to YPF International; and iv) dismissal of the portion of OCC's claims for alter ego liability, based on the transfer of Maxus' environmental liabilities to Tierra in 1996.

The Special Master's Recommendation on YPF's motion recommended to deny the motion on the grounds that i) the statute of repose for fraudulent transfers is not applicable to the remedy of alter ego for breach of contract and ii) a finder of fact should be permitted to consider all portions of YPF actions when determining if there is alter ego liability so dismissal of portions of these claims is inappropriate.

(b) OCC filed for early summary judgment against Maxus in relation to OCC's claim to recover the amount of US\$ 190 million (plus expenses) paid to the State of New Jersey under the settlement agreement.

The motion sought to establish that Maxus is liable for all conduct at the Lister Site, regardless of any actions taken by OCC (including the period of time that the OCC operated Lister Site). Therefore, the Special Master's Recommendation on OCC's motion against Maxus recommended to grant the motion on the grounds that (i) the language of the SPA was not ambiguous and required Maxus to indemnify OCC for its own conduct at the Lister Site and (ii) OCC was not estopped from seeking indemnity from Maxus for its own conduct at the Lister Site because it did not take inconsistent legal positions in prior litigations. Notwithstanding the foregoing, Occidental will have to prove the reasonableness of the US\$190 million amount settled with the State of New Jersey, for which Maxus may eventually be liable.

In addition, OCC filed for early summary judgment dismissing the cross-claims of Repsol against OCC, which seek to recover from OCC the US\$ 65 million payment made by Repsol to New Jersey State under the settlement agreement.

The Special Master's Recommendation on OCC's motion against Repsol recommended to deny the motion in part as to Repsol's contribution claim and to grant the motion in part as to Repsol's unjust enrichment claim, on the grounds that i) Repsol's contribution claims are permissible under the New Jersey Spill Act even if a settlement did not fully discharge liability to the State; ii) demonstrating Repsol's liability under the Spill Act is not a prerequisite for Repsol to receive contribution from OCC; iii) Repsol is not liable to OCC for indemnification as an alter ego of Maxus, and iv) OCC was not unjustly enriched when Repsol settled with the state.

(c) Repsol filed for early summary judgment against OCC to dismiss OCC's cross-claims: i) to extent that OCC's claims are based on prescribed claims for fraudulent transfers; ii) on the grounds that OCC cannot prove that it has suffered damages due to a failure to perform an agreement; iii) on the grounds that OCC cannot prove that Repsol has caused any damage even if a non-performance occurred, because OCC has alleged that Maxus became insolvent before Repsol acquired YPF in 1999; and iv) on the grounds that OCC has failed to pierce the corporate veil between YPF and Repsol.

The Special Master's Recommendation on Repsol's motion against OCC recommended to grant the motion on the grounds that OCC failed to set out any basis to pierce the corporate veil between YPF and Repsol, which the Special Master held OCC was required to do, and because OCC did not allege that YPF was insolvent.

(d) Maxus filed for early summary judgment against OCC to dismiss the claims for damages filed by OCC regarding costs not yet incurred by OCC (future remediation costs). YPF joined in this motion. The Special Master's Recommendation on Maxus's motion against OCC was to grant the motion on the grounds that OCC's request for declaratory judgment has no basis due to the uncertainty regarding future costs.

(e) Finally, related to the claims that OCC sought to add against YPF and Repsol for tortious interference with OCC's contractual rights under the Stock Purchase Agreement of 1986 (between Maxus and OCC), the Special Master's recommended to deny the motion on the grounds that OCC improperly delayed in seeking to supplement its claims despite having multiple earlier opportunities to do so.

The parties appealed the Special Master's Recommendations by February 16, 2016. The recommendations will be submitted to the trial judge who may adopt them completely, partially or refuse them and issue a new judgment. Until the court rules on these recommendations, Repsol and OCC have requested an interruption of the expert witness phase. The judge partially accepted the suspension request regarding the evidence to be produced by Repsol. Accordingly, the court will have to issue a new Case Management Order, reviewing the deadlines for the remaining phases of the process.

Furthermore, on October 23, 2015, YPF received a copy of the six reports produced by OCC regarding expert witnesses. Three of the reports are intended to fully demonstrate claims set forth by OCC under Track III. The other three are intended to defend OCC's position in respect of Track IV. The remaining parties, including YPF, have submitted their reports regarding expert evidence and have begun with the testimony of these experts, which is expected to be completed in the first quarter of 2016.

2.5. Conclusion

As at December 31, 2015, an accrual for all matters related to the "Environmental Issues relating to Lister site and Passaic River" was recorded for a total amount of 2,665 comprising the cost of studies, the most reasonable estimation of expenses that YPF Holdings Inc. may incur for remedial activities, taking into account the impossibility of reasonably estimating a loss or loss range related to the eventual aforementioned FFS costs, considering the studies performed by TS, and the estimated costs corresponding to the Removal Agreement from 2008, as well as other matters related to Passaic River and Newark Bay. This includes the aforementioned associated legal matters. However, other potentially works may be required, including remedial measures additional to or different from those taken into account. Additionally, the development of new information, the imposition of penalties or remedial actions, or the outcome of negotiations related to the mentioned matters differing from the scenarios assessed by YPF Holdings may result in a need by this company to incur in additional costs higher than the current allowance amount accrued.

Considering the information available to YPF Holdings Inc. as of the date of issuance of these financial statements; the results of studies and testing phase; as well as the potential liability of the other parties involved in this issue and the possible allocation of the removal costs; and considering the opinion of our internal and external legal advisors, the management of the Company has not accrued additional amounts than the mentioned above and that could emerge as a result of the conclusion of the aforementioned issues and consequently to be reasonably estimated.

3. Other Environmental Administrative Issues unrelated to "Passaic River"

- *Hudson County, New Jersey*

Until 1972, Chemicals operated a chromite ore processing plant at Kearny, New Jersey ("Kearny Plant"). According to the DEP, wastes from these ore processing operations were used as fill material at a number of sites in and near Hudson County. DEP has identified over 200 sites in Hudson and Essex Counties alleged to contain chromite ore processing residue either from the Kearny Plant or from plants operated by two other chromium manufacturers.

The DEP, TS and Occidental, as successor to Chemicals, signed an administrative consent order with the DEP in 1990 for investigation and remediation work at 40 chromite ore sites in Hudson and Essex Counties alleged to be impacted by the Kearny Plant operations.

TS, on behalf of Occidental, is presently performing the work and funding Occidental's share of the cost of investigation and remediation of these sites. In addition, financial assurance has been provided in the amount of US\$ 20 million for performance of the work. The ultimate cost of remediation is uncertain. TS submitted its remedial investigation reports to the DEP in 2001, and the DEP continues to review the report.

Additionally, in May 2005, the DEP took two actions in connection with the chrome sites in Hudson and Essex Counties. First, the DEP issued a directive to Maxus, Occidental and two other chromium manufacturers directing them to arrange for the cleanup of chromite ore residue at three sites in New Jersey City and the conduct of a study by paying the DEP a total of US\$ 20 million. While YPF Holdings Inc. believes that Maxus is improperly named and there is little or no evidence that Chemicals' chromite ore residue was sent to any of these sites, the DEP claims these companies are jointly and severally liable without regard to fault. Second, the State of New Jersey filed a lawsuit against Occidental and two other entities seeking, among other things, cleanup of various sites where chromite ore processing residue is allegedly located, recovery of past costs incurred by the state at such sites (including in excess of US\$ 2 million allegedly spent for investigations and studies) and, with respect to certain costs at 18 sites, treble damages. The DEP claims that the defendants are jointly and severally liable, without regard to fault, for much of the damages alleged. In February 2008, the parties reached an agreement in principle, for which TS, on behalf of Occidental, agreed to pay US\$ 5 million and perform remediation works in three sites, with a total cost of approximately US\$ 2 million, subject to the terms of a Consent Judgment between and among DEP, Occidental and two other parties, which was published in the New Jersey Register in June 2011, and became final and effective as of September 2011. Pursuant to the Consent Judgment, the US\$ 5 million payment was made in October 2011 and a master schedule was delivered to DEP for the remediation during a ten-year period, of the three orphan sites plus the remaining chromite ore sites (approximately 26 sites) under the Kearny ACO. DEP indicated that it could not approve a ten-year term; consequently, Maxus submitted a revised eight-year schedule which was approved by DEP on March 24, 2013.

On behalf of Occidental, Maxus granted a financial guarantee in an amount of US\$ 20 million for the performance of this work. Currently, TS is performing the work in accordance with the Master Plan, where the outstanding activities are the onset and completion of extensions work at six sites, the implementation of the planning phase of the remedial action for a minimum of eight sites, and the preparation and/or presentation of the remedial work plan intended to start them in about seven sites.

In November 2005, several environmental groups sent a notice of intent to sue the owners of the properties adjacent to the former Kearny Plant (the "adjacent property"), including among others TS, under the Resource Conservation and Recovery Act. The stated purpose of the lawsuit, if filed, would be to require the noticed parties to carry out measures to abate alleged endangerments to health and the environment emanating from the Adjacent Property. The parties have entered into an agreement that addresses the concerns of the environmental groups, and these groups have agreed, not to file suit. After the original agreement expired, the parties entered into a new Standstill Agreement, effective since March 7, 2013.

In March 2012, the PRG received a Notice of Deficiency ("NOD") letter from DEP relating to the Hackensack River Study Area ("HRSA") Supplemental Remedial Investigation Work Plan ("SRIWP") that the PRG had submitted to the DEP in January 2009. In the NOD, DEP seeks to expand the scope of work that would be required in the Hackensack River under the SRIWP to add both additional sample locations/core segments and parameters.

While the PRG acknowledges that it is required to investigate and prevent chrome releases from certain upland sites into the river, the PRG contends that it has no obligation under the governing ACOs and Consent Judgment to investigate chrome contamination in the river generally. PRG responded with these and other arguments to the NOD, by which asked for its cancellation. Negotiations between the PRG and the DEP are ongoing.

As of December 31, 2015, there are approximately 608 accrued in connection with the foregoing chrome-related matters. The study of the levels of chromium has not been finalized, and the DEP is still reviewing the proposed actions. The cost of addressing these chrome-related matters could increase depending upon the final soil actions, the DEP's response to TS's reports and other developments.

- *Standard Chlorine Chemical Company Superfund Site*

In 2013, the Standard Chlorine Site Cooperating Parties Group (including Maxus on behalf of Occidental) entered into a CERCLA Administrative Order on Consent with EPA. This Consent Order required the Cooperating Parties Group to fund and perform a Site RI/FFS. The RI was completed during the fourth quarter of 2014 and EPA approved the RI Report in October 2015. The draft FFS was submitted to EPA during the third quarter of 2015. The Site Cooperating Parties Group received EPA's initial comments on the FFS on October 1, 2015. The revised FFS is due to EPA on March 11, 2016.

As of December 31, 2015, Maxus had reserved 22 for known probable and reliably estimable Site related losses to allow continued response for this matter on Occidental's behalf.

- *Painesville, Ohio*

In connection with the Chemical's operation until 1976 of one chromite ore processing plant ("Chrome Plant"), the Ohio Environmental Protection Agency ("OEPA") ordered to conduct a RI/FS at the former Painesville's Plant area. OEPA has divided the Painesville Work Site into 20 operable units, including operable units related to groundwater. TS has agreed to participate in the RI/FS as required by the OEPA. TS submitted the remedial investigation report to the OEPA, which was finalized in 2003. TS will submit required feasibility reports separately. In addition, the OEPA has approved certain work, including the remediation of specific operable units within the former Painesville Works area and work associated with the development plans (the "Remediation Work"). The Remediation Work has begun. As the OEPA approves additional projects related to investigation, remediation, or operation and maintenance activities for each operable unit within the Site, additional amounts will need to be provisioned.

Over fifteen years ago, the former Painesville Works Site was proposed for listing on the national Priority List under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"); however, the EPA has stated that the site will not be listed so long as it is satisfactorily addressed pursuant to the Director's Order and OEPA's programs. As of the date of issuance of these consolidated financial statements, the site has not been listed.

During the third quarter of 2015 the final remedies for Operable Units 2 and 6 were completed; Ohio EPA approved these remedy completions in July 2015 and terminated the applicable State Administrative Orders. Also in July 2015, OPEA issued its Preferred Remedial Plan for OU-5. As of December 31, 2015, the Painesville PRP Group (including Tierra and Maxus on behalf of Occidental) continues to move forward with the funding and performance of Feasibility Studies for each of the remaining Operable Units and the performance of individual Operable Unit remedies as they are selected by OPEA. Further, Maxus, on behalf of Occidental, continues to fund and perform groundwater extraction and treatment, and operation and maintenance activities, as required under the 1983 RCRA Administrative Consent Order.

As of December 31, 2015, the Company has reserved approximately 134 for known probable and reasonably estimable Painesville Site environmental liabilities.

The scope and nature of any further investigation or remediation that may be required cannot be determined at this time; however, as the RI/FS progresses, YPF Holdings will continuously assess the condition of the Painesville Works Site and make any required changes, including additions, to its provision as may be necessary.

- *Other sites - Greens Bayou*

Pursuant to settlement agreements with the Port of Houston Authority and other parties, TS and Maxus are participating (on behalf of Chemicals) in the remediation of property required Chemicals' former Greens Bayou facility where DDT and certain other chemicals were manufactured. Additionally, in 2007 the parties have reached an agreement with the Federal and State Natural Resources Trustees concerning natural resources damages. In 2008, the Final Damage Assessment and Restoration Plan/Environmental Assessment were approved, specifying the restoration projects to be implemented. During the first semester of 2011, TS negotiated, on behalf of Occidental, a draft Consent Decree with governmental agencies of the United States and Texas addressing natural resource damages at the Greens Bayou Site. The Consent Decree was signed by the parties in January 2013 and notice of approval of the Proposed Consent Agreement was published in the Official Gazette on January 29, 2013. After the publication of the notice a period of 30 days is opened for comments. Under the agreement, it is agreed to reimburse certain costs incurred by the aforementioned governmental agencies and conducting two restoration projects for a total amount of US\$ 0.8 million. Although the primary work was largely finished in 2009, some follow-up activities and operation and maintenance remain pending. As of December 31, 2015, YPF Holdings Inc. has accrued 50 for its estimated share of remediation activities associated with Greens Bayou facility.

- *Milwaukee Solvay Site*

In June 2005, the EPA designated Maxus as PRP (Potential Responsible Party) at the Milwaukee Solvay Coke & Gas site in Milwaukee, Wisconsin. The basis for this designation is Maxus alleged status as the successor to Pickands Mather & Co. and Milwaukee Solvay Coke Co., companies that the EPA has asserted are former owners or operators of such site.

In November 2006, five PRPs, including Maxus, signed a joint agreement of participation and defense that establishes the allocation of costs for making a RI/FS. Under the agreement Maxus is responsible for a significant part.

In 2007, Maxus signed with four other parties potentially involved, an AOC to conduct RI/FS about contamination in the soil, groundwater, as well as in the Kinnickinnic River sediments.

On April 25, 2012 EPA made a proposal concerning the scope of future investigations of sediments, which was rejected by the PRP group.

On June 6, 2012 the PRP Group submitted a proposed Field Sampling Plan (FSP) that included detailed plans for the remaining upland investigation and a phased approach to the sediment investigation. In July 2012, EPA responded to the FSP requiring expanded sediment sampling as part of the next phase of the investigation and additional evaluation for the possible presence of distinct coal and coke layers on parts of the upland portion of the Site. In December 2012, EPA approved the PRP Group's revised FSP, and the PRP Group commenced upland and sediment investigation activities. The estimated cost of implementing the field work associated with the FSP is approximately US\$ 0.8 million.

In February 2014, the PRP Group submitted to EPA and the Wisconsin Department of Natural Resources ("WDNR") a preliminary study of basic assessment of risk to human health, a preliminary study of ecological risk assessment of upland and an ecological risk assessment of aquatic life. Currently, they are conducting sediment research activities as approved in the FSP.

In June 2014, the PRP Group submitted to EPA and WDNR the draft Remedial Investigation ("RI") Report and risk assessment documents (i.e., Baseline Human Health Risk Assessment, Screening Level Ecological Risk Assessment, and Aquatic Baseline Ecological Risk Assessment) and a Remedial Action Objectives Technical Memorandum. Comments to the draft RI Report were received in October 2014. In accordance with the timeline established by the Agencies, in November 2014 the PRP Group submitted written responses to the EPA/WDNR comments concerning the draft RI and risk assessment documents. The PRP Group received approval from EPA to defer preparation of responses to the comments on the draft RAOs until after the RI has been approved.

EPA commented on the RI Report in November 2015, and the PRP Group submitted a revised RI Report in December 2015.

YPF Holdings Inc. has accrued 4 as of December 31, 2015 for its estimated share of the costs of the RI/FS. The main outstanding issue lies in determining the extent of the studies of sediments in the river that may be required. YPF Holdings Inc. lacks sufficient information to determine additional costs, if any; it might have in respect of this site.

- *Other sites - Black Leaf Chemical Site*

In September 2011, Occidental and Exxon Mobil received a liability notice from EPA under the ruling known as 104(e) for the site called Black Leaf Chemical located at Louisville, Kentucky. Occidental requested that Maxus undertake the defense of this matter by virtue of the indemnity established in the Stock Purchase Agreement of 1986. Maxus accepted the defense, reserving its rights with respect to the case and without acknowledging any responsibility, in November 2011. In March 2013, EPA requested Maxus on behalf of Occidental, and Exxon Mobil to perform specific remedial tasks and to reimburse EPA and the local regulatory authority certain past costs (estimated between US\$ 3 and US\$ 5 million).

In September 2014, the Environmental Protection Department of Kentucky ("EPDK") initiated investigation procedures. In October 2015, the EPDK approved the site characterization report submitted by the cooperation group and required presentation of a remediation action plan. In January 2016, the cooperation group presented the required remediation action plan. As of December 31, 2015, the Company provisioned its contribution for the estimated site remediation costs.

- *Tuscaloosa Site*

YPF Holdings Inc. has completed the remediation activities at this site and has provisioned 52 for matters related to operation and maintenance activities as of December 31, 2015.

- *Malone Services Site*

Maxus has agreed to defend Occidental, as successor to Chemicals, in respect of the Malone Services Company Superfund site in Galveston County, Texas. This site is a former waste disposal site where Chemicals is alleged to have sent waste products prior to September 1986. The potentially responsible parties, including Maxus on behalf of Occidental, formed a PRP Group to finance and perform an AOC RI/FS. The RI/FS has been completed and the EPA has selected a Final Remedy, the EPA Superfund Division Director signed the Record of Decision on September 20, 2009. The PRP Group signed a Consent Decree in the second quarter of 2012 which became effective in July, 2012. During 2012, 2013, 2014 and 2015 the PRP Group continued with the design, planning and remediation phase. As of December 31, 2015 YPF Holdings has accrued 5 in connection with its obligations for this matter.

- *Central Chemical Company Superfund Site (Hagerstown, Maryland)*

The Central Chemical PRP Group has been responding to this federal Superfund Site since the early/mid 1990s. The PRP Group consists of parties who EPA alleges are former Central Chemical Company customers (or who are the legal successors thereof) which arranged for the disposal of certain CERCLA hazardous substances at the Site. Maxus participates in the PRP Group on behalf of Occidental. In 1998, the EPA entered into a CERCLA Administrative Order on Consent with certain PRPs to conduct an RI/FS. The PRP Group, including Maxus, on behalf of Occidental, funded and performed the RI/FS, which was completed in 2007. In 2009 the EPA issued its Record of Decision which selected the final Site remedy. In 2010, EPA divided the Site into two Operable Units: "Operable Unit 1" (OU-1) – Site soils, waste and shallow groundwater, and; "Operable Unit 2" (OU-2)—bedrock groundwater. In September 2012, the EPA issued CERCLA Special Notice Letters to the PRPs, including Occidental, requesting that they fund and perform the Site OU-1 remedy. In August 2013, the PRP Group members, including Occidental, entered into a CERCLA Administrative Order on Consent to fund and perform the Remedial Design for Operable Unit 1.

In early 2014, the PRP Group and the EPA began negotiations of a judicial Consent Decree for the funding and performance of the Remedial Action for Operable Unit No. 1. During the third quarter of 2015, the Central Chemical PRP Group members (including Maxus on behalf of Occidental) entered into a judicial Consent Decree for the funding and performance of the OU-1 Remedy (the "OU-1 Consent Decree"). The OU-1 Consent Decree was approved and entered with the court in October 2015. Performance of the Remedial Action for Operable Unit No. 1 is currently forecasted to occur between 2016 and 2021; and according to EPA, is estimated to cost approximately US\$ 14.2 million. In addition, the EPA may also require the Central Chemical PRP Group to initiate a Remedial Design/Remedial Action for Operable Unit 2 in 2016 or 2017; which the PRP Group has estimated could cost at least US\$ 3 million.

As of December 31, 2015, Maxus had reserved 17 for known probable and reliably estimable Site related losses to allow continued response for this matter on Occidental's behalf.

- *Other third party sites*

Chemicals has also been designated as a PRP with respect to a number of third party sites where hazardous substances from Chemicals' plant operations allegedly were disposed or have come to be located. At several of these, Chemicals has no known relationship. Although PRPs are typically jointly and severally liable for the cost of investigations, cleanups and other response costs, each has the right of contribution from other PRPs and, as a practical matter, cost sharing by PRPs is usually effected by agreement among them. As of December 31, 2015, YPF Holdings Inc. has accrued approximately 48 in connection with its estimated share of costs related to certain sites and the ultimate cost of other sites cannot be estimated at the present time.

- *Black Lung Benefits Act Liabilities*

The Black Lung Benefits Act provides monetary and medical benefits to miners disabled with a lung disease, and also provides benefits to the dependents of deceased miners if black lung disease caused or contributed to the miner's death. As a result of the operations of its coal-mining subsidiaries, YPF Holdings Inc. is required to provide insurance of this benefit to former employees and their dependents. As of December 31, 2015, YPF Holdings Inc. has accrued 35 in connection with its estimate of these obligations.

4. Other legal proceedings

- *Sale Taxes - Texas*

In 2001, the Texas State Controller assessed Maxus approximately US\$ 1 million in Texas state sales taxes for the period of September 1, 1995 through December 31, 1998, plus penalty and interest.

In August 2004, the administrative law judge issued a decision affirming approximately US\$ 1 million of such assessment, plus penalty and interest. YPF Holdings Inc. believes the decision is erroneous, but has paid the revised tax assessment, penalty and interest (a total of approximately US\$ 2 million) under protest. Maxus filed a suit in Texas state court in December 2004 challenging the administrative decision. The matter will be reviewed by a trial de novo in the court action, additionally, settlement negotiations are ongoing.

- *Occidental's claim for past events - Texas*

In 2002, Occidental sued Maxus and TS in state court in Dallas, Texas seeking a declaration that Maxus and TS have the obligation under the agreement pursuant to which Maxus sold Chemicals to Occidental to defend and indemnify Occidental from and against certain historical obligations of Chemicals, notwithstanding the fact that said agreement contains a twelve-year cut-off for defense and indemnity obligations with respect to most litigation. TS was dismissed as a party, and the matter was tried in May 2006. The trial court decided that the twelve-year cut-off period did not apply and entered judgment against Maxus. This decision was affirmed by the Court of Appeals in February 2008. Maxus has petitioned the Supreme Court of Texas for review. This lawsuit was denied. Maxus anticipates that Occidental's costs in the future under the Dallas case will not exceed those incurred in the first semester of 2012. Most of the claims that had been rejected by Maxus based on the twelve-year cut-off period, were related to "Agent Orange". With the exception of one Agent Orange claim filed in 2012 and dismissed in 2013. All pending Agent Orange litigation was dismissed in December 2009, and although it is possible that further claims may be filed by unknown parties in the future, no further significant liability is anticipated.

- *Turtle Bayou*

In March 2005, Maxus agreed to defend Occidental, as successor to Chemicals, in respect of an action seeking the contribution of costs incurred in connection with the remediation of the Turtle Bayou waste disposal site in Liberty County, Texas. The plaintiffs alleged that certain wastes attributable to Chemicals found their way to the Turtle Bayou site. Trial for this matter was bifurcated, and in the liability phase Occidental and other parties were found severally, and not jointly, liable for waste products disposed of at this site. Trial in the allocation phase of this matter was completed in the second quarter of 2007, and following post judgment motions, the court entered a decision setting Occidental's liability at 15.96% of the past and future costs to be incurred by one of the plaintiffs. Maxus appealed this matter. In June 2010, the Court of Appeals ruled that the District Court had committed errors in the admission of certain documents, and remanded the case to the District Court for further proceedings. Maxus took the position that the exclusion of the evidence should reduce Occidental's allocation by as much as 50%. The District Court issued its Amended Findings of Fact and Conclusions of Law in January 2011, requiring Maxus to pay, on behalf of Occidental, 15.86% of the past and future costs to be incurred by one of the plaintiffs. On behalf of Occidental, Maxus presented an appeal in the first semester of 2011. The U.S. Court of Appeals for the Fifth Circuit affirmed the District Court's ruling in March 2012. Maxus paid to the plaintiff, on behalf of Occidental, US\$ 2 million in June 2012 covering past costs and US\$ 0.9 million in November 2012 to cover the costs incurred by El Paso in 2007-2011. The obligation to pay some future costs is still pending. As of December 31, 2015, YPF Holdings Inc. has accrued 5 in respect of this matter.

- *Ruby Mhire:*

In May 2008, Ruby Mhire and others (“Mhire”) brought suit against Maxus and other third parties, alleging that various parties including a predecessor of Maxus had contaminated certain property in Cameron Parish, Louisiana, during oil and gas activities on the property. Maxus’ predecessor operated on the property from 1969 to 1989. The Mhire plaintiffs have demanded remediation and other compensation from approximately US\$ 159 million to US\$ 210 million basing themselves on plaintiff’s experts study. During June 2012, the parties in the case held a court-ordered mediation. Maxus filed appropriate answers to the complaints. On June 22, 2012, the parties to the case held a mediation requested by the Court to discuss a settlement. In this mediation, two of the five defendants reached an agreement with the plaintiffs. Plaintiffs did not attain a termination agreement with the three remaining defendants (Maxus, Chevron and El Paso). In the fourth quarter of 2012 both the discovery process and the depositions were intensified. In December 2012, Maxus filed an appeal with the intention to obtain a change of forum, alleging that its due process rights would be adversely affected if the case was heard in Cameron. The Court had contemplated a hearing in February 2013 and a trial in March 2013. However, the Court suspended litigation in order to allow for the negotiation of an out-of-court settlement agreement between the parties. On June 2013, Maxus signed an agreement with its plaintiffs, in which Maxus has to make installment payments over three years, and is required to remediate the site. On July 31, 2013, the Court of Judicial District No. 38 of Cameron, Louisiana State accepted the Resolution Agreement after receiving the notification of No Objection from the Department of Natural Resources, Office of Conservation on July 8, 2013. In August 2013, under the Settlement Agreement, Maxus made the initial payment of US\$ 2 million and in December 2013, June 2014 and December 2014 Maxus made payments of US\$ 3 million each time.

One last installment payment in the amount of US\$ 1 million was made in June 2015. Maxus has no further payment obligation to plaintiffs under the Settlement Agreement; however, it must still undertake remediation of the site, which is expected to be completed in 2016.

- *The Bedivere Litigation (Bedivere Insurance Company et al. v Maxus Energy Corporation);*

Is an Insurance Declaratory Judgment Action (“Declaratory Action”) which was filed against Maxus in Texas State District Court. The Plaintiffs are former insurers, or successors thereof, who issued insurance policies to Maxus and its predecessors covering certain risks associated with oil and gas exploration and production activities in the State of Louisiana (the “Policies”). The underlying subject matter of the Declaratory Action arises from the alleged claims, and ultimate settlement thereof, asserted against Maxus in the Ruby Mhire Litigation. The Ruby Mhire Litigation was a Louisiana Oil Field Legacy Liability Lawsuit which was filed in Cameron Parish, Louisiana in 2008 against numerous oil and gas companies, including Maxus. Maxus settled the Ruby Mhire Litigation during the summer of 2013. Prior to the filing of the Declaratory Action, Maxus had been engaged in substantive discussions with the claims administrator for the Plaintiff insurance companies in the Declaratory Action regarding a possible resolution of Maxus claims under the Policies. On June 18th, 2015, Resolute issued a Denial of Coverage, and without prior notice, filed the Declaratory Action the next day. Maxus is actively defending the case. As a first step, in October 2015, Maxus requested a change of venue to Harris County, which was granted by the court.

- *Environmental Contamination Claims in Louisiana:*

Maxus is also defending two additional environmental contamination claims brought against it in Louisiana arising from legacy petroleum exploration and production activities.

The Jumonville Litigation: is a claim brought in 2012 in Port Coupee Parish, Louisiana against Murphy Oil, as Lessee, and Maxus as successor to Apexco/Natomas, the operator, for environmental contamination caused by the drilling of a deep well in 1976 that was a dry hole, and which was plugged and abandoned in 1978. The claim against Murphy Oil is a contract claim with a 10-year prescription period from date of discovery. The claim against Maxus is a tort claim with a 1-year prescription period from date of discovery. Murphy Oil asserts, without documentary evidence to date, that it probably farmed-out or assigned the lease to Maxus and that there would have been an indemnity provision in such documentation. Murphy Oil’s position is that Maxus has an obligation to indemnify it as Maxus’s predecessor was the operator of the well. However, it has produced not documentary evidence of this. In May 2014, the court severed the plaintiffs’ claims against Maxus and Murphy Oil from its claims against other defendants and set the trial date for August 2015. In July 2015, Maxus and Plaintiffs entered into a non-binding Settlement Memorandum of Understanding (MOU) as a first step towards a court-approved settlement of this litigation. Under the terms of the MOU, the litigation is stayed as to Maxus and Murphy Oil to allow for continued settlement discussions. The MOU contemplates a final settlement consisting of, among other things, two primary components: 1) a monetary payment(s) made by Maxus to the Plaintiffs, and 2) Maxus’ funding and performance of a defined limited site remediation project at the Plaintiffs’ property.

As of December 31, 2015, Maxus and the Plaintiffs continue to make progress towards concluding a final and definitive settlement agreement. Maxus expects that this matter will be resolved within the monetary amounts previously budgeted and reserved by the Company. The Company currently forecasts that the Plaintiff's claims against Maxus in this litigation will be resolved sometime during the second quarter of 2016. Maxus advises that absent a definitive settlement sharing agreement between Maxus and Murphy, it is possible that litigation of cross-claims could ensue between Maxus and Murphy Oil to resolve any settlement allocation dispute.

YPF Holdings Inc., including its subsidiaries, is a party to various other lawsuits and environmental situations, the outcomes of which are not expected to have a material adverse effect on YPF's financial condition or its future results of operations. YPF Holdings Inc. provisioned legal contingences and environmental situations that are probable and can be reasonably estimated.

11. CONTINGENT LIABILITIES, CONTINGENT ASSETS, CONTRACTUAL COMMITMENTS, MAIN REGULATIONS AND OTHERS

a) Contingent liabilities

The Company has the following contingencies and claims, individually significant, that the Company's management, in consultation with its external counsels, believes have possible outcome. Based on the information available to the Company, including the amount of time remaining before trial among others, 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 on certain matters referred to below:

- *Asociación Superficiares de la Patagonia ("ASSUPA")*: In August 2003, ASSUPA sued 18 companies operating exploitation concessions and exploration permits in the Neuquén Basin, YPF being one of them, claiming the remediation of the general environmental damage purportedly caused in the execution of such activities, and subsidiary constitution of an environmental restoration fund and the implementation of measures to prevent environmental damages in the future. The plaintiff requested that the Argentine Government, the Federal Environmental Council ("Consejo Federal de Medio Ambiente"), the provinces of Buenos Aires, La Pampa, Neuquén, Río Negro and Mendoza and the Ombudsman of the Nation be summoned. It requested, as a preliminary injunction, that the defendants refrain from carrying out activities affecting the environment. Both the Ombudsman's summon as well as the requested preliminary injunction were rejected by the CSJN. YPF has answered the demand requesting its rejection, opposing failure of the plaintiff and requiring the summon of the Argentine Government, due to its obligation to indemnify YPF for events and claims previous to January 1, 1991, according to Law No. 24,145 and Decree No. 546/1993. The CSJN gave the plaintiffs a term to correct the defects of the complaint. On August 26, 2008, the CSJN decided that such defects had already been corrected and on February 23, 2009, ordered that certain provinces, the Argentine Government and the Federal Environmental Council be summoned. Therefore, pending issues were deferred until all third parties impleaded appear before the court. As of the date of issuance of these consolidated financial statements, the provinces of Río Negro, Buenos Aires, Neuquén, Mendoza, and the Argentine government have made their presentations, which are not available to the Company yet. The provinces of Neuquén and La Pampa have claimed lack of jurisdiction, which has been answered 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 meetings that would take place during such suspension, authorizing the participation of the remaining parties and third parties. ASSUPA reported the interruption of the negotiations in the claim and the CSJN declared finalize the 60 days period of suspension property ordered.

On December 30, 2014 the Supreme Court issued two interlocutory judgments. By the first, it supported the claim of the Provinces of Neuquén and La Pampa, and declared that all environmental damages related to local and provincial situations were outside the scope of his original competence, and that only “inter-jurisdictional situations” (such as the Colorado River basin) would fall under his venue.

By the second judgment, the Court rejected the petition filed by ASSUPA to incorporate Repsol and the directors who served in YPF until April 2012 as a necessary third party. The Court also rejected precautionary measures and other proceedings related to such request.

In addition, it should be highlighted that the Company learned about other three court complaints filed by ASSUPA against:

- (i) Concessionaire companies in the San Jorge Gulf basin areas: An attempt was made to give notice of the complaint to YPF, which was held null and void due to formal defects thereof. Currently, the court has ordered the suspension of procedural terms;
 - (ii) Concessionaire companies in the Austral basin areas: In this case, a highly summarized action has been ordered. In addition, an interim relief has been issued to notify several companies of the existence of the suit, and for the defendants to contribute certain information. This interim relief has been appealed against by YPF. On November 2, 2015 YPF was notified of the lawsuit. Following an YPF request, the court ordered on November 4, 2015 to suspend the procedural time-limits.
 - (iii) Concessionaire companies in the Northwest basin areas: The action has been submitted to ordinary proceedings. On December 1, 2014, the Company was notified about the complaint. Currently, the answering terms have been stayed as a result of a request submitted by the Company. In addition, Pan American Company has challenged the acting judge without cause, wherefore the file was remitted for the proceedings to be heard by Salta Federal Court No.2.
- *Petersen Energía Inversora, S.A.U and Petersen Energía, S.A.U. (collectively, “Petersen”)*: On April 8, 2015 Petersen Energía Inversora, S.A.U and Petersen Energía, S.A.U. (jointly, “Petersen”), a former shareholder of YPF, filed a complaint against the Argentine Republic and YPF with the U.S. District Court for the Southern District of New York. The litigation is being conducted by the bankruptcy trustee of the aforesaid companies by reason of a liquidation process pending in a Commercial Court in Spain. The complaint contains claims related to the expropriation of the controlling interest of Repsol in YPF by the Argentine Republic in 2012, asserting that the obligation by the Argentine Republic to make a purchase offer to the remaining shareholders would have been triggered. Claims seem to be mainly grounded on allegations that the expropriation breached contract obligations contained in the initial public offering and bylaws of YPF and seeks unspecified compensation. The Company filed a motion to dismiss on September 8, 2015, the date which was set as a result of the extension of the term provided for by the Court. On the other hand, Petersen filed an objection against YPF’s motion to dismiss. Currently the parties await the decision of the Court.

As of the date of this annual report, there are no elements held by YPF to quantify the potential impact that this claim could have on the Company.

- *Petitions for bankruptcy filed by Pan American Sur S.A., Pan American Fuegoína S.A. and Pan American Energy LLC Sucursal Argentina*: On September 18, 2015, Metrogas S.A. was made aware of petitions for bankruptcy, filed by Pan American Sur S.A., Pan American Fuegoína S.A. and Pan American Energy LLC Sucursal Argentina, which are being heard by Argentine First Instance Court No. 26 in Commercial Matters, Division No. 51 of Buenos Aires City. As of the date of these consolidated financial statements, Metrogas has not received any notice regarding said court files, despite of which it shall take all necessary action for an appropriate defense of its rights.

- *Dock Sud environmental claims*: A group of neighbours of Dock Sud, Province of Buenos Aires, have sued 44 companies, among which YPF is included, the Argentine Government, the Province of Buenos Aires, the City of Buenos Aires and 14 municipalities, before the CSJN, seeking the remediation and the indemnification of the environmental collective damage produced in the basin of the Matanza and Riachuelo rivers. Additionally, another group of neighbours of the Dock Sud area, have filed two other environmental lawsuits, one of them desisted in relation to YPF, claiming several companies located in that area, among which YPF is included, the Province of Buenos Aires and several municipalities, for the remediation and the indemnification of the environmental collective damage of the Dock Sud area and for the individual damage they claim to have suffered. At the moment, it is not possible to reasonably estimate the outcome of these claims, as long as, if applicable, the corresponding legal fees and expenses that might result. YPF has the right of indemnity by the Argentine Government for events and claims previous to January 1, 1991, according to Law No. 24,145 and Decree No. 546/1993.

By means of sentence dated July 8, 2008, the CSJN:

- (i) Determined that the Basin Authority (Law No. 26,168) (“ACUMAR”) should be in charge of the execution of the program of environmental remediation of the basin, being the Argentine Government, the Province of Buenos Aires and the City of Buenos Aires responsible of its development; delegated in the Federal Court of First Instance of Quilmes the knowledge of all the matters concerning the execution of the remediation and reparation; declared that all the litigations related to the execution of the remediation plan will accumulate and will proceed before this court and established that this process produces that other collective actions that have for object the environmental remediation of the basin be dismissed (“littispendentia”). YPF has been notified of certain resolutions issued by ACUMAR, by virtue of which YPF has been requested to present an Industrial Reconversion Program, in connection with certain installations of YPF. The Program has been presented although the Resolutions had been appealed by the Company;
 - (ii) Decided that the proceedings related to the determination of the responsibilities derived from past behaviours for the reparation of the environmental damage will continue before the CSJN.
- *Environmental claims in La Plata*: YPF is aware of an action that has not been served yet, in which the plaintiff requests the clean-up of the channel adjacent to the La Plata refinery, the Río Santiago, and other sectors near the coast line, and, if such remediation is not possible, an indemnification of 500 or an amount to be determined from the evidence produced in discovery. The claim partially overlaps with the requests made by a group of neighbours of La Plata refinery on June 29, 1999, described in Note 10 of “La Plata and Quilmes environmental claims”. Accordingly, YPF considers that if it is served in this proceeding or any other proceeding related to the same subject matters, the cases should be consolidated to the extent that the claims overlap. The issue has been archived and no notice has been served of the complaint filed against YPF in 2006. Therefore, this will not be reported in the future.

In addition to the information mentioned above, YPF has entered into an agreement with the OPDS in connection with the claims of the channels adjacent to the La Plata refinery. See Note 10 “*La Plata and Quilmes environmental claims*”.
 - *Environmental claims in Quilmes*: YPF has been notified of a complaint filed by neighbours of Quilmes city, province of Buenos Aires, claiming approximately 421 for compensation for personal damages. Considering the phase of the trial, the evidence available to the date, and the preliminary judgment of internal and external legal advisors, YPF is unable to reasonably estimate the possible loss or range of loss related to this complaint.

- *National Antitrust Protection Board (“CNDC”)*: On November 17, 2003, Antitrust Board requested explanations, within the framework of an official investigation pursuant to Article 29 of Law No. 25,156 of Antitrust Protection, from a group of almost thirty natural gas production companies, YPF among them, with respect to the following items: (i) the inclusion of clauses purportedly restraining trade in natural gas purchase/sale contracts; and (ii) observations on gas imports from Bolivia, in particular (a) old expired contract 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, YPF submitted explanations in accordance with article 29 of the Antitrust 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, YPF received a notification of resolution dated December 2, 2005, whereby the Antitrust Board (i) rejected the “non bis in idem” petition filed by YPF, 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 opening of the proceedings be undertaken pursuant to the provisions of Section 30 of the Antitrust Law. On January 15, 2007, the Antitrust Board charged YPF and eight other producers with violations of the Antitrust Law. YPF has 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 has presented evidence in support of its position. On June 22, 2007, YPF presented to the Antitrust Board, without acknowledging any conduct in violation of the Antitrust Law, a commitment consistent with article 36 of the Antitrust Law, requiring to the Antitrust Board to approve the commitment, to suspend the investigation and to file the proceedings. On December 14, 2007, the Antitrust Board decided to transfer the motion to the Court of Appeals as a consequence of the appeal presented by YPF against the rejection of the application of the statute of limitations.

In addition, on January 11, 2012, the Argentine Secretariat of Transportation 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 the Antitrust Law, YPF has submitted appropriate explanations to the CNDC, questioning certain formal aspects of the complaint, and arguing that YPF has adjusted its behaviour at all times with current regulations and that it did not set any discrimination or abuse in determining prices.

In addition, YPF is subject to other claims before the Antitrust Board which are related to alleged price discrimination in sale of fuels. Upon the opinion of Management and its legal advisors, such claims have been considered as possible contingencies.

- Additionally, the Company has received other labour, civil and commercial claims and several claims from the AFIP and from provincial and municipal fiscal authorities, not individually significant, which have not been accrued since Management, based on the evidence available as of the date of issuance of these consolidated financial statements, has assessed them to be possible contingencies.

b) Contingent assets

- *La Plata Refinery*:

On April 2, 2013, the facilities of YPF 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/day through the commissioning of two distillation units (Topping IV and Topping D). Coke A unit is out of service permanently and Topping C unit was launched back in late May, after a technical and human effort of great relevance.

Based on the documentation provided to the insurance adjuster appointed by reinsurers, and after their analysis, in November 2013 YPF requested an advanced payment on account of the total compensation that will result from this process of US\$ 300 million (US\$ 227 million for material damage and US\$ 73 million for consequential loss). This advance was accepted, recognized and paid by the reinsurers and, consequently, was recorded in YPF’s statement of comprehensive income for the year ended on December, 31, 2013. For some subsequent periods, presentations to the insurers had been submitted. Consequently a second partial payment of US\$ 130 million has been request, this payment was received during the third quarter of 2014. The loss of profit coverage period for this incident continued until January 16, 2015, and the entire compensation for loss of profits was finally payed in June 2015 upon a final payment of US\$ 185 million.

The total amount received for this loss amounted to US\$ 615 million, of which US\$ 227 million were related to property damage and US\$ 388 million to loss of profits.

During the year ended December 31, 2015, the Company has concluded the claim settlement proceedings with the insurance company and has recorded an income of 523, which were included in the statement of Comprehensive income, under the captions “revenues” and “Cost of sales”, depending on the nature of the claimed concept.

– *Cerro Divisadero:*

On March 21, 2014 a fire incident damaged the facilities of Crude Oil Treatment Plant of Cerro Divisadero in Mendoza, belonging to the North Mendoza business, located 59 kilometres south from Malargüe city. In the mentioned facilities crude oil production from the fixed assets located in North Malargüe and South Malargüe was treated. As a consequence of the incident the facilities were almost completely unusable with the corresponding production loss.

The incident was reported to the corresponding insurers and reinsurers and upon an analysis of the several technical options, the Company has selected the facilities reconstruction option and has requested an advance payment of US\$ 60 million, which was received as of fiscal year end.

In November 2015, the claim settlement proceedings were concluded, with the final settlement amount agreed at US\$ 122 million, of which US\$ 45 million were related to property damage and US\$ 77 million to production losses. This amount was accepted by reinsurers, while the remaining balance is pending payment as of the date of issuance of these consolidated financial statements.

During the year ended December 31, 2015, the Group has recorded a gain of 1,165 in the statement of comprehensive income under “Other operating results, net” and “Cost of sales”, based on the nature of the item claimed (property damage and loss of production respectively).

c) Contractual commitments

– *Agreements of extension of concessions*

- *Neuquén:* On December 28, 2000, through Decree No. 1,252/2000, the Argentine Federal Executive Branch (the “Federal Executive”) extended for an additional term of 10 years (until November 2027) the concession for the exploitation of Loma La Lata – Sierra Barrosa area granted to YPF. The extension was granted under the terms and conditions of the Extension Agreement executed between the Argentine Government, the Province of Neuquén and YPF on December 5, 2000. Under this agreement, YPF paid US\$ 300 million to the Argentine Government for the extension of the concession mentioned above, which were recorded in “Fixed Assets” on the balance sheet and committed, among other things, to define a disbursement and investment program of US\$ 8,000 million in the Province of Neuquén from 2000 to 2017 and to pay to the Province of Neuquén 5% of the net cash flows arising out of the concession during each year of the extension term. The previously mentioned commitments have been affected by the changes in economic rules established by Public Emergency Law.

Additionally, in 2008 and 2009, YPF entered into a series of agreements with the Province of Neuquén, to extend for ten additional years the term of the production concessions on several areas located in that province, which, as result of the above mentioned agreement, will expire between 2026 and 2027. As a condition for the extension of these concessions YPF undertook the following commitments, among others, upon the execution of the agreements: i) to make to the Province total initial payments of US\$ 204 million; ii) to pay in cash to the Province an “Extraordinary Production Royalty” of 3% of the production of the areas involved. In addition, the parties agreed to make adjustments of up to an additional 3% in the event of an extraordinary income according to the mechanisms and reference values established in each signed agreement and iii) to carry out exploration activities in the remaining exploration areas and make certain investments and expenditures in the production concessions that are the purpose of the agreements in a total amount of US\$ 3,512 million until the expiring date of the concessions.

On July 24, 2013, in order to make feasible the implementation of a non-conventional hydrocarbons project, YPF and the Province of Neuquén signed an Agreement under which the Province of Neuquén agreed to (i) separate from the Loma La Lata – Sierra Barrosa exploitation concession a surface area of 327.5 km²; (ii) incorporate such separated surface area into the surface area of the Loma Campana exploitation concession, forming a surface area of 395 km² and (iii) extend the Loma Campana exploitation concession for a term of 22 years starting from the date of its expiration (until November 11, 2048).

The commitments made by the Company are as follows: i) payment of US\$ 20 million in consideration for the effect that the separation of surface from the Area Loma La Lata—Loma Campana has on the conventional production, payable within 15 days of the legislative ratification of the Agreement; (ii) payment of US\$ 45 million on the Corporate Social Responsibility concept, payable during the years 2013/2014/2015; (iii) payment of 5% on the investment project profits after taxes, applicable as from December 2027; (iv) 50% reduction, as from August 2012, of the subsidy applicable to the price of natural gas for the Methanol Plant according to the terms of the Commitment Act of 1998 signed between the Company and the Province of Neuquén; (v) the Company undertakes to make an investment of US\$ 1 billion within a period of 18 months beginning on July 16, 2013; and vi) YPF commits to prioritize the recruitment of labor, suppliers and services based in Neuquén.

The Province of Neuquén also agrees: i) not to apply Extraordinary Income (Windfall Profits) or Extraordinary Production Taxes and to maintain a 12% rate for hydrocarbon royalties; (ii) to apply a Turnover Tax rate not higher than 3% to the revenue generated in the Loma Campana concession; and (iii) to set the total sum of US\$ 1,240 million as the tax base for Stamps Tax purposes. The Agreement was approved by Decree No. 1,208/13 and Law No. 2,867.

- *Mendoza*: In April 2011, YPF entered into an agreement with the province of Mendoza to extend for 10 years the term of certain exploitation concessions (among which is “La Ventana”), and the transportation concessions located in the province, from the expiration of the original terms of the grant.

By signing the memorandum of agreement, YPF assumed certain commitments within which includes: (i) to make initial payments to the province of Mendoza in an aggregate amount of approximately US\$ 135 million, on the date specified in the agreement; (ii) to pay the province of Mendoza an “Extraordinary Production Royalty” of 3% of the production of the areas included in the agreement. In addition, the parties agreed to make additional adjustments in the event of extraordinary income due to lower export duties or a higher monthly average price of crude oil and/or natural gas according to a mechanism and reference values established in the Memorandum of Agreement; (iii) to carry out exploration activities and make certain investments and expenditures in a total amount of US\$ 4,113 million until the expiration of the extended term, as stipulated in the agreement; and; (iv) to make payments equal to 0.3% of the annual amount paid as “Extraordinary Production Royalty” intended to the Fortalecimiento Institucional Fund, in order to purchase equipment and finance training activities, logistics and operational expenses in certain government agencies of the province of Mendoza specified in the agreement, among others.

- *Santa Cruz*: During November, 2012, YPF entered into an agreement with the province of Santa Cruz to extend for 25 years the term of certain exploitation concessions, from the expiration of their original terms.

By signing the memorandum of agreement, YPF assumed certain commitments within which include: (i) to make initial payments to the province of Santa Cruz in an aggregate amount of approximately of US\$ 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% over the production of conventional hydrocarbons; (iii) to pay the province of Santa Cruz a Production Royalty of 10% over the production of unconventional hydrocarbons; (iv) make certain investments on the exploitation concessions, as stipulated in the agreement; (v) carry out exploration activities in the remaining exploration areas; (vi) to contribute with social infrastructure investments within the province of Santa Cruz in an amount equivalent to 20% of the amount of the extension royalty; (vii) define and prioritize a remediation plan of environmental liabilities with reasonable technical criteria and the extent of remediation tasks within the term of the concessions.

- *Salta*: On October 23, 2012, YPF entered into an agreement with the province of Salta to extend for 10 years the original term of certain exploitation concessions from the expiration of their original terms. YPF and associated signatory companies (Tecpetrol S.A., Petrobras Argentina S.A., Compañía General de Combustibles S.A. and Ledesma SAAI) by signing the Memorandum of Agreement took, among others, the following commitments: (i) conducting in area Aguara Güe, 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 US\$ 36 million, (ii) YPF and each of the associated signatory companies will 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) YPF and each of the associated signatory companies will recognize for the province an additional payment to the special extraordinary contribution, only when conditions of extraordinary income are verified in the marketing of oil crude production and natural gas from the concessions, under price increase obtained by each party, from the sum of US\$ 90/bbl in the case of crude oil production and the sum equivalent to 70% of import gas prices, (iv) YPF and each of the associated signatory companies will pay to the province, and in the proportion that corresponds to each one, a one-time sum of US\$ 5 million in the concept of bonus extension, (v) YPF and the associated signatory companies undertake to make investments for a minimum amount of US\$ 30 million in additional exploration work to be implemented in the concessions.
- *Chubut – Concessions El Tordillo – La Tapera and Puesto Quiroga*: On October 2, 2013, the Province of Chubut published the law for the approval of the Agreement to Extend the Exploitation Concessions El Tordillo, La Tapera and Puesto Quiroga, located in the Province of Chubut. YPF holds 12.196% of the concessions, while Petrobras Argentina S.A. holds 35.67% and Tecpetrol S.A. holds the remaining 52.133%. The Concessions were extended for a 30 year period counted as from the year 2017. The main terms and conditions agreed by the Province of Chubut comprise the commitment of the companies belonging to the joint operation to make the following payments and contributions: (i) paying US\$ 18 million as Historical Remediation Bonus (ii) paying a Compensation Bonus amounting to a fixed 4% over the production of gas and oil since 2013 (this is calculated as an additional royalty); (iii) covering expenses and investments related to the protection and conservation of the environment; (iv) maintaining a minimum amount of equipment for drilling and work-overs in operation; (v) after the first ten years of extension, Petrominera will acquire a 10% interest in the exploitation Concessions.
- *Chubut - Restinga Alí, Sarmiento, Campamento Central – Cañadón Perdido, Manantiales Behr and El Trébol – Escalante*: On December 26, 2013, YPF and the Province of Chubut signed an Agreement for the extension of the original term of the Concessions for the Exploitation of Restinga Alí, Sarmiento, Campamento Central – Cañadón Perdido, Manantiales Behr and El Trébol. The Extension Agreement was ratified by the Legislature of the Province of Chubut on January 17, 2014, and by the Company's Board on February 24, 2014; thus complying with the conditions precedent established in the Extension Agreement.

The following are the main terms and conditions agreed with the Province of Chubut: YPF holds 100% of the exploitation concessions, except for the concession Campamento Central – Cañadón Perdido, where ENAP SIPETROL S.A. holds 50%. A 30-year extension was established for the terms of the exploitation concessions that expire in the years 2017 (Campamento Central – Cañadón Perdido and El Trébol – Escalante), 2015 (Restinga Alí) and 2016 (Manantiales Behr).

YPF undertook, among others, the following obligations: (i) to pay a Historical Compensation Bonus of US\$ 30 million; (ii) to pay to the Province of Chubut the Hydrocarbons Compensation Bonus amounting to 3% of the oil and gas production (calculated as an additional royalty); (iii) to meet a minimum level of investment; (iv) to maintain a minimum amount of equipment for drilling and work-over under hire and in operation; and (v) to assign to Petrominera S.E. 41% of YPF's interest in the exploitation concessions of El Tordillo, La Tapera and Puesto Quiroga (amounting to 5% of the total concessions) and in the related Joint operations.

- *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, having signed, on December 18, 2013, the Agreement of Extension of concessions of Tierra del Fuego (until November 14, 2027), Los Chorrillos (until April 18, 2026) and Lago Fuego (until November 6, 2027). On October 10, 2014, Act No. 998 and Act No. 997 approving the extension agreements were enacted.
- *Rio Negro*: In December 2014, YPF, YSUR Energía Argentina S.R.L., YSUR Petrolera Argentina S.A. entered into a Renegotiation Agreement with the Province of Rio Negro to extending for 10 years the original term of the following exploitation concessions as from maturity of their original granting terms: (i) “El Medanito”, “Barranca de los Loros”, “Señal Picada-Punta Barda”, “Bajo del Piche” where YPF holds 100%, up to November 14, 2027; (ii) “Los Caldenes” where YPF holds 100%, up to September 19, 2036; (iii) “Estación Fernandez Oro”, where YSUR Energía Argentina SRL holds 100%, up to August 16, 2026; and (iv) “El Santiagueño” where YSUR Petrolera Argentina S.A. holds 100%, up to September 6, 2025.

The Renegotiation Agreement was confirmed by the legislature of the Province of Rio Negro by the issuance of Provincial Law No. 5027 dated December 30, 2014. The companies signing the Renegotiation Agreement assumed the following commitments, among others: (i) payment of US\$ 46 million as Fixed Bonus, (ii) contributions to social development and institutional strengthening amounting US\$ 9,2 million, (iii) supplementary contributions equivalent to 3% of the monthly oil production, and 3% of the monthly gas production, (iv) annual contributions for training, research and development, (v) compliance with a minimal development and investment plan, (vi) investment for the execution of environmental remediation plans.

– *Agreements of project investments*

- *Agreements for the development of Loma La Lata Norte and Loma Campana areas:*

On July 16, 2013, the Company and subsidiaries of Chevron Corporation (“Chevron”) signed an Investment Project Agreement (“the Agreement”) with the objective of the joint exploitation of unconventional hydrocarbons in the province of Neuquén. The Agreement contemplates an expenditure, subject to certain conditions, of US\$ 1,240 million by Chevron for the first phase of work to develop about 20 km² (the “pilot project”) (4,942 acres) of the 395 km² (97,607 acres) corresponding to the area dedicated to the project, located in the aforementioned province and includes Loma La Lata Norte and Loma Campana areas. This first pilot project includes the drilling of more than 100 wells.

During September 2013, and upon the fulfillment of certain precedent conditions (among which is the granting of an extension of the Loma Campana concession maturity until 2048 and the unitization of that area with the sub-area Loma La Lata Norte), Chevron made the initial payment of US\$ 300 million.

On December 10, 2013, the Company and some of its subsidiaries and subsidiaries of Chevron Corporation successfully completed the pending documents for the closing of the Investment Project Agreement, which enables the disbursement by Chevron of US\$ 940 million, in addition to the US\$ 300 million that such company has already disbursed.

For such purposes, the Company and Chevron made the necessary contracts for the assignment in favor of Compañía de Hidrocarburo No Convencional S.R.L. (“CHNC”) of 50% of the exploitation concession Loma Campana (“LC”), and supplementary agreements including the contract for the organization of the Joint Operation (“JO”) and the Joint Operating Agreement (“JOA”) for the operation of LC, where YPF shall participate as area operator.

The Company indirectly holds 100% of the capital stock of CHNC, but under the existing contractual arrangements, it does not make financial or operative decisions relevant to CHNC and does not fund its activities either. Therefore, the Company is not exposed to any risk or rewards due to its interest in CHNC. Thus, as required by IFRS, the Company has valued its interest in CHNC at cost, which is not significant, and has not recorded any profit or loss for such interest for the year ended December 31, 2015.

During the years 2015, 2014 and 2013, YPF and CHNC have made transactions, among which it is possible to highlight the purchases of gas and crude oil by YPF for 3,556, 2,311 and 50, respectively. These transactions will be completed under the general and regulatory market conditions. The net balance as of December 31, 2015 and 2014, is a liability in favor of CHNC of 533 and 837, respectively, while the net balance as of December 31, 2013, was a receivable in favor of YPF of 1,616.

Considering the rights that Chevron could exercise in the future over CHNC -to access to the 50% of the concession and supplementary rights- and as a guarantee for such rights and other obligations under the Investment Project Agreement, a pledge over the shares of a YPF's affiliate, which is an indirect holder of YPF's interest in CHNC, has been made in favor of Chevron.

In this context, and considering that YPF is the LC area operator, the parties have made a Project Obligations, Indemnities and Guarantee Agreement, by virtue of which the Company makes certain representations and guarantees in relation to the Investment Project Agreement. This guarantee on the operation and management of the Project does not include the project's performance or return on investment, both at the exclusive risk of Chevron.

Finally, other supplementary agreements and documents related to the Investment Project Agreement have been signed, including: (a) the agreement for the allocation of certain benefits deriving from Executive Order No. 929/2013 from YPF to CHNC; (b) terms and conditions for YPF's acquisition of natural gas and crude oil pertaining to CHNC for 50% of the interest in the LC area; and (c) certain agreements for the technical assistance of Chevron to YPF.

During April 2014, YPF and certain of its subsidiaries and subsidiaries of Chevron, have successfully completed the second phase of the Project Investment Agreement and Chevron has confirmed its decision to continue with the investment project in unconventional hydrocarbons in the Loma Campana area, thereby commencing the third phase of such project. The duration of this third phase will encompass the life of the project, until the expiration of the Loma Campana concession. At the present time, there are 6 drilling equipments operating in the above mentioned area and more than 18.97 thousand daily barrels of oil equivalent to the percentage of participation extracted.

- *Agreements for the development of the Chihuido de la Sierra Negra Sudeste – Narambuena area:*

During April 2014, YPF and Chevron have signed a new Project Investment Agreement with the objective of the joint exploration of unconventional hydrocarbons in the Province of Neuquén, within the area Chihuido de la Sierra Negra Sudeste – Narambuena. The investment will be undertaken exclusively by, and at the sole risk of, Chevron. The investment will be disbursed in two stages.

To this end, the Company and Chevron entered into the necessary agreements to implement the assignment to Compañía de Desarrollo No Convencional S.R.L ("CDNC") of a) a 50% interest in the Narambuena Exploration Project Area and b) a 7% legal interest in the Exploitation Concession of Chihuido de la Sierra Negra in Neuquén and Mendoza. However, contractual rights of Chevron are limited to Narambuena Area, as YPF will hold 100% ownership of the conventional production and reserves outside the Project Area and Desfiladero Bayo field. On May 29, 2015, the first phase of the Agreement was closed with the perfection of the relevant assignments. At present, 2 wells have been drilled and completed and 1 is being drilled.

Depending on the results of the exploration activities, both companies foresee to continue with the execution of a pilot project and the subsequent comprehensive development of the above mentioned area, sharing investments at 50% each.

The Company indirectly holds a 100% interest in the capital stock of CDNC; however as pursuant to effective contractual agreements, the Company neither exercises CDNC's relevant financial and operating decision-making rights nor funds its activities, the Company is not exposed to risks and benefits for its interest in CDNC. Therefore, according to IFRS, the Company has valued its interest in CDNC at cost, which is not significant, and has not recorded any income (loss) for the said interest during the period ended December 31, 2015.

- Agreements for the development of El Orejano area:

On September 23, 2013, the Company, Dow Europe Holding B.V. and PBB Polisur S.A., (hereinafter, collectively, “Dow”) signed an agreement (the “Agreement”), which contemplates an expenditure by both parties of up to US\$ 188 million which will be directed towards the joint exploitation of an unconventional gas pilot project in the Province of Neuquén, in the area of “El Orejano” of which Dow provided US\$ 120 million by means of a financing agreement convertible into a participation in the project, which contemplates a first phase of work during which 16 wells will be drilled.

On October 22, 2015, both parties agreed to an Addenda which provides, among other things, for: (i) an increase in the amount to be disbursed by Dow, by US\$ 60 million, totaling US\$ 180 million, through a convertible financing in an interest in the project, for the same purposes and effects than those of the previous disbursements, and (ii) an extension of the time period during which Dow may exercise the conversion option, up to December 18, 2015. On October 30, 2015, the Company received the additional amounts committed.

On December 15, 2015, PBB Polisur S.A. exercised the option provided for in the Agreement, whereby YPF has assigned 50% of its interest in the exploitation concession of “El Orejano” area, which amounts to a total area of 45km², in the Province of Neuquén.

As of December 31, 2015, 27 wells are drilled, out of which 18 have been completed.

In addition, the parties have formed a joint operation for the exploration, evaluation, exploitation and development of hydrocarbons in “El Orejano” area, which will become effective on January 1, 2016 and in which Dow and YPF have a 50% interest each.

- Agreements for the development of Rincón del Mangrullo area:

On November 6, 2013, the Company and Petrolera Pampa S.A. (hereinafter “Petrolera Pampa”) signed an investment agreement under which Petrolera Pampa undertakes to invest US\$ 151.5 million in exchange for 50% of the interest in the production of hydrocarbons in the area of Rincón del Mangrullo in the Province of Neuquén, pertaining to the formation “Formación Mulichinco” (hereinafter the “Area”), where YPF shall be area operator.

During this first stage, Petrolera Pampa has undertaken to invest US\$ 81.5 million for the drilling of 17 wells and the acquisition and analysis of about 40 km² of 3D seismic data.

The second phase investment contemplates an investment of US\$ 70 million to drill 15 wells.

As of December 31, 2015, the two stages were completed.

On May 26, 2015 a supplementary agreement (the “Amendment”) to the investment agreement dated November 6, 2013 was signed.

The Amendment establishes an interest of 50% of each of the parties in the entire production, costs and investments for the development of the Area with retroactive effect from January 1, 2015, excluding from the agreement only the formations of Vaca Muerta and Quintuco. It should be noted that on July 14, 2015, the necessary requirements for the effectiveness of the said Amendment were met.

Such investments include surface facilities in the area of US\$ 150 million, which include the first expansion stage of the treatment facilities, bringing the current capacity of 2 to 4 million cubic meters per day to allow the conditioning and evacuation of future production from the block.

The Amendment also includes the expansion of the investment commitment of Petrolera Pampa in a third investment phase of US\$ 22.5 million, for the drilling of additional wells targeting the Mulichinco Formation.

In addition, the Amendment includes an exploratory program for the Lajas Formation, under which Petrolera Pampa is committed to an investment of up to US\$ 34 million and YPF up to US\$ 6 million for the period 2015-2016. Subject to the results obtained in this period, Petrolera Pampa may choose to continue with a second investment phase in 2017 also for the Lajas Formation, with an additional investment commitment of US\$ 34 million.

- Agreements for the development of La Amarga Chica area:

On August 28, 2014, the Company has signed an Agreement with Petronas (E&P) Overseas Ventures Sdn. Bhd, (hereinafter, “Petronas”) whereby YPF and Petronas agreed on the main terms and conditions to jointly develop a shale oil pilot project in three annual phases involving a jointly investment of up to US\$ 550 million plus VAT in the La Amarga Chica area, province of Neuquén. Petronas will invest US\$ 475 million and YPF will invest US\$ 75 million.

YPF will be the operator of the area and will assign a 50% interest in the concession to Petronas E&P Argentina S.A. (hereinafter “PEPASA”).

Dated December 10, 2014 the Company and PEPASA, a Petronas affiliate, entered into an Investment Project Agreement for the joint exploitation of unconventional hydrocarbons in La Amarga Chica area in the Province of Neuquén. It should be noted that on May 10, 2015, the conditions required for the entry into force of that Pilot Plan in 2015 were complied with. The Agreement also provides that both companies will assess the expansion of the strategic association to other exploration areas with potential for unconventional resources.

Likewise, the Parties signed the following supplementary agreements to the Investment Agreement:

(a) Assignment Agreement for the assignment of 50% of the concession on the La Amarga Chica area; (b) Joint Operation formation contract; (c) Joint Operating Agreement; (d) Assignment Guarantee Agreement; (e) First Option Agreement for trading crude oil; and (f) Assignment of Rights on Hydrocarbon Export Agreement.

Additionally, Petronas has granted a payment guarantee for certain financial obligations assumed by PEPASA under the Investment Agreement.

Once contributions of each annual phase are made, PEPASA would be entitled to opt-out of the joint development agreement upon surrender of its participation in the concession and the settlement of liabilities as of the date of opt-out (without access to the 50% of the net production value of drilled wells until exercise of the opt-out options).

Upon full compliance with the parties’ commitments, each party will contribute 50% to the work schedule and cost budget based on the investment agreement.

The Investment Agreement provides that during the three phases of the Pilot Plan a 3D seismic acquisition and processing program will be completed, covering the whole concession area, 35 wells will be drilled with the Vaca Muerta formation as objective (including vertical and horizontal wells), and a series of surface installations will be built with the purpose of evacuating the area production.

As of December 31, 2015, 4 wells of the Pilot Plan have been drilled: 1 vertical and 3 horizontal. Microseismic studies will be carried out for these 4 wells during the first months of 2016. Therefore, there are no new wells under production at 2015 year end.

- Subdivision of Bandurria Block - Neuquén:

On July 16, 2015, the Province of Neuquén, pursuant to executive orders 1536/15 and 1541/15, approved the subdivision of the Bandurria block (465.5 km²) and awarded 100% of the area known as “Bandurria Norte” (107 km²) to Wintershall Energía S.A., 100% of the area known as “Bandurria Centro” (130 km²) to Pan American Energy LLC (Sucursal Argentina) and 100% of the area known as “Bandurria Sur” (228.5 km²) to YPF, awarding to YPF an Unconventional Hydrocarbons Exploitation Concession in Bandurria Sur area, for a 35-year term, with a commitment to develop a pilot plan to be completed in 3 years with a related investment of US\$ 360 million.

- Granting of exploitation concession for Lindero Atravesado block – Neuquén:

On July 10, 2015, the Province of Neuquén agreed to award to both partners, Pan American Energy LLC (Sucursal Argentina) and YPF, pro rata their interests (62.5% and 37.5%, respectively) in the “Lindero Atravesado” joint venture, the right to an Unconventional Hydrocarbons Exploitation Concession for a 35-year term, pursuant to the provisions of sections 27 bis, 35(b) and related sections of Act 17.319, as amended by Act 27.007. As a condition to the award of the above mentioned concession rights, concession holders have agreed to carry out an Unconventional Tight Gas Pilot program within 4 years, beginning on January 1, 2015, with an investment of US\$ 590 million. On July 16, 2015, an agreement in this respect was approved by Executive Order 1540/15 of the Neuquén Province.

- Extension of the Joint Operation Agreement for the Magallanes Area:

On November 17, 2014, ENAP SIPETROL ARGENTINA S.A. (“ENAP”) made to YPF, and YPF accepted, an offer whereby ENAP’s rights and obligations under the Magallanes area Joint Operation Agreement were extended until the concession termination, with ENAP keeping 50% interest and continuing as Operator. The area concession includes three jurisdictions: Santa Cruz, Estado Nacional and Tierra del Fuego (as of the date of these financial statements, the concessions of the two first-named have been extended). In consideration for such extension, ENAP agreed to pay to YPF, or invest in the Joint Venture on behalf and on account of YPF, US\$ 100 million, subject to certain conditions. The Agreement further provides for the obligation to agree on a so-called “Incremental Project” by September 15, 2015. The Incremental Project was approved by an operating committee on September 10, 2015, and its approval was ratified by YPF on October 20, 2015. Notwithstanding the foregoing, ENAP is entitled to withdraw at any time from the Incremental Project, without right to compensation or reimbursement therefor, including the Consideration and any royalties as may have been paid until termination.

- *Contractual commitments:* The Group has signed contracts by means of which it has committed to buy certain products and services, and to sell natural gas, liquefied petroleum gas and other products. Some of the mentioned contracts include penalty clauses that stipulate compensations for a breach of the obligation to receive, deliver or transport the product object of the contract. The anticipated estimated losses for contracts in progress, if any, considering the compensations mentioned above, have been charged to the income of the year in which they were identified.

In this order, the Group has renegotiated certain natural gas export contracts, and has agreed, between others, to limit compensations only in case of interruptions and/or suspension of deliveries from any cause, except physical force majeure. Also, the Group has agreed to make investments and export gas to temporarily import certain final products. As of the date of issuance of these financial statements, the Group is fulfilling the agreed commitments mentioned above. To the extent that the Group does not comply with such agreements, we could be subject to significant claims, subject to the defences that the Group might have.

The Group under certain trade agreements has undertaken the obligation with third parties to buy goods and services (such as liquefied petroleum gas, electricity, gas, oil and steam) that as of December 31, 2015 amounted to about 37,116. In addition, it has exploratory, investment and expense commitments until the termination of some of its concessions for 287,238 as of December 31, 2015, including commitments for the extension of concessions mentioned in previous paragraphs.

d) Main regulations and other:

– *New Hydrocarbon Law:*

Dated October 31, 2014 the Argentine Republic Official Gazette published the text of Law No. 27,007, amending the Hydrocarbon Law No. 17,319. The most relevant aspects of the new law are as follows:

- As regards exploration permits, it distinguishes between those with conventional and unconventional objectives, and between explorations in the continental shelf and in territorial waters, establishing the respective terms for each type.
- As regards concessions, three types of concessions are provided, namely, conventional exploitation, unconventional exploitation, and exploitation in the continental shelf and territorial waters, establishing the respective terms for each type.
- The terms for hydrocarbon transportation concessions were adjusted in order to comply with the exploitation concessions terms.
- As regards royalties, a maximum of 12% is established, which may reach 18% in the case of granted extensions, where the law also establishes the payment of an extension bond for a maximum amount equal to the amount resulting from multiplying the remaining proven reserves at the end of effective term of the concession by 2% of the average basin price applicable to the respective hydrocarbons over the 2 years preceding the time on which the extension was granted.
- The extension of the Investment Promotion Regime for the Exploitation of Hydrocarbons (Decree No. 929/2013) is established for projects representing a direct investment in foreign currency of at least 250 million dollars, increasing the benefits for other type of projects.
- Reversion and transfer of hydrocarbon exploitation permits and concessions in national offshore areas is established when no association contracts subscribed with ENARSA to the National Secretariat of Energy exist.

– *Natural gas regulatory requirements:*

In addition to the regulations that affect the natural gas market mentioned in “Natural gas market” (Note 10), on June 14, 2007, Resolution No. 599/2007 of the Secretariat of Energy was published in the Official Gazette (the “Resolution”). This Resolution approved an agreement with natural gas producers regarding the natural gas supply to the domestic market during the period 2007 through 2011 (the “Agreement 2007-2011”). The purpose of this Agreement 2007-2011 is to guarantee the normal supply of the natural gas domestic market during the period 2007 through 2011, considering the domestic market demand registered during 2006 plus the growth of residential and small commercial customer’s consumption (the “Priority Demand”). According to the Resolution, the producers that have signed the Agreement 2007-2011 commit to supply a part of the Priority Demand according to certain percentage determined for each producer based upon its share of production for the 36 months period prior to April 2004. In case of shortage to supply Priority Demand, natural gas exports of producers that did not sign the Agreement 2007-2011 will be the first to be called upon in order to satisfy such mentioned shortage. The Agreement 2007-2011 also establishes terms of effectiveness and pricing provisions for the Priority Demand consumption. Considering that the Resolution anticipates the continuity of the regulatory mechanisms that affect the exports, YPF has appealed the Resolution and has expressly stated that the execution of the Agreement 2007-2011 does not mean any recognition by YPF of the validity of that Resolution. On June 22, 2007, the National Direction of Hydrocarbons notified that the Agreement 2007-2011 reached the sufficient level of subscription. On January 5, 2012, the Official Gazette published Resolution of the Secretariat of Energy No. 172 which temporarily extends the rules and criteria established by Resolution No. 599/07, until new legislation replaces the Resolution previously mentioned. This Resolution was appealed on February 17, 2012 by filing a motion for reconsideration with the Secretariat of Energy.

Additionally, on October 4, 2010, the Official Gazette published ENARGAS Resolution No. 1410/2010 that approves the procedure which sets new rules for natural gas dispatch applicable to all participants in the natural gas industry, imposing new and more severe regulations to the producers' availability of natural gas ("Procedimiento para Solicitudes, Confirmaciones y Control de Gas"). By virtue of these procedures, distributors remain able to request all the natural gas necessary to cover the Priority Demand even in the case of natural gas volumes that exceed those that the Secretariat of Energy would have allocated by virtue of the Agreement ratified by the Resolution No. 599/07. Producers are obligated to confirm all the natural gas requested by distributors to supply the Priority Demand. The producers' shares in such volumes follow the allocation criterion established by the Agreement 2007-2011. It is not possible to predict the estimated demand of the Argentine market that must be satisfied by the producers, whether or not the producer signed the Agreement 2007-2011. Once the Priority Demand has been supplied, the volumes requested by the rest of the segments must be confirmed, leaving the exports last in order of priority. In case the programming do not yield sustainable results, with respect to the objective of maintaining the equilibrium and preserving the operation of the transportation and distribution systems, the necessary reprogramming and redirections will take place. In case the producer's confirmations are of a lower volume than requested, the transporters will be in charge of making confirmations adequate by redirecting natural gas until the volume required by distributors according to Priority Demand is completed. This greater volume will have to be withdrawn from the confirmations made by that producer to other clients. If the producer would not have confirmed natural gas to other clients from the same basin, the lacking volume will be requested to the rest of the natural gas producers. Therefore, this procedure imposes a supply obligation that is jointly liable for all producers in case any producer supplies natural gas in a deficient way. YPF has challenged the validity of Resolution No. 1,410/2010.

On November 27, 2008 through Executive Decree No. 2067/08, a trust fund was created to finance imports of natural gas for its injection in the national gas pipeline system when necessary to satisfy the domestic demand. The trust fund is financed through the following mechanisms: (i) diverse tariff charges paid by users of transportation services and regularly distributed, gas consumers receiving gas directly from producers, and companies processing natural gas; (ii) special credit programs that may be agreed upon with national or international organizations; and (iii) specific contributions assessed by the Secretariat of Energy on the participants in the natural gas industry. This Decree has been object of diverse judiciary claims, and judges from all over the country have issued precautionary measures for suspension of its effects, grounded on the violation of the principle of legality on tax matters. On November 8, 2009, ENARGAS published Resolution No. 1982/11 that adjusted the tariff charges established by Executive Decree No. 2067/08 to be paid by users as from December 1, 2011.

On November 24, 2011, ENARGAS passed Resolution No. 1991/11, enlarging the number of users obliged to pay tariff charges, including residential services, natural gas processing, industrial premises and electric power plants, among others; this has affected the operations of the Company, and has had a significant impact on our joint subsidiary companies, all of which have filed appeals against the mentioned resolution. For its part, YPF has challenged these Resolutions and rejected the charge invoice made by Nación Fideicomiso. On April 13, 2012, YPF obtained a precautionary measure related to El Portón processing plant, suspending the effects of these resolutions in relation to that plant until a decision on the administrative appeals filed by YPF had been reached.

In November 2012, Law 26,784 was passed which granted legal hierarchy, since such date, to the decisions enacted by the Executive Power and ENARGAS, in relation to the charge. Dated December 11, 2014 the National Supreme Court of Justice pronounced the "Alliance" judgment, deciding that the charge created by decree 2067/2008 is a tariff charge and not a tax, and thus is not subjected to the principle of tax legality. However, the Court left open the possibility of eventual claims or defenses in cases different from the claims raised in the "Alliance" judgment.

In particular, the application of the above mentioned tariff charge produces an impact so significant in Mega operations that, if not favorably resolved, Mega could have in the future serious difficulties to continue business. On October 27, 2015, the Supreme Court of Justice issued a resolution on the motion for protection of constitutional rights filed by Mega S.A. (period until the enactment of the 2013 Budget Enactment Law No. 26.784) providing that the charge under "Executive Order 2067/08" was unconstitutional and was not applicable to Mega S.A.

On April 7, 2014 the Secretariat of Energy published Resolution No. 226/2014, fixing new wellhead prices per basin for the sale of gas to the Residential and Commercial full service segment and Natural Gas Stations that in a period of two months/one month: (i) shows a higher than 20% saving compared to the same period of two months/one month from previous year; and (ii) shows a saving between 5% and 20% compared to the same period of two months/one month from previous year. Likewise, new prices per basin are fixed for full service users in the Camuzzi Gas del Sur geographic area, in view of the climate conditions prevailing in the Southern geographic area of our country.

– *Natural Gas Additional Injection Stimulus Programs:*

On December 2012, YPF and other gas producing companies of Argentina agreed with the Planning and Strategic Coordination Commission of the National Plan of Hydrocarbon Investments (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 No. 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 were invited to file Projects for increasing Total Natural Gas Injection (“the projects”) to the Commission, in order to receive an Increased Price of 7.5 US\$/MBTU for all gas injected above certain threshold (Additional Injection). The Projects shall comply with minimum requirements established in Resolution No. 1/2013, and will be subject to approval consideration by the Commission. The Projects have a maximum term of five (5) years, renewable at the request of the beneficiary, and subject to the decision of the Commission. If the beneficiary company, for certain month, does not reach the compromised production increase of its project, approved by the Commission, it will have to compensate its failure to achieve the minimum total injection committed in such Project. Resolution No. 60/2013, regulated by Resolution No. 83/2013, established a similar program for the companies that failed to comply with the requirements of Resolution No. 1/2013 and those that had failed to register in time under such Resolution. The price to be paid under the program established in Resolution No. 60/2013 varies between 4 US\$/MBtu and 7.5 US\$/MBtu, according to the highest production curve reached by the beneficiary company under the program. Resolution No. 123/2015 was published in the Official Gazette on July 15, 2015 which approved the Regulations governing procurement, sales and transfers of areas, assignments of rights and interest under the approved programs.

On September 29, 2015, Resolution 185/2015 was published in the Official Gazette regulating an incentive program for natural gas injection for the benefit of corporate producers which do not have a previous record of natural gas injection. The beneficiary companies will receive a compensation resulting from the difference between 7.50 US\$/MMBtu and the price received for the sale of the natural gas in the market. Such compensation shall be received only for natural gas originating in areas whose production rights shall have been acquired from companies registered with any of the two previous programs and provided that during the period in which the transferor shall have calculated its “base injection”, according to its programme, the injection of the area operated by the current beneficiary – transferee– shall have been null.

– *Liquid hydrocarbons regulatory requirements:*

Resolution No. 1,679/04 of the Secretariat of Energy reinstated the registry of diesel 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 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 No. 1,338/06 of the Secretariat of Energy added other petroleum products to the registration regime created by Executive Decree No. 645/02, including gasoline, fuel oil and its derivatives, diesel, aviation fuel, asphalts, certain petrochemicals, certain lubricants, coke and petrochemical derivatives. Resolution No. 715/07 of the Secretariat of Energy empowered the National Refining and Marketing Director to determine the amounts of diesel to be imported by each company, in specific periods of the year, to compensate exports of products included under the regime of Resolution No. 1,679/04; the fulfilment of this obligation to import diesel is necessary to obtain authorization to export the products included under Decree No. 645/02. In addition, certain regulations establish that exports are subordinated to the supply of the domestic market. In this way, Resolution No. 25/2006 of the Secretariat of Domestic Commerce, issued on October 11, 2006, imposes on each Argentine refining and/or retail company the obligation to supply all reasonable diesel fuel demand, by supplying certain minimum volumes (which at least should be volumes supplied the year before plus the positive correlation between diesel demand and GDP accumulated from the month reference). The mentioned commercialization should be done without altering or affecting the normal operation of the diesel market.

Additionally, Rule No.168/04 requires companies intending to export LPG to first obtain an authorization from the Secretariat of Energy, by demonstrating that local demand was satisfied or that an offer to sell LPG to local demand has been made and rejected.

In January 2008, the 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.

On January 26, 2012, the Secretariat of Domestic Commerce issued Resolution No. 6/2012 whereby (i) YPF and other four oil companies were required to sell diesel oil to public bus transportation companies at a price not higher than the retail price charged on 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 appealed that resolution. On February 16, 2012, YPF filed with the CNDC an appeal against Resolution No. 6/2012, for submission to the Civil and Commercial Federal Court of Appeals of Buenos Aires city. Meanwhile, on March 2, 2012, YPF has challenged this Resolution and requested a preliminary injunction against its validity. YPF's preliminary injunction has been granted and the effects of the Resolution No. 6/2012 have been temporarily suspended, until the appeal is judicially solved. Against that preliminary injection, the Argentinian Federal Government presented an extraordinary federal appeal, which has not yet been served to YPF.

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

On August 31, 2012, YPF was notified of the judgment of the mentioned Court, which declared the nullity of Resolution No. 17/2012, based on the lack of jurisdiction of the Argentine Secretariat of Domestic Commerce to issue a measure of that nature.

Decree No. 1,189/2012 of the National Executive Power, dated July 17, 2012, established that the jurisdictions and entities of the National public Sector included in section 8, subsection a) of Law No. 24,156 (National Administration, formed by the central administration and the decentralized agencies including the social insurance institutions) must contract with YPF the provision of fuels and lubricants for the fleet of official cars, boats and aircrafts, except in those cases which have the prior authorization of the Chief of the Cabinet of Ministers.

Dated February 3, 2015, the Argentine Republic Official Gazette published the text of Resolution No. 14/2015 passed by the Commission for Planning and Coordination of the Strategy for the National Plan of Investment in Hydrocarbons that created the Crude Oil Production Promotion Program for 2015 under which beneficiary companies are awarded an economic compensation, payable in pesos, for an amount equivalent to up to three U.S. dollars per barrel for the total production of each beneficiary company, provided that its quarterly production of crude oil is higher or equal to the production taken as basis for such program. Basis production is defined as the total production of crude oil by beneficiary companies corresponding to the fourth quarter of 2014, expressed in barrels per day. The beneficiary companies that have met the demands of all refineries authorized to operate in the country and direct part of their production to the foreign market may receive an additional economic compensation of two or three U.S. dollars for each barrel of exported crude oil, depending on the level of exported volume achieved.

– *Refining and Petroleum Plus Programs:*

Decree No. 2,014/2008 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 production. 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 withholdings. In order to be eligible for the benefits of both programs, companies’ plans must be approved by the Argentine Secretariat of Energy.

During February 2012, by Note No. 707/2012, supplemented by Note No. 800/2012, both issued by the Secretariat of Energy, YPF was notified that the benefits granted under the “Refining and Petroleum Plus” programs had been temporarily suspended. The effects of the suspension also apply to benefits accrued and not yet redeemed by YPF at the time of the issuance of the Notes. The reasons alleged for such suspension are that the programs had been created in a context where domestic prices were lower than prevailing prices and that the objectives of those programs had already been achieved. On March 16, 2012, YPF has challenged this temporary suspension.

Pursuant to Executive Order No. 1330/15 of July 6, 2015, the Government resolved to render ineffective the “Petróleo Plus” program, which had been created by Executive Order No. 2,014 of November 25, 2008.

– *Regulatory requirements established by Decree No. 1,277/2012:*

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 for Planning and Coordination of the Strategy for the National Plan of Investment in Hydrocarbons (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 will 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 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 accordingly 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. Moreover, the mentioned Decree abrogates the dispositions of the Decrees No. 1,055/89, 1,212/89 and 1,589/89 (the “Deregulation Decrees”) which set, among other matters, the right to the free disposition of hydrocarbon production. On December 29, 2015, the Executive Branch issued order No. 272/15 resolving the dissolution of the Commission and its Regulations, and also providing that the powers vested on the Commission were to be exercised by the Ministry of Energy and Mining.

– *Principal rules applicable to Natural Gas distribution:*

The Group participates in natural gas distribution through Metrogas, an indirectly controlled company.

The natural gas distribution system is regulated by Law No. 24,076 (the “Gas Act”) that, together with Decree No. 1.738/92, issued by the Executive Power, others regulatory decrees, the specific bidding rules (“Pliego”), the Transfer Agreement and the License, establishes the Regulatory Framework for Metrogas’ business. The License, the Transfer Agreement and the regulations issued pursuant to the Gas Act establish requirements regarding the quality of service, capital investment, restrictions on transfer and encumbrance on assets, cross-ownership restrictions among producers, transporters and distributors, and Metrogas stock transfer.

The Gas Act and the License created ENARGAS as regulatory entity to administer and enforce the Gas Act and the applicable regulations. In this order, the tariffs for the gas distribution service were established by the License and are regulated by ENARGAS. ENARGAS jurisdiction extends to gas transportation, sale, storage and distribution. Its mandate under the Gas Law includes consumers’ protection, competition protection in gas offer and demand, and the promotion of long-term investments in the gas industry.

Gas distribution tariffs have been established in the License and are regulated by ENARGAS.

The Distribution License has authorized Metrogas to provide the gas distribution public service for a 35-year term (for which Metrogas may request a 10-year period extension at the end thereof subject to approval by ENARGAS) in its service area.

At the end of the 35 or 45-year period, as the case may be, the Gas Law requires a new competitive bidding to grant the license, for which, if it has performed its obligations, Metrogas will have the option to equal the best bid made to the Government by a third party. As a general rule, upon the termination of a License due to completion of its time-period, Metrogas will be entitled to a consideration equal to the value of the designated assets or to the amount paid by the winner bidder under a new call for bids, whichever is lower.

On March 26, 2014, within the framework of the process for renegotiating public services contracts provided by Law No. 25,561 and supplementary regulations, Metrogas signed a Letter of Understanding with the Public Services Contracts Renegotiation and Analysis Unit (the “UNIREN”) whereby a provisional tariff regime is established for the collection of higher revenues than those collected under ENARGAS Resolution No. I/2407 issued on November 27, 2012 which, in turn, had implemented a fixed amount per bill, differentiated by type of customer; such revenues had to be deposited in a trust created for the performance of the works.

The new Temporary Agreement, ratified by National Executive Order No. 445/2014 establishes an interim tariff regime effective as from April 1, 2014, consisting in the readjustment of tariffs and prices and with due regard to the necessary guidelines for service continuity and common criteria with the other distribution licensees, and to the tariff regulations, including changes in the gas price at the transportation entry point.

The Temporary Agreement further provides that it will include any transfer resulting from in tax (excluding income tax) regulations changes, as may be pending resolution, and also includes, among its provisions, a cost monitoring mechanism based on an exploitation cost and investment structure, as well as price indexes reflecting such costs which, under given premises, triggers a revision procedure whereby ENARGAS will evaluate the actual extent of variation in the Licensee's exploitation costs and investments, and decide if the distribution tariff needs to be adjusted.

As of December 31, 2015, Metrogas has submitted to ENARGAS three requests to increase its tariffs through the application of the Cost Monitoring Mechanism set forth in the Temporary Agreement. None of these requests has resulted in the adjustments of Distribution tariffs to allow for the increased costs afforded by Metrogas. Instead, a Temporary Financial Assistance has been approved by Energy Secretariat Resolution No. 263/2015.

The Temporary Agreement further provides that between its execution date and December 31, 2015 (expiration date of the Emergency Act) the National Government, through UNIREN, and the Licenses were required to reach an agreement related to the modalities, time periods and timing of the execution of the Memorandum of Agreement for Comprehensive Contractual Renegotiations. On November 3, 2015 an extension of the Emergency Act was approved until December 31, 2017.

On June 8, 2015 Energy Secretariat Resolution No. 263/2015 was published in the Argentine Official Gazette stating that the Energy Secretariat had approved a disbursement, as temporary financial assistance payable in ten subsequent installments, to Metrogas and the rest of natural gas distributors, effective on March 2015, with the purpose of funding expenses and investments associated with the normal operation of the natural gas distribution public service through networks and on account of the Comprehensive Tariff Review to be held in due time.

This Resolution provides that its beneficiaries shall use part of the funds received under each monthly installment to cancel debts due and payable until December 31, 2014 to natural gas producers and, further, that distributors may not accrue additional debt for natural gas purchases made as of the effective date of the Resolution.

In the case of Metrogas, ENARGAS has provided for an exceptional need of funds for 2015, which is disbursable on a monthly basis according to a specified schedule between March and December. In addition it has ordered that Metrogas shall use part of the temporary financial aid to cancel debts to producers payable as of December 31, 2014 in 36 equal and successive monthly installments, plus interest as from January 2015, using the current "Banco Nación Average Active Interest Rate for Commercial Discount Transactions" (Tasa Activa Promedio del Banco Nación para Operaciones de Descuentos Comercial) (2.05% monthly), with the installments to be payable from March 2015.

In addition, ENARGAS stated that distributors shall cancel invoices for gas purchases whose maturity occurs in 2015, providing for cancellation thereof at 30, 60 and 90 days in line with the collection of invoice payments from their clients.

As of the date of these consolidated financial statements, Metrogas has received seven of the ten installments on account of temporary economic assistance. In addition, it has executed payment agreements with most producers under Energy Secretariat Resolution No. 263/2015, subject to the availability of the amounts committed.

The real impact on Metrogas revenue levels and on costs will depend on a variable beyond its control: how users will reduce gas consumption, which will not only depend on the individual actions taken to achieve such reduction but also due to climate variables effects between the compared periods.

Metrogas expects that during next year the financial condition will gradually recover with the implementation of the Temporary Agreement executed on March 26, 2014 with UNIREN or with a new Complementary Temporary Agreement. Additionally, a consensus with the National Government is intended to be reached through UNIREN in reference to the modalities, terms and opportunity of the execution of the Letter of Understanding for the Integral Contractual Renegotiation, in order to reestablish the economical-financial situation of Metrogas.

Notwithstanding the foregoing, the company may not guarantee that the above mentioned estimates will actually be implemented or that they will be implemented under the expected terms.

Additionally, if the conditions prevailing as of the date of these financial statements are maintained, the situation will continue deteriorating; therefore, Metrogas is analysing a series of measures to mitigate the impact of the financial situation, including, among others: to submit the claims referring to tariff increases (including transfer to municipal charge tariffs) to the Argentine authorities; to try to keep a strict cash management and expense control; to request additional capital contributions from shareholders; to modify payment conditions with the main suppliers and to obtain funding from third parties.

– *Regulatory Framework of the Electric Power Industry in the Argentine Republic:*

Legal Framework: Law No. 24,065, passed in 1992 and governed by Executive Order No. 1,398/92, has established the current basic regulatory framework for the electricity sector (the “Regulatory Framework”). This Regulatory Framework is supplemented by the regulations of the National Secretariat of Energy (“SE”) for the generation and marketing of electric power, including the Resolution of the former Secretariat of Electric Energy No. 61/92, “Procedures for the Scheduling of Operations, Load Dispatch and Price Calculation”, with its supplementary and amending regulations.

The National Electricity Regulation Agency (“Ente Nacional Regulador de la Electricidad”, “ENRE”) is the agency that regulates, oversees and controls the electric power industry and, in such capacity, it is responsible for the enforcement of Law No. 24,065.

The technical dispatch, operation and economic organization of the Argentine Interconnection System (“Sistema Argentino de Interconexión”, “SADI”) and the Wholesale Electricity Market (“Mercado Eléctrico Mayorista”, “MEM”) is under the responsibility of CAMMESA. CAMMESA also acts as a collection agency for all MEM agents.

It is possible to underscore the following main supplementary and amending resolutions of the sector, taking into consideration the power generation business of YPF Energía Eléctrica S.A.:

- SE Resolution No. 146/2003: this resolution established the framework within which generators may request funding for major or extraordinary maintenance works with the goal of maintaining their units available. This funding may be repaid with the future profits of the generation business, and it may also be repaid in advance. Against this backdrop, YPF Energía Eléctrica, as the successor of the operations of the Power Plants of Tucumán and San Miguel de Tucumán, has requested funding for its plan for the maintenance and availability improvement of the plants in Tucumán, and has offered its Sale Settlements with No Expiration Date to Define (“Liquidaciones de Venta sin Fecha de Vencimiento a Definir”, “LVFVD”) for the advanced repayment of the funded amounts.
- SE Resolution No. 406/2003: this resolution established the mechanism to set collection priorities among various remunerative items of the power generation plants. This set priorities for the collection of items related to variable costs and the collection of the power made available to the system, and finally, of amounts related to generation margins for the sales made in the Spot market as per the curve of contracts with Large Users registered between May and August 2004. LVFVDs were issued for the last ones and for such cases in which CAMMESA did not have a certain repayment date.

- 2008-2011 Generators Agreement: On November 25, 2010, the SE and the main electricity generator companies signed the “Agreement for the Management and Operation of Projects, Increase of Power Generation Availability and Adjustment of Remuneration for 2008-2011 Generation” (hereinafter, the “Generators Agreement”). This Generators Agreement was aimed at establishing the framework, conditions and undertakings that the parties should make to continue with the MEM adjustment process, to enable the entry of new generation to cover the increase in the demand for energy and power in such market, to determine a mechanism for the repayment of the consolidated debts of generators incurred between January 1, 2008, and December 31, 2011, and the acknowledgment of global remuneration for MEM Generator Agents adhering to the Generators Agreement. The Generators Agreement envisaged an increase in the remuneration for the “Power Made Available” by the adhering power generators and in the maximum values recognized for variable maintenance costs and other costs other than fuels. As per this agreement, YPF Energía Eléctrica, as the successor company in the operation of the plants in “Complejo de Generación El Bracho”, has credits with CAMMESA.
- SE Resolution No. 95/2013: this resolution establishes a new remuneration scheme based on the items described below and classified in terms of size and type of generation technology used. The defined remunerative items pertain to: a) remuneration for fixed costs; b) remuneration for variable costs other than fuel; c) direct additional remuneration; and d) indirect additional remuneration, which shall be allocated to a trust for the development of electric power infrastructure works. It is necessary to accept the terms and conditions of the resolution to access such remunerations. YPF Energía Eléctrica has adhered to this system in August 9, 2013, back-dated to February 1, 2013. Among other matters governed by this resolution, it shall be stressed that it established that until the SE decides otherwise, generators and large users shall refrain from making new contracts and/or renewing existing contracts (except for contracts under the framework of SE Resolution No. 1,281/2006 “Energy Plus” and SE Resolution No. 220/2007, among others) as of the entry into force of the resolution. Furthermore, it establishes that as from the date of termination of existing contracts, large users shall begin to make their power purchases through the agency in charge of dispatch (CAMMESA). Similarly, it establishes that fuel supply contracts shall only be acknowledged as long as they are in force, and no new contracts may be made and existing contracts may not be renewed as from their termination dates.
- SE Resolution No. 529/2014: this resolution replaces the remuneration scheme established by SE Resolution No. 95/2013, increasing the tariff schedule of the 4 remunerative concepts included by that resolution. In relation to the Fixed Costs establishes an increase related to the availability of each Generator Agent. Also incorporates a new remuneration scheme of the Non Recurrent Maintenance, which aims to the funding of mayor maintenance subject to the SE approval. This resolution will be applicable to economic transactions from February 2014 for generators that had adhered to SE Resolution No. 95/2013.
- SE Resolution No. 482/2015: this resolution provides adjustments to the compensation scheme set forth in SE Resolution No. 529/2014, by increasing the tariff schedule of the five concepts provided for therein. In addition, it introduces a new specific contribution scheme known as “Resources for 2015-2018 FONINVEMEM Investments” (Recursos para Inversiones del FONINVEMEM 2015-2018) to be allocated to generators participating in the investment projects approved or to be approved by the Energy Secretariat, and a new incentive scheme for the Production of Energy and Operating Efficiency for the relevant generator agents therein included. The provisions of this resolution are retroactively applied to financial transactions made as of February 2015 for those generators who have adhered to SE Resolution No. 95/2013.
- Executive Order No. 134/2015: in the light of the current electrical system condition, the National Executive has declared a Federal Electric Sector Emergency until December 31, 2017. This executive order instructs the Ministry of Energy and Mining to prepare and implement an action plan relative to the electric energy generation, transportation and distribution segments in order to adjust the quality and safety of energy supply and warrant the provision of the electricity in appropriate technical and economic conditions.

– Other regulatory requirements:

– *Investment Promotion Regime for the Exploitation of Hydrocarbons - Decree No. 929/2013:*

Decree No. 929/2013 provides the creation of an Investment Promotion Regime for the Exploitation of Hydrocarbons (the “Promotional Regime”), both conventional and unconventional, which will apply throughout the territory of the Republic of Argentina. Inclusion in the Promotional Regime may be applied for by subjects registered with the Hydrocarbon Investments National Register and holding hydrocarbon exploration permits and/or exploitation concessions and/or any third party associated and together with, such holders, provided they file with the Strategic Planning and Coordination Commission of the Hydrocarbon Investments Nation Plan created by Executive Order No.1.277/12 a “Hydrocarbon Exploitation Investment Project (“Proyecto de Inversión para la Explotación de Hidrocarburos”)” entailing a direct investment in foreign currency of at least US\$ 1.000 million, computed as of the filing of the Hydrocarbon Exploitation Investment Project to be invested during the first five years of the Project (this amount was amended by the subsequent Law No. 27,007).

Among the benefits to subjects comprised by the Promotional Regime, the following are highlighted: i) they will be entitled, subject to the terms of Law No. 17.319 and as from the fifth successive year of actual execution of their respective “Hydrocarbon Exploitation Investment Projects”, to freely sell to foreign markets 20% of their production of liquid and gaseous hydrocarbons produced under the said Projects, with a 0% rate for export duties, should these be otherwise applicable; ii) they will be entitled to free availability of 100% of any foreign currency obtained from export of the hydrocarbons mentioned in the preceding item, provided that the approved “Hydrocarbon Exploitation Investment Project” implies the entry of foreign currency to the Argentine market of at least US\$ 1,000 million and as mentioned hereinabove; iii) it is provided that, during periods where national production is not enough to meet domestic supply needs under the terms of section 6 of Law No. 17.319, subjects included in the Promotional Regime shall be entitled, as from the fifth year from approval and execution of their respective “Hydrocarbon Exploitation Investment Projects”, to obtain, in compensation for the percentage of liquid and gaseous hydrocarbons produced under such Projects available for export as mentioned herein above, an export price of not less than the reference export price, for whose determination the incidence of export duties otherwise applicable will not be computed.

In addition, the Executive Order creates the institute of “Unconventional Hydrocarbon Exploitation”, consisting in the extraction of liquid and/or gaseous hydrocarbons through unconventional stimulation techniques applied in fields located in shale gas or shale oil, tight sands, tight gas and tight oil, and coal bed methane geological rock formations and/or characterized, generally, by the presence of low- permeability rocks. In connection therewith, it has been provided that subjects holding hydrocarbon exploration permits and/or exploitation concessions included in the Promotional Regime will be entitled to apply for an “Unconventional Hydrocarbon Exploitation Concession”. In addition, holders of “Unconventional Hydrocarbon Exploitation Concessions” who in turn are holders of an adjacent pre-existing exploitation concession, may apply for the merging of both areas into a sole unconventional area, provided that due evidence is given of the geological continuity of the relevant areas.

– *Repatriation of foreign exchange:*

During October, 2011, Decree No. 1,722/2011 was published and became effective as from such date. The mentioned decree provides that total export collections from operations by producers of crude oil or its derivatives, natural gas and liquefied gas, and companies which aim to develop mining projects, must be liquidated in the single and free-exchange market in accordance with the provisions of Article No. 1 of Decree No. 2,581 of April 10, 1964 (see Decree No. 929/2013 above).

– *Price Information Regime*

By Resolution No. 29/2014, the Secretariat of Commerce approved a Price Information Regime whereby all companies producing supplies and final goods with total annual sales in the domestic market exceeding the amount of 183 during 2013 must submit to the Secretariat a monthly report of current prices of all their products.

The same obligation falls upon all companies distributing and/or marketing supplies and final goods with total annual sales in the domestic market exceeding the amount of 250 in the same year.

Likewise, Provision No. 6/2014 of the Under-Secretariat of Domestic Commerce created the Price Information Regime Information System (“SIRIP”) that will be available at the web site [http://www.mecon.gov.ar/comercio interior](http://www.mecon.gov.ar/comercio_interior).

– *New CNV Regulatory Framework*

Through Resolution No. 622/2013 dated September 5, 2013, the Argentine Securities Commission (*Comisión Nacional de Valores* – “CNV”) approved the Regulations (N.T. 2013) applicable to companies subject to this agency control, as provided for by the Capital Market Act No. 26,831, and Regulatory Decree No. 1,023 dated August 1, 2013. This Resolution superseded the former CNV Regulations (N.T. 2001 as amended) and the General Resolutions No. 615/2013 and No. 621/2013, as from the effective date of the Regulations (N.T. 2013).

– *New Argentine Civil and Commercial Code:*

On August 1, 2015, the new Federal Civil and Commercial Code became effective. These new regulations, in addition to merging the Civil and Commercial Codes introduce details several news and amendments relative to Capacity, Obligations, Contracts, Contractual and Precontractual Civil Liability, Ownership, Co-ownership, Business Companies and Lapsing, among other legal institutes.

– *Transactions in the Forward Rosario Market (“ROFEX”):*

As mentioned in Note 15.a) ii, YPF is licensed to operate as own settlement and clearance agent at the ROFEX. In this sense, during October 2015 YPF has acquired in ROFEX forward agreements whose underlying asset is the U.S. Dollar, with maturities occurring between February and May 2016.

12. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The Group enters into operations and transactions with related parties according to general market conditions, which are part of the normal operation of the Group with respect to their purpose and conditions.

The information detailed in the tables below shows the balances with joint ventures and affiliated companies as of December 31, 2015, 2014 and 2013 and transactions with the mentioned parties for the fiscal years ended December 31, 2015, 2014 and 2013.

	As of December 31, 2015			As of December 31, 2014			Other receivables Non current	Current
	Other receivables	Trade receivables	Accounts payable	Other receivables	Trade receivables	Accounts payable		
	Current	Current	Current	Current	Current	Current		
Joint ventures:								
Profertil S.A.	110	209	35	3	56	16	—	
Compañía Mega S.A. (“Mega”)	12	481	381	7	528	40	—	
Refinería del Norte S.A. (“Refinor”)	—	125	11	—	145	11	—	
Bizoy S.A.	4	—	—	—	4	—	—	
	<u>126</u>	<u>815</u>	<u>427</u>	<u>10</u>	<u>733</u>	<u>67</u>	<u>—</u>	
Affiliated companies:								
Central Dock Sud S.A.	—	194	—	—	89	—	484	
YPF Gas S.A. ⁽¹⁾	33	98	44	—	—	—	—	
Oleoductos del Valle S.A.	—	—	56	—	—	33	—	
Terminales Marítimas Patagónicas S.A.	—	—	44	—	—	28	—	
Oleoducto Trasandino (Argentina) S.A.	—	—	2	—	—	2	—	
Oleoducto Trasandino (Chile) S.A.	1	—	—	—	—	—	—	
Gasoducto del Pacífico (Argentina) S.A.	4	—	27	6	—	7	—	
Oiltanking Ebytem S.A.	—	—	45	—	—	25	—	
	<u>38</u>	<u>292</u>	<u>218</u>	<u>6</u>	<u>89</u>	<u>95</u>	<u>484</u>	
	<u>164</u>	<u>1,107</u>	<u>645</u>	<u>16</u>	<u>822</u>	<u>162</u>	<u>484</u>	

	2015			2014			Revenues
	Revenues	Purchases and services	Interest income (loss), net	Revenues	Purchases and services	Interest income (loss), net	
Joint ventures:							
Profertil S.A.	823	305	—	304	409	—	13
Compañía Mega S.A. (“Mega”)	1,396	470	—	2,485	178	—	1,78
Refinería del Norte S.A. (“Refinor”)	824	195	—	859	62	—	56
Bizoy S.A.	—	—	—	13	—	—	2
	<u>3,043</u>	<u>970</u>	<u>—</u>	<u>3,661</u>	<u>649</u>	<u>—</u>	<u>2,50</u>
Affiliated companies:							
Central Dock Sud S.A.	322	—	8	222	—	7	17
YPF Gas S.A. ⁽¹⁾	231	35	—	—	—	—	—
Pluspetrol Energy S.A. ⁽³⁾	—	—	—	—	—	—	14
Metrogas S.A. ⁽²⁾	—	—	—	—	—	—	1
Oleoductos del Valle S.A.	—	220	—	—	181	—	—
Terminales Marítimas Patagónicas S.A.	—	215	—	1	190	—	—
Oleoducto Trasandino (Argentina) S.A.	—	20	—	—	17	—	—
Gasoducto del Pacífico (Argentina) S.A.	—	113	—	—	85	—	—
Oiltanking Ebytem S.A.	—	200	—	—	147	—	—
	<u>553</u>	<u>803</u>	<u>8</u>	<u>223</u>	<u>620</u>	<u>7</u>	<u>33</u>
Others	—	—	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>3,596</u>	<u>1,773</u>	<u>8</u>	<u>3,884</u>	<u>1,269</u>	<u>7</u>	<u>2,84</u>

- (1) Disclosed balances and transactions since the date of the acquisition of associates (see Note 2).
- (2) Disclosed balances and transactions until take over date (see Note 2).
- (3) Disclosed balances and transactions until spin-off date (see Note 2).

Additionally, in the normal course of business, and taking into consideration that YPF is the main oil and gas company in Argentina, the Group's client/suppliers portfolio encompasses both private sector entities as well as national, provincial and municipal public sector entities. As required by IAS 24 "Related party disclosures", among the major transactions above mentioned the most important are:

- CAMMESA: the provision of fuel oil, which is destined to thermal power plants, and selling and purchases of energy (the operations of sale and purchase for fiscal year ended on December 31, 2015 amounted to 12,079 and 1,460, respectively, and on December 31, 2014 amounted to 7,816 and 1,121, respectively, while the net balance as of December 31, 2015, 2014 and 2013 was credit 1,960, 1,010 and 455 respectively);
- ENARSA: rendering of regasification service in the regasification projects of liquified natural gas in Escobar and Bahía Blanca and the purchase of natural gas, imported by ENARSA from the Republic of Bolivia and crude oil (the operations for the fiscal year ended December 31, 2015, amounted to 1,635 and 1,141, respectively, and on December 31, 2014 amounted to 1,507 and 476, respectively, and on December 31, 2013 amounted to 1,015 and 1,107, respectively; while the net balance as of December 31, 2015 was debt 135, and December 31, 2014 and 2013 was a credit of 192 and 430, respectively);
- Aerolíneas Argentinas S.A. and Austral Líneas Aéreas Cielos del Sur S.A.: the provision of jet fuel (the operations for the fiscal year ended on December 31, 2015, 2014 and 2013, amounted to 2,178, 2,676 and 1,495, respectively, while the net balance as of December 31, 2015, 2014 and 2013 was credit of 255, 183 and 104, respectively);
- Ministry of Energy and Mining: the benefits of the incentive scheme for the Additional Injection of natural gas (the operations for the for the fiscal year ended on December 31, 2015, 2014 and 2013, amounted to 12,345, 7,762 and 4,289 respectively, while the net balance as of December 31, 2015, 2014 and 2013 was credit 9,859, 3,390 and 1,787, respectively) and for the crude oil production incentive program (the operations for the fiscal year ended on December 31, 2015 amounted to 1,988, all of them outstanding as of the closing date of this period);
- Argentine Secretariat of Domestic Commerce: the compensation for providing gas oil to public transport of passengers at a differential price (operations for the fiscal year ended on December 31, 2015, 2014 and 2013, amounted to 3,746, 3,763 and 2,208, respectively, while the net balance for the fiscal year ended on December 31, 2015, 2014 and 2013 was credit 412, 244 and 116, respectively);
- Energy Secretariat: temporary economic assistance to Metrogas (the operations for the fiscal year ended on December 31, 2015 amounted to 711, while the net balance as of December 31, 2015 was credit 149);
- Industry Secretariat: incentive for domestic manufacturing of capital goods, for the benefit of A-Evangelista S.A. (the operations for the fiscal year ended on December 31, 2015, 2014 and 2013, amounted to 621, 233 and 169 respectively, while the net balance as of December 31, 2015, 2014 and 2013 was credit 27, 15 and 11, respectively).

Such transactions are generally based on medium-term agreements and are provided according to general market or regulatory conditions, as applicable.

Additionally, the Group has entered into certain financing and insurance transactions with entities related to the national public sector, as defined in IAS 24. Such transactions consist of certain financial transactions that are described in Note 6.j) of these financial statements, and transactions with Nación Seguros S.A. related to certain insurance policies contracts, and in connection therewith, to the reimbursement from the insurance coverage for the incident mentioned in Note 11.b.

Furthermore, in relation to the investment agreement signed between YPF and Chevron subsidiaries, YPF has an indirect non-controlling interest in CHNC with which YPF carries out transactions in connection with the above mentioned investment agreement (see Note 11.c).

The table below discloses the compensation for the Company's key management personnel, including members of the Board of Directors and vice presidents (managers with executive functions appointed by the Board of Directors), for the fiscal year ended December 31, 2015, 2014 and 2013:

	<u>2015⁽¹⁾</u>	<u>2014⁽¹⁾</u>	<u>2013⁽¹⁾</u>
Short-term employee benefits ⁽²⁾	158	112	67
Share-based benefits	40	48	29
Post-retirement benefits	6	4	3
Termination benefits	5	—	—
	<u>209</u>	<u>164</u>	<u>99</u>

(1) Includes the compensation for YPF's key management personnel which developed their functions during the mentioned periods.

(2) Does not include Social Security contributions for 55, 57 and 29.

13. EMPLOYEE BENEFIT PLANS AND SHARE-BASED PAYMENTS

Note 1.b.10 describes the main characteristics and accounting treatment for benefit plans implemented by the Group. The charges recognized during the fiscal year ended on December 31, 2015, 2014 and 2013 are as follows.

i. Retirement plan:

The total charges recognized under the Retirement Plan amounted to approximately 60, 49 and 42 for the years ended December 31, 2015, 2014 and 2013, respectively.

ii. Performance Bonus Programs and Performance evaluation:

The amount charged to expense related to the Performance Bonus Programs was 1,020, 781 and 466 for the years ended December 31, 2015, 2014 and 2013, respectively.

iii. Share-based benefit plan :

During the fiscal year ended December 31, 2015, 2014 and 2013, the Company has repurchased 382,985, 634,204 and 1,232,362 treasury shares for an amount of 120, 200 and 120, respectively, in order to comply with the share-based plans. The cost of such repurchases is reflected in the shareholders' equity under the name of "Treasury shares acquisition cost", while the face value and the adjustment resulting from the monetary restatement carried out in accordance with the Previous Accounting Principles have been reclassified from the accounts "Subscribed Capital" and "Capital Adjustment" to the accounts "Treasury shares" and "Treasury shares comprehensive adjustment" respectively.

The amount charged to expense in relation with the share-based plans, which are disclosed according to their nature, amounted to 124, 80 and 43 for the fiscal years ended December 31 2015, 2014 and 2013, respectively.

Information related to the evolution of the quantity of shares, of the plans at the end of the years ended on December 31, 2015, 2014 and 2013 is as follows:

Plan 2013-2015

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Amount at the beginning of the year	695,015	1,289,841	—
- Granted	—	—	1,769,015
- Settled	(503,535)	(563,754)	(479,174)
- Expired	(2,987)	(31,072)	—
Amount at end of year⁽¹⁾	<u>188,493</u>	<u>695,015</u>	<u>1,289,841</u>
Expense recognized during the year	34	53	43
Fair value of shares on grant date (in dollars)	14.75	14.75	14.75

(1) The average remaining life of the plan is 7 months as of December 31, 2015, between 10 and 22 months as of December 31, 2014 and between 10 and 34 months as of December 31, 2013.

Plan 2014-2016

	<u>2015</u>	<u>2014</u>
Amount at the beginning of the year	356,054	—
- Granted	—	356,054
- Settled	(118,927)	—
- Expired	(2,997)	—
Amount at end of year ⁽¹⁾	<u>234,130</u>	<u>356,054</u>
Expense recognized during the year	53	27
Fair value of shares on grant date (in dollars)	33.41	33.41

- (1) The average remaining life of the plan is between 10 and 22 months as of December 31, 2015 and between 10 and 30 months as of December 31, 2014.

Plan 2015-2017

	<u>2015</u>
Amount at the beginning of the year	—
- Granted	619,060
- Settled	(888)
- Expired	(16,093)
Amount at end of year ⁽¹⁾	<u>602,079</u>
Expense recognized during the year	37
Fair value of shares on grant date (in dollars)	19.31

- (1) The average remaining life of the plan is between 7 and 31 months as of December 31, 2015.

iv. Pension Plans and other Post-retirement and Post-employment benefits of YPF Holdings Inc.:

Following is disclosed the information about pension plans and other obligations of YPF Holdings Inc. The last actuarial evaluation for the plans mentioned above was made as of December 31, 2015.

Defined-benefit obligations

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Present value of obligations	279	221	190
Fair value of assets	—	—	—
Deferred actuarial losses	—	—	—
Recognized net liabilities	<u>279</u>	<u>221</u>	<u>190</u>

Changes in the fair value of the defined-benefit obligations

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Liabilities at the beginning of the year	221	190	152
Translation differences	73	81	57
Service costs	—	—	—
Interest costs	10	5	3
Actuarial gains	(6)	(25)	(6)
Benefits paid, settlements and amendments	(19)	(30)	(16)
Liabilities at the end of the year	<u>279</u>	<u>221</u>	<u>190</u>

Changes in the fair value of the plan assets

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Fair value of assets at the beginning of the year	—	—	—
Employer and employees contributions	19	30	16

Benefits paid and settlements	(19)	(30)	(16)
Total recognized as expense of the year	<u>—</u>	<u>—</u>	<u>—</u>

Amounts recognized in the Statement of Comprehensive Income

	<u>(Loss) Income</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Service costs	—	—	—
Interest costs	(10)	(5)	(3)
Gains (Losses) on settlements and amendments	—	—	—
Total recognized as expense of the year	<u>(10)</u>	<u>(5)</u>	<u>(3)</u>

Amounts recognized in Other Comprehensive Income

	(Loss) Income		
	2015	2014	2013
Actuarial gains, net	6	25	6
Total recognized in Other Comprehensive Income	<u>6</u>	<u>25</u>	<u>6</u>

Actuarial assumptions

	2015	2014	2013
Discount rate	5%	5%	3.25 – 3.9%
Expected return on assets	N/A	N/A	N/A
Expected increase on salaries	N/A	N/A	N/A

Expected employer's contributions and estimated future benefit payments for the outstanding plans are as follows:

Expected employer's contributions during 2016	27
Estimated future benefit payments are as follows:	
-2017	26
-2018	25
-2019	24
-2020	22
-2021 – 2025	90

The weighted average duration used in the estimation of future payments was between 6.8 and 7.4.

YPF Holdings Inc. has performed a sensitivity analysis related to variations of 1% in the discount rate and in the trend of medical costs for the mentioned plans, without having, such changes, a significant effect in the liability recognized or net income for the fiscal year.

For additional information about other existing benefit plans, see Note 1.b.10.

14. OPERATING LEASES

As of December 31, 2015 the main agreements in which the Group is a lessee are:

- Lease of facilities equipment and production equipment in fields, and natural gas compression equipment units under agreements with an average three-year effective term with a renewal option of one additional year, for which contingent installments are computed based on a unit of use rate (pesos per hour/day of use).
- Lease of vessels and barges for hydrocarbon transportation under agreements with an average effective term of 5 years for which contingent installments are computed based on a unit of use rate (pesos per hour/day of use).
- Leases of lands for the installation and operation of service stations under agreements with an average term of approximately 10 years, for which contingent installments are computed on the basis of a rate by unit of estimate fuel sales.

Charges for the above mentioned agreements for fiscal years ended December 31, 2015, 2014 and 2013 amounted to approximately 7,364, 5,438 and 3,520, respectively, with 746, 1,737 and 1,493 corresponding to minimum payments, and 6,618, 3,701 and 3,027 to contingent installments They have been allocated to "Lease of property and equipment and Contract for works and services".

As of December 31, 2015, future estimate payments related to these agreements are as shown below

	Up to 1 year	From 1 to 5 years	Following the sixth year
Future estimate payments	<u>7,929</u>	<u>14,120</u>	<u>332</u>

15. INFORMATION REQUIRED BY REGULATORY AUTHORITIES

a) CNV General Resolution No. 622

- I. Pursuant to section 1, Chapter III, Title IV of such resolution, there follows a detail of the notes to the consolidated financial statements containing information required under the Resolution in the form of exhibits.

Exhibit A – Fixed Assets	Note 6.b) Fixed Assets
Exhibit B – Intangible assets	Note 6.a) Intangible assets
Exhibit C – Investments in companies	Note 16 Investments in companies
Exhibit D – Other investments	Note 5 Financial instrument by category
Exhibit E – Provisions	Note 6.f) Trade receivables
	Note 6.e) Other receivables
	Note 6.c) Investments in companies
	Note 6.b) Fixed Assets
	Note 6.h) Provisions
Exhibit F – Cost of goods sold and services rendered	Note 6.m) Cost of sales
Exhibit G – Assets and liabilities in foreign currency	Note 18 Assets and liabilities in currencies other than the Argentine peso

- II. On March 18, 2015, the Company was registered with the CNV under the category “Settlement and Clearing Agent and Trading Agent—Own account”, record No. 549. Considering the Company’s business, and the CNV Rules and its Interpretative Criterion No. 55, the Company shall not, under any circumstance, offer brokerage services to third parties for transactions in markets under the jurisdiction of the CNV and also it shall not open operating accounts to third parties to issue orders and trade in markets under the jurisdiction of the CNV.

Besides, in accordance with the provisions of Section VI, Chapter II, Title VII of the CNV Rules and its Interpretative Criterion No. 55, the Company’s equity exceeds the minimum required equity under such rules, which is 15, while the minimum required counterparty capital, which is 3, is comprised of 11,618,762 units of the mutual fund known as Fondo Común de Inversión Compass Ahorro—Clase B, with settlement upon redemption in 24 hours; the Company’s units total value as of December 31, 2015 amounted to 19.

b) Required Information by General Resolution No. 629

Due to General Resolution No. 629 of the CNV, the Company informs that supporting documentation of Company’s operations, which is not in Company’s headquarters, is stored in the following companies:

- Adea S.A. located in Barn 3 – Route 36, Km. 31.5 – Florencio Varela – Province of Buenos Aires.
- File S.R.L., located in Panamericana and R.S. Peña – Blanco Escalada – Luján de Cuyo –Province of Mendoza.

16. INVESTMENTS IN COMPANIES

Name and Issuer	Description of the Securities				Information of the issuer			Last Financial Statement
	Class	Face Value	Amount	Main Business	Registered Address	Date	Capital stock	
Controlled companies:								
YPF International S.A. ⁽⁷⁾	Common	Bs. 100	66,897	Investment	La Plata 19, Santa Cruz de la Sierra, República de Bolivia	12-31-15	13	
YPF Holdings Inc. ⁽⁷⁾	Common	US\$0.01	810,614	Investment and finance	10333 Richmond Avenue I, Suite 1050, TX, U.S.A.	12-31-15	10,529	
Operadora de Estaciones de Servicios S.A.	Common	\$ 1	163,701,747	Commercial management of YPF's gas stations	Macacha Güemes 515, Buenos Aires, Argentina	12-31-15	164	
A-Evangelista S.A.	Common	\$ 1	307,095,088	Engineering and construction services	Macacha Güemes 515, Buenos Aires, Argentina	12-31-15	307	
YPF Servicios Petroleros S.A.	Common	\$ 1	50,000	Wells perforation and/or repair services	Macacha Güemes 515, Buenos Aires, Argentina	12-31-15	—	(8)
YPF Inversora Energética S.A.	Common	\$ 1	97,239,000	Investment	Macacha Güemes 515, Buenos Aires, Argentina	12-31-15	97	
YPF Energía Eléctrica	Common	\$ 1	30,006,540	Exploration, development, industrialization and marketing of hydrocarbons, and generation, transportation and marketing of electric power	Macacha Güemes 515, Buenos Aires, Argentina	12-31-15	30	
YPF Chile S.A. ⁽⁹⁾	Common	—	50,968,649	Lubricants and aviation fuels trading and hydrocarbons research and exploration	Villarica 322; Módulo B1, Qilicura, Santiago	12-31-15	593	
YPF Tecnología S.A.	Common	\$ 1	234,291,000	Investigation, development, production and commercialization of technologies, knowledge, goods and services	Macacha Güemes 515, Buenos Aires, Argentina	12-31-15	459	
YPF Europe B.V. ⁽⁷⁾	Common	US\$0.01	15,660,437,309	Investment and finance	Prins Bernardplein 200, 1097 JB, Amsterdam, Holanda	12-31-15	2,034	
YSUR Argentina Investment S.à r.l. ⁽⁷⁾	Common	US\$ 1	20,001	Investment	13-15, Avenue de la Lierté, L-1931, Luxemburgo	09-30-15	—	(8)
YSUR Argentina Corporation ⁽⁷⁾	Common	US\$ 1	10,000,001	Investment	Boundary Hall, Cricket Square P.O. Box 1111 George Town, Grand Cayman, Cayman Islands KY1-1102	09-30-15	94	
YSUR Petrolera Argentina S.A. ⁽⁷⁾	Common	\$ 1	634,284,566	Exploration, extraction, exploitation, storage, transportation, industrialization and marketing of hydrocarbons, as well as other operations related thereto.	Tucumán 1, P. 12, Buenos Aires, Argentina	12-31-15	634	

12-31-2015

Name and Issuer	Description of the Securities					Information of the issuer					
	Class	Face Value	Amount	Book value (3)	Cost (2)	Main Business	Registered Address	Last Financial Statement			
								Date	Capital stock	Results	Equity
Joint Ventures:											
Compañía Mega S.A.(6)(7)	Common \$	1	244,246,140	1,277	—	Separation, fractionation and transportation of natural gas liquids	San Martín 344, P. 10º, Buenos Aires, Argentina	09-30-15	643	551	1
Profertil S.A.(7)	Common \$	1	391,291,320	1,452	—	Production and marketing of fertilizers	Alicia Moreau de Justo 740, P. 3, Buenos Aires, Argentina	09-30-15	783	(147)	
Refinería del Norte S.A.	Common \$	1	45,803,655	405	—	Refining	Maipú 1, P. 2º, Buenos Aires, Argentina	09-30-15	92	(75)	
				<u>3,134</u>	<u>—</u>						
Affiliated Companies:											
Oleoductos del Valle S.A.	Common \$	10	4,072,749	126 ⁽¹⁾	—	Oil transportation by pipeline	Florida 1, P. 10º, Buenos Aires, Argentina	12-31-15	110	51	
Terminales Marítimas Patagónicas S.A.	Common \$	10	476,034	70	—	Oil storage and shipment	Av. Leandro N. Alem 1180, P. 11º, Buenos Aires, Argentina	09-30-15	14	5	
Oiltanking Ebytem S.A.	Common \$	10	351,167	150	—	Hydrocarbon transportation and storage	Terminal Marítima Puerto Rosales – Provincia de Buenos Aires, Argentina.	12-31-15	12	99	
Gasoducto del Pacífico (Argentina) S.A.	Preferred \$	1	15,579,578	23	—	Gas transportation by pipeline	San Martín 323, P.13º, Buenos Aires, Argentina	12-31-15	156	54	
Central Dock Sud S.A.	Common \$	0.01	11,869,095,145	152	136	Electric power generation and bulk marketing	Pasaje Ingeniero Butty 220, P.16º, Buenos Aires, Argentina	09-30-15	1,231	(78)	1
Inversora Dock Sud S.A.	Common \$	1	355,270,303	484	445	Investment and finance	Pasaje Ingeniero Butty 220, P.16º, Buenos Aires, Argentina	09-30-15	829	(54)	
Oleoducto Trasadino (Argentina) S.A.	Preferred \$	1	12,135,167	25	—	Oil transportation by pipeline	Macacha Güemes 515, P.3º, Buenos Aires, Argentina	09-30-15	34	6	
Other Companies:											
Other (4)	—	—	—	<u>220</u>	<u>135</u>	—	—	—	—	—	—
				1,250	716						

4,384 716

- (1) Holding in shareholder's equity, net of intercompany profits
- (2) Cost net of cash dividends and stock redemption
- (3) Holding in shareholders' equity plus adjustments to conform to YPF accounting methods
- (4) Includes Compañía Minera de Argentina S.A., Gasoducto del Pacífico (Cayman) Ltd., A&C Pipeline Holding Company, Poligás Luján S.A.C.I., Oleoducto Trans Corp., Bizoy S.A., Civeny S.A., Bioceres S.A., YPF Perú S.A.C., YPF Brasil Comercio Derivado de Petróleo Ltda, Wokler Investment S.A., YPF Colombia S.A., 2011 S.A.U., Lestery S.A., YSUR Argentina Holdings S.à r.l., Compañía de Inversiones Mineras S.A., YPF Gas S.A. and Energía Andina S.A.
- (5) Additionally, the Company has a 29.99% indirect holding in capital stock through Inversora Dock Sud S.A.
- (6) As stipulated by shareholders' agreement, joint control is held in this company by shareholders.
- (7) The U.S. dollar has been defined as the functional currency of this company.
- (8) No value is disclosed as the carrying value is less than 1.
- (9) The Chilean peso has been defined as functional currency for this company.

17. JOINT OPERATION AND OTHER EXPLORATION AND PRODUCTION AGREEMENTS

As of December 31, 2015, the main exploration and production joint operations and other agreements in which the Group participates are the following:

<u>Name and Location</u>	<u>Ownership Interest</u>	<u>Operator</u>
Acambuco <i>Salta</i>	22.50%	Pan American Energy LLC
Aguada Pichana <i>Neuquén</i>	27.27%	Total Austral S.A.
Aguaragüe <i>Salta</i>	53.00%	Tecpetrol S.A.
CAM-2/A SUR <i>Tierra del Fuego</i>	50.00%	Enap Sipetrol Argentina S.A.
Campamento Central / Cañadón Perdido <i>Chubut</i>	50.00%	YPF S.A.
Consortio CNQ 7/A <i>La Pampa y Mendoza</i>	50.00%	Pluspetrol Energy S.A.
El Tordillo <i>Chubut</i>	12.20%	Tecpetrol S.A.
La Tapera y Puesto Quiroga <i>Chubut</i>	12.20%	Tecpetrol S.A.
Lindero Atravesado <i>Neuquén</i>	37.50%	Pan American Energy LLC
Llancanelo <i>Mendoza</i>	51.00%	YPF S.A.
Magallanes <i>Santa Cruz, Tierra del Fuego y Plataforma Continental Nacional</i>	50.00%	Enap Sipetrol Argentina S.A.
Palmar Largo <i>Formosa y Salta</i>	30.00%	Pluspetrol S.A.
Loma Campana <i>Neuquén y Mendoza</i>	50.00%	YPF S.A.
Ramos <i>Salta</i>	42.00%	Pluspetrol Energy S.A.
Rincón del Mangrullo <i>Neuquén</i>	50.00%	YPF S.A.
San Roque <i>Neuquén</i>	34.11%	Total Austral S.A.
Tierra del Fuego <i>Tierra del Fuego</i>	100.00%	Petrolera L.F. Company S.R.L.
Yacimiento La Ventana – Río Tunuyán <i>Mendoza</i>	70.00%	YPF S.A.
Zampal Oeste <i>Mendoza</i>	70.00%	YPF S.A.
Narambuena <i>Neuquén</i>	50.00%	YPF S.A.
La Amarga Chica <i>Neuquén</i>	50.00%	YPF S.A.
Neptuno <i>U.S.A.</i>	15.00%	BHPB Pet (Deepwater) Inc.

18. ASSETS AND LIABILITIES IN CURRENCIES OTHER THAN THE ARGENTINE PESO

	2015			2014			2013		
	Amount in currencies other than the Argentine peso	Exchange rate ⁽¹⁾	Total	Amount in currencies other than the Argentine peso	Exchange rate ⁽¹⁾	Total	Amount in currencies other than the Argentine peso	Exchange rate ⁽¹⁾	Total
Noncurrent Assets									
<u>Other receivables</u>									
US Dollar	46	12.94	595	73	8.45	617	319	6.48	2,067
Real	10	3.31	33	6	3.2	19	4	2.77	11
<u>Trade receivables</u>									
Real	—	—	—	5	3.2	16	—	—	—
Total noncurrent assets			628			652			2,078
Current Assets									
<u>Trade receivables</u>									
US Dollar	307	12.94	3,973	341	8.45	2,881	263	6.48	1,704
Chilean peso	16,971	0.02	339	11,043	0.01	110	8,688	0.01	87
Real	15	3.31	50	24	3.2	77	21	2.77	58
<u>Other receivables</u>									
US Dollar	407	12.94	5,267	473	8.45	3,997	502	6.48	3,253
Euro	6	14.07	84	3	10.26	31	3	8.96	27
Real	7	3.31	23	3	3.2	10	—	—	—
Chilean peso	27	0.02	1	4,344	0.01	43	1,087	0.01	11
Yens	119	0.11	13	—	—	—	—	—	—
Uruguayan pesos	—	—	—	—	—	—	34	0.31	11
<u>Cash and cash equivalents</u>									
US Dollar	1,009	12.94	13,056	647	8.45	5,467	649	6.48	4,205
Chilean peso	502	0.02	10	—	—	—	189	0.01	2
Uruguayan pesos	—	—	—	—	—	—	6	0.31	2
Real	4	3.31	13	—	—	—	4	2.77	11
Total current assets			22,829			12,616			9,371
Total assets			23,457			13,268			11,449
Noncurrent Liabilities									
<u>Provisions</u>									
US Dollar	2,774	13.04	36,173	2,785	8.55	23,812	2,095	6.52	13,660
<u>Taxes payable</u>									
US Dollar	—	—	—	—	—	—	16	6.52	104
<u>Loans</u>									
US Dollar	4,403	13.04	57,417	2,845	8.55	24,325	1,980	6.52	12,910
Real	4	3.35	13	—	—	—	—	—	—
<u>Salaries and social security</u>									
US Dollar	—	—	—	—	—	—	1	6.52	7
<u>Accounts payable</u>									
US Dollar	37	13.04	482	55	8.55	470	60	6.52	391
Uruguayan pesos	—	—	—	—	—	—	8	0.35	3
Total noncurrent liabilities			94,085			48,607			27,075
Current Liabilities									
<u>Provisions</u>									
US Dollar	80	13.04	1,043	177	8.55	1,513	123	6.52	802
<u>Taxes payable</u>									
Real	6	3.31	20	—	—	—	—	—	—
Chilean peso	1,077	0.02	22	—	—	—	—	—	—
<u>Loans</u>									
US Dollar	1,543	13.04	20,121	919	8.55	7,860	985	6.52	6,421
Real	35	3.35	117	16	3.2	51	13	2.79	36
<u>Salaries and social security</u>									
US Dollar	7	13.04	91	3	8.55	26	2	6.52	13
Real	2	3.35	7	2	3.2	6	2	2.79	6
Chilean peso	423	0.02	8	—	—	—	—	—	—

Uruguayan pesos	—	—	—	—	—	—	10	0.35	4
Accounts payable									
US Dollar	1,877	13.04	24,476	2,015	8.55	17,228	1,776	6.52	11,580
Euro	26	14.21	369	24	10.41	248	186	9	1,674
Chilean peso	1,283	0.02	26	6,387	0.01	64	6,629	0.01	66
Real	14	3.35	47	11	3.2	35	6	2.79	17
Yens	29	0.11	3	—	—	—	—	—	—
Uruguayan pesos	—	—	—	—	—	—	27	0.35	9
Bolivian pesos	—	—	—	—	—	—	23	0.96	22
Total current liabilities			<u>46,350</u>			<u>27,031</u>			<u>20,650</u>
Total liabilities			<u>140,435</u>			<u>75,638</u>			<u>47,725</u>

(1) Exchange rates in pesos as of December 31 2015, 2014 and 2013 according to Banco Nación Argentina.

19. SUBSEQUENT EVENTS

- Pursuant to Administrative Decision No. 1/2016, published on January 8, 2016 in the Argentine Official Gazette, the Executive Branch granted a 10-year concession extension for hydrocarbon exploitation in the Magallanes area, held by YPF and belonging to Marina Austral Basin, as from November 14, 2017. The extension was granted for the portion under the National Government's concession jurisdiction, according to Section 35 of Hydrocarbons Law No. 17,139.
- On January 14, 2016 YPF entered into two Agreements (the "Agreements") with American Energy – Acquisitions LLC ("AEAQ"), an affiliate of American Energy Partners ("AELP") whereby YPF and AEAQ agreed on the main terms and conditions for (i) the joint development of a shale oil and gas pilot in Bajada de Añelo area and (ii) the exploratory delineation in the southern region of Cerro Arena area, both located in the Province of Neuquén.

The Agreements provide for an exclusivity period for the negotiation and execution of several final agreements, whose effectiveness shall be subject to the fulfillment of precedent conditions.

As of the date of the issuance of these consolidated financial statements, there are no other significant subsequent events that require adjustments or disclosure in the financial statements of the Group as of December 31, 2015 which were not already considered in such consolidated financial statements according to IFRS.

These financial statements were approved by the Board of Directors' meeting and authorized to be issued on March 3, 2016 and will be considered by the next annual Shareholders' meeting. In addition for purpose of its presentation to the Securities and Exchange Commission of the United States of America, the Note 20 "Supplemental information on Oil and Gas producing activities (unaudited)" has been included.

20. SUPPLEMENTAL INFORMATION ON OIL AND GAS PRODUCING ACTIVITIES (UNAUDITED)

The following information is presented in accordance with ASC No. 932 "Extractive Activities – Oil and Gas", as amended by ASU 2010 – 03 "Oil and Gas Reserves. Estimation and Disclosures", issued by FASB in January 2010.

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, 2015, 2014 and 2013 was calculated in accordance with the SEC rules and Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 932, as amended. Accordingly, crude oil prices used to determine reserves were calculated for each month, for crude oils of different quality produced by the Company. Consequently, for calculation of our net proved reserves as of December 31, 2015 the Company considered the realized prices for crude oil in the domestic market (which are higher than those that had prevailed in the international market), taking into account the unweighted average price for each month within the twelve-month period ended December 31, 2015. 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.

Notwithstanding the foregoing, commodity prices declined significantly since 2014. See "Item 3. Key Information—Risk Factors—Risks Relating to the Argentine Oil and Gas Business and Our Business— Our oil and natural gas reserves are estimates, and —Risks Relating to the Argentine Oil and Gas Business and Our Business— Our reserves and production are likely to decline."

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

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

Technology used in establishing proved reserves additions in 2015

Company’s estimated proved reserves 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, geological outcrops 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.

Changes in Company's Estimated Net Proved Reserves

The table below sets forth information regarding changes in Company's net proved reserves during 2015, 2014 and 2013, by hydrocarbon product.

Oil and Condensate	2015			2014			2013		
	Worldwide	Argentina	Other foreign	Worldwide	Argentina	Other foreign	Worldwide	Argentina	Other foreign
(Millions of barrels)									
Consolidated entities									
At January 1,	601	600	1	552	551	1	521	520	1
Developed	447	446	1	422	421	1	397	397	*
Undeveloped	154	154	—	130	130	—	124	123	*
Revisions of previous estimates ⁽¹⁾	31	31	*	74	73	1	83	83	*
Extensions and discoveries	44	44	—	40	40	—	26	26	—
Improved recovery	23	23	—	16	16	—	11	11	—
Purchase of minerals in place	—	—	—	17	17	—	1	1	—
Sale of minerals in place	(*)	(*)	—	(9)	(9)	—	(5)	(5)	—
Production for the year ⁽²⁾	(91)	(91)	(*)	(89)	(89)	(*)	(84)	(84)	(*)
At December 31, ⁽³⁾	<u>608</u>	<u>607</u>	<u>1</u>	<u>601</u>	<u>600</u>	<u>1</u>	<u>552</u>	<u>551</u>	<u>1</u>
Developed	440	439	1	447	446	1	422	421	1
Undeveloped	168	168	—	154	154	—	130	130	—
Equity-accounted entities									
At January 1,	—	—	—	—	—	—	*	*	—
Developed	—	—	—	—	—	—	*	*	—
Undeveloped	—	—	—	—	—	—	—	—	—
Revisions of previous estimates ⁽¹⁾	—	—	—	—	—	—	—	—	—
Extensions and discoveries	—	—	—	—	—	—	—	—	—
Improved recovery	—	—	—	—	—	—	—	—	—
Purchase of minerals in place	—	—	—	—	—	—	—	—	—
Sale of minerals in place	—	—	—	—	—	—	(*)	(*)	—
Production for the year ⁽²⁾	—	—	—	—	—	—	(*)	(*)	—
At December 31, ⁽³⁾	—	—	—	—	—	—	—	—	—
Developed	—	—	—	—	—	—	—	—	—
Undeveloped	—	—	—	—	—	—	—	—	—
(Millions of barrels)									
Consolidated and Equity-accounted entities									
At January 1,	447	446	1	422	421	1	397	397	*
Developed	447	446	1	422	421	1	397	397	*
Undeveloped	154	154	—	130	130	—	124	123	*
Total	<u>601</u>	<u>600</u>	<u>1</u>	<u>552</u>	<u>551</u>	<u>1</u>	<u>521</u>	<u>520</u>	<u>1</u>
At December 31,	440	439	1	447	446	1	422	421	1
Developed	440	439	1	447	446	1	422	421	1
Undeveloped	168	168	—	154	154	—	130	130	—
Total	<u>608</u>	<u>607</u>	<u>1</u>	<u>601</u>	<u>600</u>	<u>1</u>	<u>552</u>	<u>551</u>	<u>1</u>

* Not material (less than 1)

(1) Revisions in estimates of reserves are performed at least once a year. Revision of oil and gas reserves is considered prospectively in the calculation of depreciation.

- (2) Crude oil production for the years 2015, 2014 and 2013 includes an estimated approximately 13, 13 and 12 mmbbl, respectively, 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 in respect of royalty payments which are a financial obligation, or are substantially equivalent to a production or similar tax, is not material.
- (3) Proved crude oil reserves of consolidated entities as of December 31, 2015, 2014 and 2013 include an estimated approximately 88, 91 and 82 mmbbl, respectively, in respect of royalty payments which, as described above, are a financial obligation, or are substantially equivalent to a production or similar tax. Proved crude oil reserves of equity-accounted entities in respect of royalty payments which are a financial obligation, or are substantially equivalent to a production or similar tax, are not material.

<u>Natural Gas Liquids</u>	2015			2014			2013		
	<u>Worldwide</u>	<u>Argentina</u>	<u>Other foreign</u>	<u>Worldwide</u>	<u>Argentina</u>	<u>Other foreign</u>	<u>Worldwide</u>	<u>Argentina</u>	<u>Other foreign</u>
(Millions of barrels)									
Consolidated entities									
At January 1,	73	73	—	76	76	—	69	69	—
Developed	53	53	—	55	55	—	56	56	—
Undeveloped	20	20	—	21	21	—	13	13	—
Revisions of previous estimates ⁽¹⁾	9	9	—	2	2	—	22	22	—
Extensions and discoveries	10	10	—	13	13	—	3	3	—
Improved recovery	—	—	—	—	—	—	*	*	—
Purchase of minerals in place	—	—	—	*	*	—	1	1	—
Sale of minerals in place	(3)	(3)	—	(*)	(*)	—	(2)	(2)	—
Production for the year ⁽²⁾	(18)	(18)	—	(18)	(18)	—	(18)	(18)	—
At December 31, ⁽³⁾	<u>71</u>	<u>71</u>	<u>—</u>	<u>73</u>	<u>73</u>	<u>—</u>	<u>76</u>	<u>76</u>	<u>—</u>
Developed	56	56	—	53	53	—	55	55	—
Undeveloped	15	15	—	20	20	—	21	21	—

Equity-accounted entities

At January 1,	—	—	—	—	—	—	1	1	—
Developed	—	—	—	—	—	—	1	1	—
Undeveloped	—	—	—	—	—	—	—	—	—
Revisions of previous estimates ⁽¹⁾	—	—	—	—	—	—	—	—	—
Extensions and discoveries	—	—	—	—	—	—	—	—	—
Improved recovery	—	—	—	—	—	—	—	—	—
Purchase of minerals in place	—	—	—	—	—	—	—	—	—
Sale of minerals in place ⁽⁴⁾	—	—	—	—	—	—	(1)	(1)	—
Production for the year ⁽²⁾	—	—	—	—	—	—	(*)	(*)	—
At December 31, ⁽³⁾	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Developed	—	—	—	—	—	—	—	—	—
Undeveloped	—	—	—	—	—	—	—	—	—

<u>Natural Gas Liquids</u>	2015			2014			2013		
	<u>Worldwide</u>	<u>Argentina</u>	<u>Other foreign</u>	<u>Worldwide</u>	<u>Argentina</u>	<u>Other foreign</u>	<u>Worldwide</u>	<u>Argentina</u>	<u>Other foreign</u>
(Millions of barrels)									
Consolidated and Equity-accounted entities									
At January 1,	53	53	—	55	55	—	57	57	—
Developed	53	53	—	55	55	—	57	57	—
Undeveloped	20	20	—	21	21	—	13	13	—
Total	<u>73</u>	<u>73</u>	<u>—</u>	<u>76</u>	<u>76</u>	<u>—</u>	<u>70</u>	<u>70</u>	<u>—</u>
At December 31,	56	56	—	53	53	—	55	55	—
Developed	56	56	—	53	53	—	55	55	—
Undeveloped	15	15	—	20	20	—	21	21	—
Total	<u>71</u>	<u>71</u>	<u>—</u>	<u>73</u>	<u>73</u>	<u>—</u>	<u>76</u>	<u>76</u>	<u>—</u>

* Not material (less than 1)

- (1) Revisions in estimates of reserves are performed at least once a year. Revision of oil and gas reserves is considered prospectively in the calculation of depreciation.
- (2) Natural gas liquids production for the years 2015, 2014 and 2013 includes an estimated approximately 2, 2 and 3 mmbbl, respectively 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 liquids in respect of royalty payments which are a financial obligation, or are substantially equivalent to a production or similar tax, is not material.

- (3) Proved natural gas liquids reserves of consolidated entities as of December 31, 2015, 2014 and 2013 include an estimated approximately 14, 11 and 11 mmbbl, respectively, in respect of royalty payments which, as described above, are a financial obligation, or are substantially equivalent to a production or similar tax. Proved natural gas liquids reserves of equity-accounted entities in respect of royalty payments which are a financial obligation, or are substantially equivalent to a production or similar tax, are not material.
- (4) In 2013, approximately 1 mmbbl was transferred to Consolidated Entities as a result of YPF Energía Eléctrica working interest on Ramos Field. These rights were previously owned by former Pluspetrol Energy and thus disclosed under Equity-accounted Entities reserves.

Natural gas	2015			2014			2013		
	Worldwide	Argentina	Other foreign	Worldwide	Argentina	Other foreign	Worldwide	Argentina	Other foreign
Consolidated entities									
At January 1,	3,016	3,011	5	2,558	2,555	3	2,186	2,183	3
Developed	2,267	2,262	5	1,938	1,935	3	1,810	1,807	3
Undeveloped	749	749	—	620	620	—	376	376	—
Revisions of previous estimates ⁽¹⁾	174	174	*	444	441	3	565	564	1
Extensions and discoveries	520	520	—	421	421	—	179	179	—
Improved recovery	1	1	—	1	1	—	2	2	—
Purchase of minerals in place	—	—	—	315	315	—	73	73	—
Sale of minerals in place	(70)	(70)	—	(176)	(176)	—	(10)	(10)	—
Production for the year ⁽²⁾	(569)	(569)	(*)	(547)	(546)	(1)	(437)	(436)	(1)
At December 31, ⁽³⁾⁽⁴⁾	<u>3,072</u>	<u>3,067</u>	<u>5</u>	<u>3,016</u>	<u>3,011</u>	<u>5</u>	<u>2,558</u>	<u>2,555</u>	<u>3</u>
Developed	2,210	2,205	5	2,267	2,262	5	1,938	1,935	3
Undeveloped	862	862	—	749	749	—	620	620	—

Equity-accounted entities

At January 1,	—	—	—	—	—	—	36	36	—
Developed	—	—	—	—	—	—	36	36	—
Undeveloped	—	—	—	—	—	—	—	—	—
Revisions of previous estimates ⁽¹⁾	—	—	—	—	—	—	—	—	—
Extensions and discoveries	—	—	—	—	—	—	—	—	—
Improved recovery	—	—	—	—	—	—	—	—	—
Purchase of minerals in place	—	—	—	—	—	—	—	—	—
Sale of minerals in place ⁽⁵⁾	—	—	—	—	—	—	(31)	(31)	—
Production for the year ⁽²⁾	—	—	—	—	—	—	(5)	(5)	—
At December 31, ⁽³⁾	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Developed	—	—	—	—	—	—	—	—	—
Undeveloped	—	—	—	—	—	—	—	—	—

Natural gas	2015			2014			2013		
	Worldwide	Argentina	Other foreign	Worldwide	Argentina	Other foreign	Worldwide	Argentina	Other foreign
Consolidated and Equity-accounted entities									
At January 1,	2,267	2,262	5	1,938	1,935	3	1,846	1,844	2
Developed	2,267	2,262	5	1,938	1,935	3	1,846	1,844	2
Undeveloped	749	749	—	620	620	—	376	376	—
Total	<u>3,016</u>	<u>3,011</u>	<u>5</u>	<u>2,558</u>	<u>2,555</u>	<u>3</u>	<u>2,222</u>	<u>2,220</u>	<u>2</u>
At December 31,	2,210	2,205	5	2,267	2,262	5	1,938	1,935	3
Developed	2,210	2,205	5	2,267	2,262	5	1,938	1,935	3
Undeveloped	862	862	—	749	749	—	620	620	—
Total	<u>3,072</u>	<u>3,067</u>	<u>5</u>	<u>3,016</u>	<u>3,011</u>	<u>5</u>	<u>2,558</u>	<u>2,555</u>	<u>3</u>

* Not material (less than 1)

- Revisions in estimates of reserves are performed at least once a year. Revision of natural gas reserves is considered prospectively in the calculation of depreciation.
- Natural gas production for the years 2015, 2014 and 2013 includes an estimated approximately 58, 60 and 47 bcf, respectively, 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.
- Proved natural gas reserves of consolidated entities as of December 31, 2015, 2014 and 2013 include an estimated approximately 329, 324, and 285 bcf respectively, in respect of royalty payments which, as described above, are a financial obligation, or are substantially equivalent to a production or similar tax. Proved natural gas reserves of equity-accounted entities in respect of royalty payments which are a financial obligation, or are substantially equivalent to a production or similar tax, are not material.

- (4) Proved natural gas reserves of consolidated entities and Equity accounted entities as of December 31, 2015, 2014 and 2013 include an estimated of approximately 635, 554 and 376 bcf respectively, which is consumed as fuel at the field.
- (5) In 2013, approximately 31 bcf were transferred to Consolidated Entities as a result of YPF Energía Eléctrica working interest on Ramos Field. These rights were previously owned by former Pluspetrol Energy and thus disclosed under Equity-accounted Entities reserves.

Oil equivalent ⁽¹⁾	2015			2014			2013		
	Worldwide	Argentina	Other foreign	Worldwide	Argentina	Other foreign	Worldwide	Argentina	Other foreign
Consolidated entities									
At January 1,	1,212	1,210	2	1,083	1,082	1	979	978	1
Developed	905	903	2	822	821	1	776	775	1
Undeveloped	307	307	—	261	261	—	203	203	—
Revisions of previous estimates ⁽²⁾	71	70	1	155	154	2	206	205	1
Extensions and discoveries	147	147	—	129	129	—	61	61	—
Improved recovery	23	23	—	17	17	—	11	11	—
Purchase of minerals in place	—	—	—	74	74	—	15	15	—
Sale of minerals in place	(16)	(16)	—	(42)	(42)	—	(9)	(9)	—
Production for the year ⁽³⁾	(211)	(210)	(1)	(204)	(204)	(*)	(180)	(179)	(*)
At December 31, ⁽⁴⁾	1,226	1,224	2	1,212	1,210	2	1,083	1,082	1
Developed	889	887	2	905	903	2	822	821	1
Undeveloped	337	337	—	307	307	—	261	261	—

Equity-accounted entities

At January 1,	—	—	—	—	—	—	8	8	—
Developed	—	—	—	—	—	—	8	8	—
Undeveloped	—	—	—	—	—	—	—	—	—
Revisions of previous estimates ⁽²⁾	—	—	—	—	—	—	—	—	—
Extensions and discoveries	—	—	—	—	—	—	—	—	—
Improved recovery	—	—	—	—	—	—	—	—	—
Purchase of minerals in place	—	—	—	—	—	—	—	—	—
Sale of minerals in place ⁽⁵⁾	—	—	—	—	—	—	(7)	(7)	—
Production for the year ⁽³⁾	—	—	—	—	—	—	(1)	(1)	—
At December 31, ⁽⁴⁾	—	—	—	—	—	—	—	—	—
Developed	—	—	—	—	—	—	—	—	—
Undeveloped	—	—	—	—	—	—	—	—	—

Oil equivalent ⁽¹⁾	2015			2014			2013		
	Worldwide	Argentina	Other foreign	Worldwide	Argentina	Other foreign	Worldwide	Argentina	Other foreign
Consolidated and Equity-accounted entities									
At January 1,	905	903	2	822	821	1	783	782	1
Developed	905	903	2	822	821	1	783	782	1
Undeveloped	307	307	—	261	261	—	203	203	—
Total	1,212	1,210	2	1,083	1,082	1	987	986	1
At December 31,	889	887	2	905	903	2	822	821	1
Developed	889	887	2	905	903	2	822	821	1
Undeveloped	337	337	—	307	307	—	261	261	—
Total	1,226	1,224	2	1,212	1,210	2	1,083	1,082	1

* Not material (less than 1)

(1) Volumes of natural gas have been converted to barrels of oil equivalent at 5,615 cubic feet per barrel.

(2) Revisions in estimates of reserves are performed at least once a year. Revision of crude oil, natural gas liquids and natural gas reserves are considered prospectively in the calculation of depreciation.

(3) Barrel of oil equivalent production of consolidated entities for the years 2015, 2014 and 2013 includes an estimated approximately 26, 27 and 23 mmboe, respectively, in respect of royalty payments which, as described above, are a financial obligation, or are substantially equivalent to a production or similar tax. Barrel of oil equivalent production of equity-accounted entities in respect of royalty payments which are a financial obligation, or are substantially equivalent to a production or similar tax, are not material.

(4) Proved oil equivalent reserves of consolidated entities as of December 31, 2015, 2014 and 2013 include an estimated approximately 176, 160 and 144 mmboe, respectively, in respect of royalty payments which, as described above, are a financial

obligation, or are substantially equivalent to a production or similar tax. Proved oil equivalent reserves of equity-accounted entities in respect of royalty payments which are a financial obligation, or are substantially equivalent to a production or similar tax, are not material.

- (5) In 2013, approximately 6.5 mmboe were transferred to Consolidated Entities as a result of YPF Energía Eléctrica working interest on Ramos Field. These rights were previously owned by former Pluspetrol Energy and thus disclosed under Equity-accounted Entities reserves.

The paragraphs below explain in further detail the most significant changes in our proved reserves during 2015, 2014 and 2013.

Changes in our estimated proved reserves during 2015

a) Revisions of previous estimates

During 2015, the Company's proved reserves were revised upwards by 31 mmbbl of crude oil, 9 mmbbl of NGL and 174 bcf of natural gas.

The main revisions to proved reserves were due to the following:

- Total liquids and gas production performance was better than expected, resulting in a 56 mmboe (29.3 mmbbl of crude oil, 5.7 mmbbl of NGL and 117 bcf of natural gas) addition to proved developed reserves. The most significant additions were for the Lindero Atravesado, CNQ 7A, Loma La Lata Central, Chihuido La Salina, Manantiales Behr, San Roque, Aguada Pichana, Barranca Baya and Loma La Lata Norte fields. Main fields which performed below expectations were Al Norte de La Dorsal and Tierra del Fuego Fracción B, resulting in these cases in a proved reserves reduction.
- In the Loma La Lata field, scheduled compression projects and its production forecasts were reviewed according to the reservoir's current performance and the available compression technology. This revision resulted in a 21 mmboe (4.3 mmbbl of crude oil, 3.5 mmbbl of NGL and 72 bcf of natural gas) addition to proved reserves for the Sierras Blancas gas formation.
- Mainly as a result of the impact of lower average oil prices in 2015 on economics, 21 mmboe (9.4 mmbbl of crude oil and 64.6 bcf of natural gas) of proved reserves were removed. This price reduction primarily affected reserves in the Magallanes, Restinga Alí, Barrancas, El Portón, El Tordillo, Aguada Pichana, Loma Campana and Cañadón Perdido fields.
- 17 mmboe (8.8 mmbbl of crude oil and 47.4 bcf of natural gas) of proved reserve were added as a result of feasibility studies performed to include new projects pursuant to field development plans, mainly in the Tierra del Fuego Fracción B, Barranca Baya, Escalante, Volcán Auca Mahuida, and Seco León fields.
- Net production results and forecasts from certain new wells were lower than expected, resulting in a 10 mmboe (2 mmbbl of crude oil, 1.8 mmbbl of NGL and 36.1 bcf of natural gas) reduction in proved reserves. The reductions were in the Loma La Lata Norte, Loma La Lata Central, Aguada Toledo Sierra Barrosa, Manantiales Behr, Rincón del Mangrullo and Acambuco fields.

b) Extensions and discoveries

Wells drilled in unproved reserves and resource areas added 147 mmboe of proved reserves, 44 mmbbl of crude oil, 10 mmbbl of NGL and 520 bcf of natural gas.

- In the Lindero Atravesado field, 33 mmboe (0.1 mmbbl of crude oil and 182.1 bcf of natural gas), made up of 12 mmboe of proved developed reserves and 21 mmboe of proved undeveloped reserves, were added as a result of gas wells drilled and due to the development plan for the Lajas tight gas formation in the area.
- Drilling activities and development plans in the Aguada Toledo-Sierra Barrosa field resulted in a 22 mmboe (123 bcf of natural gas) addition of proved reserves, of which 8 mmboe were from proved developed and 14 mmboe were from proved undeveloped reserves. The main contributions came from the Lajas tight gas formation.
- The results of new gas wells in the Estación Fernandez Oro field as well as new scheduled wells resulted in an addition of 17 mmboe (5.3 mmbbl of crude oil, 2.2 mmbbl of NGL and 53.2 bcf of natural gas) of proved reserves, most of which, 16 mmboe, were in accordance with the new field development plan.
- 14 mmboe (0.6 mmbbl of crude oil, 2.8 mmbbl of NGL and 61.5 bcf of natural gas) of proved reserves were added as a result of wells drilled and scheduled to be drilled in the Rincón del Mangrullo area. Reserves contributions came from the Mulichinco tight gas formation.

- During 2015, drilling activities continued in Loma Campana and Loma La Lata Norte fields for the Vaca Muerta formation development, adding 12 mmboe (10.1 mmbbl of crude oil, 0.9 mmbbl of NGL and 4.9 bcf of natural gas) and 11 mmboe (5.8 mmbbl of crude oil, 2.5 mmbbl of NGL and 12.6 bcf of natural gas) of proved reserves, respectively. From these total, drilled wells contributed with proved reserve volumes of 4 mmboe in the Loma Campana field and 4 mmboe in the Loma La Lata Norte field, and new scheduled wells added 8 mmboe and 7 mmboe of proved undeveloped reserves, respectively.
- In the Golfo San Jorge basin, 12 mmboe of proved reserves, of which 8.4 mmbbl were crude oil and 18 bcf were gas, were added as a result of new extension wells drilled and new locations added to the development plan. The main contributions came from the Seco León, Manantiales Behr, Barranca Baya and Los Perales fields.

c) Improved recovery

23 mmbbl of proved reserves of crude oil were added mainly due to new projects and positive production response, including:

- In the Golfo San Jorge basin, 12.9 mmbbl of secondary recovery reserves of crude oil were added as a result of new projects and better than expected production response from existing projects. The primary additions were from the Los Perales, Manantiales Behr, Seco León, El Trébol and Las Heras fields.
- In the Neuquina basin, 6.2 mmbbl of proved reserves of crude oil were added, of which 3.2 mmbbl were proved developed and 3.0 mmbbl were proved undeveloped, as a result of ongoing secondary recovery projects development and the addition of new projects. The main undeveloped reserve contributions were from the CNQ 7A, Punta Barda and Puesto Hernandez fields, whereas the Señal Picada and Chihuido de la Sierra Negra fields provided the main contributions of proved developed reserves.
- Also in the Neuquina basin, a total of 1.7 mmbbl of proved undeveloped reserves of crude oil were deducted as a result of changes in secondary recovery project development plan.

d) Sales and acquisitions

As a result of sales and acquisitions, proved reserves declined by 16.3 mmboe (0.6 mmbbl of crude oil, 3.3 mmbbl of NGL and 69.9 bcf of natural gas), of which 8.2 mmboe was proved developed and 8.1 mmboe was proved undeveloped. This reduction in reserves was mainly related to a modification in the joint venture agreement in the Rincón del Mangrullo field, which resulted in a reduction of 7 mmboe of proved developed reserves and 8 mmboe of proved undeveloped reserves. Additionally, in the El Orejano field, a new joint venture resulted in a reduction of 1.5 mmboe of proved developed reserves.

Changes in our estimated proved reserves during 2014

a) Revisions of previous estimates

During 2014, the Company's proved reserves were revised upwards by 74 million barrels ("mmbbl") of crude oil, 2 million barrels ("mmbbl") of natural gas liquids, and 444 billion cubic feet ("bcf") of natural gas.

The main revisions to proved reserves have been due to the following:

- The term of concession contracts was extended for several operated and non-operated fields located in Rio Negro and Tierra del Fuego provinces. As a result, approximately 75 mmboe of proved reserves (25.3 mmbbl of crude oil, 1.8 mmbbl of NGL and 268.7 bcf of natural gas) were added. Fields included in this contract are: Tierra del Fuego, Los Chorrillos, Lago Fuego, Estación Fernandez Oro, Señal Picada, El Medanita, Punta Barda, Bajo del Piche and El Santiagueño.
- Existing development plans were revised and new development plans were finalized for recently acquired fields through the acquisition of the Apache Group assets in the Neuquina and Austral Basins. As a result, a total of 29 mmboe of proved undeveloped reserves (5.2 mmbbl of crude oil, 1.1 mmbbl of NGL and 126.4 bcf of natural gas) were added mainly in the Estación Fernández Oro gas field.

- In the Golfo San Jorge Basin, a net volume of 7.0 mmboe of proved developed reserves (7.9 mmbbl of crude oil and a decrease of 4.6 bcf of natural gas) was added as a result of better than expected production and revised production forecasts. The main contributors to this increase were the Los Perales (6.4 mmboe), Barranca Baya (3.7 mmboe) and Zona Central-Bella Vista Este (1.8 mmboe) fields, while the Seco Leon (a decrease of 2.3 mmboe) and Cañadón Yatel (a decrease of 1.0 mmboe) fields performed lower than expected.
- In the Neuquina Basin, 23.8 mmboe of proved reserves (10.9 mmbbl of crude oil and 73 bcf of natural gas) were added as a result of fields performing above forecast. The contributors to the increase were the Chihuido La Salina (4.1 mmboe), Puesto Hernandez (3.9 mmboe), Chihuido Sierra Negra (3.0 mmboe), Lindero Atravesado (2.8 mmboe), Aguada Pichana (2.5 mmboe), and Loma La Lata Central (2.1 mmboe). The decrease was from the Loma La Lata Norte (a decrease of 1.9 mmboe).
- A total of 9.2 mmboe of proved reserves (6.1 mmbbl of crude oil and 17.7 bcf of natural gas) was added due to feasibility studies performed to include new projects to the field development plans, mainly in the Volcan Auca Mahuida (1.9 mmboe), Aguada Toledo-Sierra Barrosa (1.9 mmboe), Seco León (1.7 mmboe) and Los Perales (1.5 mmboe) fields.
- Net results from certain new wells were lower than expected, resulting in a 6.0 mmboe reduction of proved reserves (reductions of 2.2 mmbbl of crude oil, 2.0 mmbbl of NGL and 10.1 bcf of natural gas). The main reductions were in the Rincón del Mangrullo, Loma La Lata Central, Manantiales Behr, Vizcacheras and Cañadón Yatel fields.

b) Extensions and discoveries

Wells drilled in unproved reserve areas added approximately 129 mmboe of proved reserves (40 mmbbl of crude oil, 13 mmbbl of NGL and 421 bcf of natural gas).

- A total of approximately 32.3 mmboe of proved reserves (1.2 mmbbl of crude oil, 6.9 mmbbl of NGL and 135.7 bcf of natural gas) were added as a result of wells drilled and scheduled to be drilled in the Rincón del Mangrullo area, Mulichinco Tight Gas formation.
- Drilling activities and development plans in the Aguada Toledo-Sierra Barrosa field resulted in a total addition of approximately 27.9 mmboe of proved reserves (1.2 mmbbl of crude oil and 149.9 bcf of natural gas). Main contributions came from the Lajas Tight Gas formation (22.8 mmboe) and the Lotena formation (2.8 mmboe).
- A total of 23.4 mmboe (11.8 mmbbl of crude oil, 5.6 mmbbl of NGL and 33.3 bcf of natural gas) of unconventional proved reserves were added as a result of wells drilled in areas with unproved reserves and additional well locations scheduled to be drilled in Loma La Lata Norte (Loma La Lata fields in the Vaca Muerta formation).
- In the Golfo San Jorge Basin, 17.9 mmboe of proved reserves (13.3 mmboe of crude oil and 26.2 bcf of natural gas) were added as a result of new extension wells drilled and new locations added to the development plan. The main contributors were the Manantiales Behr, Barranca Baya, Cañadón Yatel and Restinga Ali fields.

c) Improved recovery

A total of approximately 17 mmboe of proved reserves were added mainly due to new projects and positive production response, including:

- In the San Jorge Basin, 15.7 mmbbl of secondary recovery reserves of crude oil were added as a result of new projects and improved production response of existing projects. The main additions were from the Manantiales Behr, El Trebol, Escalante, Barranca Baya and Los Perales fields.
- In the Neuquina Basin, in the Puesto Hernandez field, proved undeveloped secondary recovery reserves were reduced by 4.5 mmbbl of crude oil, due to changes in workover and drilling scheduled activities in accordance with a new project strategy.

- This was partially offset by a total of 3.3 mmbbl of proved reserves of crude oil added as a result of production response in the CNQ7 and CNQ7A secondary recovery projects.

d) Sales and acquisitions

- During 2014, additional gas and oil fields were acquired in the Neuquina Basin (13 fields) and the Austral Basin (2 fields). See Note 2 to the Audited Consolidated Financial Statements. As a result, 69.3 mmboe of proved reserves were added (13.8 mmbbl of crude oil, 0.6 mmbbl of NGL and 308 bcf of natural gas), most of which are from operated fields.
- On November 17, 2014, we entered into an agreement to extend the joint venture contract with ENAP Sipelrol Argentina S.A. in the Magallanes area, until the concession contract expires which was previously extended (portion located in Santa Cruz) exclusively by us during 2012. This resulted in a 28.9 mmboe reduction (reductions of 3.9 mmbbl of crude oil and 140.0 bcf of natural gas) of proved reserves in this area because YPF's working interest in these fields was reduced.

Changes in our estimated proved reserves during 2013

a) Revisions of previous estimates

During 2013, the Company's proved reserves were revised upwards by 106 mmbbl of crude oil, condensate, and NGL, and 564 bcf of natural gas.

The main revisions to proved reserves have been due to the following:

- The term of concession contracts was extended for several operated and non-operated fields located in Chubut Province. Because of this, approximately 43 mmbbl of proved crude oil reserves and 15 bcf of proved natural gas reserves were added in the Manantiales Behr, El Trebol, Escalante, Zona Central—Bella Vista, Cañadón Perdido, El Tordillo, La Tapera and Sarmiento fields.
- In the Magallanes field, approximately 36 mmboe (9 mmbbl of crude oil and 150 bcf of natural gas) of proved developed reserves were added as a result of better than expected production and revised expected production until the expiration of the concession contract.
- A total of 8 mmbbl of liquids and 84 bcf of natural gas proved developed reserves were added in Loma La Lata Central (southern part of Loma La Lata field), mainly because of new projects, revision of existing projects, and a higher than forecasted production performance.
- In the Golfo San Jorge Basin, Los Perales and Seco León fields, 12 mmboe of proved developed reserves (10.6 mmbbl of crude oil and 8.2 bcf of natural gas) were added because of an improved production performance.
- A total of 9 mmbbl of liquids and 122 bcf of gas proved reserves were added in the El Porton, Chihuido de la Salina, Chihuido de la Salina Sur and Filo Morado fields in relation with production response, workovers activity and project revision in accordance with updated field response.
- In the Rincón del Mangrullo field approximately 6 mmbbl of liquids proved reserves, and 74 bcf of mainly proved undeveloped natural gas reserves were added because of additional drilling activity planned for 2014.
- The Chihuido de la Sierra Negra field added approximately 7 mmbbl of crude oil and 3 bcf of natural gas proved developed reserves due to better than expected production performance.
- Production rates did not behave as expected in the Aguada Pichana, Puesto Hernández, Aguada Toledo—Sierra Barrosa and Barrancas fields. Proved developed reserves were reduced by 8.8 mmboe based on this new information.
- New wells drilled during 2013 in several operated areas did not perform as expected. Because of this, proved reserves were reduced by 6 mmbbl of NGL and 4 bcf of natural gas mainly in the Barranca Baya, Loma La Lata Norte, Loma Campana, Cerro Fortunoso, and Vizcacheras fields.

b) Extensions and discoveries

Wells drilled in unproved reserve areas added approximately 61 mmboe of proved reserves (179 bcf of natural gas and 29 mmbbl of crude oil).

- A total of approximately 27.5 mmboe of proved reserves were added as a result of wells drilled and scheduled to be drilled during 2014 in the Aguada Toledo—Sierra Barrosa field. The main contributions came from the Lajas Tight Gas formation (15.9 mmboe) and the Lotena formation (7.9 mmboe).
- Unconventional proved developed oil reserves for a total of 10.6 mmboe were added as a consequence of 57 new wells drilled in unproved reserve and resource areas of the Loma La Lata Norte (Loma La Lata fields) in the Vaca Muerta formation.
- In the Loma Campana field, unconventional proved developed oil reserves for a total of 4.0 mmboe were added related to 22 new wells drilled in unproved reserves and resources areas.
- In the Golfo San Jorge Basin, extensions drilled in the Seco León field (25 new wells) allowed the addition of approximately 2.8 mmboe of proved reserves, mainly crude oil.
- Also in the Golfo San Jorge Basin, 37 new extension wells drilled in the Barranca Baya field added 2.6 mmboe of mainly crude oil reserves.

c) Improved recovery

A total of approximately 11.5 mmboe of proved oil reserves have been added due to positive production response, new production and injection wells, and from workovers, performed as part of the improved recovery projects, including:

- In the Neuquina Basin, Aguada Toledo—Sierra Barrosa field, approximately 6.3 mmboe of oil reserves were added as a result of new scheduled secondary recovery projects, extension projects, and new wells drilled in the area.
- In the San Jorge Basin, Manantiales Behr and El Trebol fields, 3.4 mmboe of secondary recovery reserves were added as a result of recovery factor improvements based on new drilling and project optimization.
- In the Neuquina Basin in Cerro Fortunoso field, proved undeveloped reserves were reduced by approximately 3.7 mmboe because of observed changes in the behavior of a secondary recovery pilot project.

d) Sales and acquisitions

- The acquisition of a 23% working interest in the Aguarague and San Antonio Sur fields of the Noroeste Basin resulted in the addition of approximately 8.9 mmboe of proved reserves. YPF's working interest in this field is currently 53%.
- The execution of a contract for a joint venture project for the development and operation of the Loma Campana and Loma La Lata Norte (North of Loma La Lata) fields resulted in an 8.8 mmboe reduction in proved reserves of Vaca Muerta and Quintuco formations. As part of this agreement, YPF's working interest in these fields changed from 100% to 50%.
- Approximately 6.5 mmboe were transferred to Consolidated Entities as a result of YPF Energía Eléctrica's working interest in the Ramos field. These rights were previously owned by Pluspetrol Energy and are thus disclosed under Equity-Accounted Entities reserves.

Capitalized costs

The following tables set forth capitalized costs, along with the related accumulated depreciation and allowances as of December 31, 2015, 2014 and 2013:

	2015			2014			2013		
	Argentina	Other foreign	Worldwide	Argentina	Other foreign	Worldwide	Argentina	Other foreign	Worldwide
Consolidated capitalized costs									
Proved oil and gas properties									
Mineral property, wells and related equipment	451,900	4,312	456,212	260,759	2,763	263,522	177,058	1,869	178,927
Support equipment and facilities	16,920	—	16,920	11,037	—	11,037	7,601	—	7,601
Drilling and work in progress	45,715	—	45,715	26,903	—	26,903	8,998	—	8,998
Unproved oil and gas properties	6,473	451	6,924	3,587	84	3,671	4,577	83	4,660
Total capitalized costs	521,008	4,763	525,771	302,286	2,847	305,133	198,234	1,952	200,186
Accumulated depreciation and valuation allowances	(327,579)	(3,811)	(331,390)	(192,010)	(2,308)	(194,318)	(133,558)	(1,676)	(135,234)
Net capitalized costs	193,429	952	194,381	110,276	539	110,815	64,676	276	64,952

There is no Company's share in equity method investees' capitalized costs during the years ended December 31, 2015, 2014 and 2013.

Costs incurred

The following tables set forth the costs incurred for oil and gas producing activities during the years ended December 31, 2015, 2014 and 2013:

	2015			2014			2013		
	Argentina	Other foreign	Worldwide	Argentina	Other foreign	Worldwide	Argentina	Other foreign	Worldwide
Consolidated costs incurred									
Acquisition of unproved properties	—	—	—	2,784	—	2,784	—	—	—
Acquisition of proved properties	—	—	—	5,719	—	5,719	78	—	78
Exploration costs	4,029	440	4,469	3,170	189	3,359	1,626	57	1,683
Development costs	44,753	84	44,837	37,615	182	37,797	26,160	15	26,175
Total costs incurred	48,782	524	49,306	49,288	371	49,659	27,864	72	27,936

There is no Company's share in equity method investees' costs incurred during the years ended December 31, 2015, 2014 and 2013.

Results of operations from oil and gas producing activities

The following tables include only the revenues and expenses directly associated with oil and gas producing activities. It does not include any allocation of the interest costs or corporate overhead and, therefore, is not necessarily indicative of the contribution to net earnings of the oil and gas operations.

Differences between these tables and the amounts shown in Note 4, “Segment Information”, for the exploration and production business unit, relate to additional operations that do not arise from those properties held by the Company.

	2015			2014			2013		
	Argentina	Other foreign	Worldwide	Argentina	Other foreign	Worldwide	Argentina	Other foreign	Worldwide
Consolidated results of operations									
Net sales to unaffiliated parties	13,812	197	14,009	6,823	361	7,184	2,751	276	3,027
Net intersegment sales	64,191	—	64,191	62,093	—	62,093	38,908	—	38,908
Total net revenues	78,003	197	78,200	68,916	361	69,277	41,659	276	41,935
Production costs	(43,955)	(89)	(44,044)	(37,193)	(81)	(37,274)	(24,938)	(55)	(24,993)
Exploration expenses	(2,342)	(127)	(2,469)	(1,712)	(173)	(1,885)	(770)	(59)	(829)
Depreciation and expense for valuation allowances	(25,222)	(322)	(25,544)	(17,067)	(113)	(17,180)	(9,464)	(135)	(9,599)
Other	(401)	(56)	(457)	(1,296)	48	(1,248)	(715)	—	(715)
Pre-tax income from producing activities	6,083	(397)	5,686	11,648	42	11,690	5,772	27	5,799
Income tax expense	(2,114)	79	(2,035)	(3,777)	(38)	(3,815)	(1,997)	(22)	(2,019)
Results of oil and gas producing activities	<u>3,969</u>	<u>(318)</u>	<u>3,651</u>	<u>7,871</u>	<u>4</u>	<u>7,875</u>	<u>3,775</u>	<u>5</u>	<u>3,780</u>

There is no Company’s share in equity method investees’ results of operations during the years ended December 31, 2015, 2014 and 2013.

Standardized measure of discounted future net cash flows

The standardized measure is calculated as the excess of future cash inflows from proved reserves less future costs of producing and developing the reserves, future income taxes and a discount factor. Future cash inflows represent the revenues that would be received from production of year-end proved reserve quantities assuming the future production would be sold at the prices used for reserves estimates as of year-end (the “average price”). Accordingly, crude oil prices used to determine reserves were calculated each month, for crude oils of different quality produced by the Company.

For the year ended December 31, 2015, the Company considered the realized prices for crude oil in the domestic market (which are higher than those that had prevailed in the international market), taking into account the unweighted average price for each month within the twelve-month period ended December 31, 2015.

Additionally, since there are no benchmark market natural gas prices available in Argentina, the Company used average realized gas prices during the year ended December 31, 2015.

Future production costs include the estimated expenditures related to production of the proved reserves plus any production taxes without consideration of future inflation. Future development costs include the estimated costs of drilling development wells and installation of production facilities, plus the net costs associated with dismantling and abandonment of wells, assuming year-end costs continue without consideration of future inflation. Future income taxes were determined by applying statutory rates to future cash inflows less future production costs and less tax depreciation of the properties involved. The present value was determined by applying a discount rate of 10% per year to the annual future net cash flows.

The future cash inflows and outflows in foreign currency have been remeasured at the selling exchange rate of Argentine pesos 13.01 as of December 31, 2015.

The standardized measure does not purport to be an estimate of the fair market value of the Company’s proved reserves. An estimate of fair value would also take into account, among other things, the expected recovery of reserves in excess of proved reserves, anticipated changes in future prices and costs and a discount factor representative of the time value of money and the risks inherent in producing oil and gas.

Consolidated standardized measure of discounted future net cash flows	2015			2014			2013		
	Argentina	Other foreign	Worldwide	Argentina	Other foreign	Worldwide	Argentina	Other foreign	Worldwide
Future cash inflows ⁽¹⁾	670,085	589	670,674	513,786	644	514,430	357,749	641	358,390
Future production costs ⁽¹⁾	(395,119)	(331)	(395,450)	(252,073)	(228)	(252,301)	(185,727)	(151)	(185,879)
Future development costs	(116,524)	(10)	(116,534)	(71,617)	(74)	(71,691)	(49,164)	(180)	(49,344)
Future income tax expenses	(30,724)	(70)	(30,794)	(37,454)	(116)	(37,570)	(25,403)	(150)	(25,553)
10% annual discount for estimated timing of cash flows	(30,075)	(56)	(30,131)	(53,403)	(82)	(53,485)	(35,935)	(54)	(35,989)
Standardized measure of discounted future net cash flows	<u>97,643</u>	<u>122</u>	<u>97,765</u>	<u>99,239</u>	<u>144</u>	<u>99,383</u>	<u>61,520</u>	<u>106</u>	<u>61,626</u>

(1) Does not include amounts corresponding to volumes consumed or flared in operation.

There is no Company's share in equity method investees' standardized measure of discounted future net cash flows during the years ended December 31, 2015, 2014 and 2013.

Changes in the standardized measure of discounted future net cash flows

The following table reflects the changes in standardized measure of discounted future net cash flows for the years ended December 31, 2015, 2014 and 2013:

	2015		2014		2013	
	Consolidated	Company's share in equity method investees	Consolidated	Company's share in equity method investees	Consolidated	Company's share in equity method investees
Beginning of year	99,382	—	61,626	—	40,562	194
Sales and transfers, net of production costs	(52,321)	—	(29,426)	—	(20,402)	—
Net change in sales and transfer prices, net of future production costs	(80,809)	—	(651)	—	3,174	—
Changes in reserves and production rates (timing)	3,748	—	14,588	—	21,996	—
Net changes for extensions, discoveries and improved recovery	30,956	—	18,423	—	6,963	—
Net change due to purchases and sales of minerals in place	—	—	7,294	—	—	—
Changes in estimated future development and abandonment costs	(28,225)	—	(13,134)	—	(11,012)	—
Development costs incurred during the year that reduced future development costs	24,475	—	12,128	—	7,544	—
Accretion of discount	13,646	—	7,069	—	4,592	—
Net change in income taxes	35,409	—	2,567	—	(5,284)	—
Others ⁽²⁾	51,504	—	18,899	—	13,493	(194) ⁽¹⁾
End of year	<u>97,765</u>	<u>—</u>	<u>99,383</u>	<u>—</u>	<u>61,626</u>	<u>—</u>

(1) In 2013, approximately 194 were transferred to Consolidated Entities as a result of YPF Energía Eléctrica's working interest on Ramos Field. These discounted future net cash flows were previously owned by former Pluspetrol Energy and thus disclosed under Company's share in equity method investees.

(2) It corresponds mainly to changes in exchange rates during each year presented.

302 CERTIFICATION

I, Miguel Galuccio, certify that:

1. I have reviewed this annual report on Form 20-F of YPF S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 17, 2016.

/s/ Miguel Galuccio
Miguel Galuccio
Chief Executive Officer

302 CERTIFICATION

I, Daniel González, certify that:

1. I have reviewed this annual report on Form 20-F of YPF S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 17, 2016.

/s/ Daniel González
Daniel González
Chief Financial Officer

906 CERTIFICATION

The certification set forth below is being submitted in connection with the Annual Report on Form 20-F for the year ended December 31, 2015 (the “report”) for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Miguel Galuccio, the Chief Executive Officer and Daniel González, the Chief Financial Officer of YPF S.A., each certifies that, to the best of their knowledge:

1. the report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of YPF S.A.

Date: March 17, 2016.

/s/ Miguel Galuccio
Miguel Galuccio
Chief Executive Officer

/s/ Daniel González
Daniel González
Chief Financial Officer

DeGolyer and MacNaughton

5001 Spring Valley Road
Suite 800 East
Dallas, Texas 75244

March 10, 2016

YPF Sociedad Anónima
Macacha Güemes 515
C1106BKK Buenos Aires
Argentina

Ladies and Gentlemen:

We hereby consent to the references to DeGolyer and MacNaughton and to the inclusion of our third-party letter report dated January 25, 2016, as set forth under the sections “Item 4. Information on the Company–Exploration and Production Overview–Oil and Gas Reserves,” and “Item 19. Exhibits,” and as Exhibit 99.1 in YPF Sociedad Anónima’s (YPF S.A.) report on Form 20-F for the year ended December 31, 2015, to be filed with the United States Securities and Exchange Commission (SEC).

Our third-party letter report dated January 25, 2016, contains our independent estimates of the proved oil, separator gas, and oil-equivalent reserves audited as of December 31, 2015, of certain selected properties in the United States in which YPF S.A. has represented that it holds interests.

Very truly yours,

/s/ DeGolyer and MacNaughton

DeGOLYER and MacNAUGHTON
Texas Registered Engineering Firm F-716



SUITE 800 SUN LIFE PLAZA EAST TOWER 112 - 4TH AVENUE SW CALGARY, AB T2P 0H3 • 403 213 4200 • 1 800 625 2488

March 11, 2016

CONSENT OF INDEPENDENT ENGINEERS

YPF S.A.
Macacha Guemes 515
Ciudad Autonoma de Buenos Aires
Buenos Aires, Argentina

Ladies and Gentlemen:

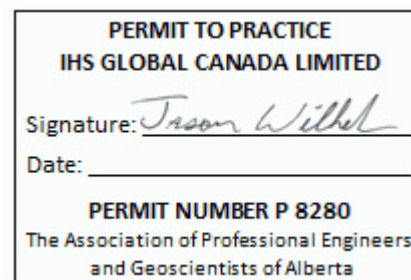
We hereby consent to the references to IHS Global Canada Limited and to the inclusion of our third-party letter report dated February 17, 2016, as set forth under the sections “Item 4. Information on the Company–Exploration and Production Overview–Oil and Gas Reserves,” “Item 19. Exhibits,” and as Exhibit 99.1 in YPF Sociedad Anónima’s (YPF S.A.) report on Form 20-F for the year ended December 31, 2015, to be filed with the United States Securities and Exchange Commission (SEC).

Our third-party letter report dated February 17, 2016, contains our independent estimates of the proved crude oil and natural gas reserves audited as of December 31, 2015, of certain selected properties in Argentina in which YPF S.A. holds interests.

Yours truly,

IHS GLOBAL CANADA LIMITED

Jason Wilhelm, P. Eng.
Senior Principal Engineer, Consulting



DeGolyer and MacNaughton

5001 Spring Valley Road
Suite 800 East
Dallas, Texas 75244

January 25, 2016

Maxus Energy Corporation
10333 Richmond Avenue
Suite 1050
Houston, Texas 77042

Ladies and Gentlemen:

Pursuant to your request, we have conducted a reserves audit of the net proved oil and gas reserves, as of December 31, 2015, of certain properties that Maxus Energy Corporation (Maxus), an indirect wholly owned subsidiary of YPF S.A. (YPF) for the purposes of YPF's disclosure of reserves pursuant to the requirements of Item 1202 of Regulation S-K and inclusion of this report as an exhibit to YPF's filings with the United States Securities and Exchange Commission (SEC), has represented that it owns. This evaluation was completed on January 25, 2016. The properties evaluated consist of working interests located offshore in the Gulf of Mexico. Maxus has represented that these properties account for 55 percent on a net equivalent barrel basis of Maxus' net proved reserves of assets they can account for as of December 31, 2015, and that the net proved reserves estimates have been prepared in accordance with the reserves definitions of Rules 4-10(a) (1)-(32) of Regulation S-X of the SEC of the United States. We have reviewed information provided to us by Maxus that it represents to be Maxus' estimates of the net reserves, as of December 31, 2015, for the same properties as those which we evaluated.

Reserves estimates included herein are expressed as net reserves as represented by Maxus. Gross reserves are defined as the total estimated petroleum to be produced from these properties after December 31, 2015. Net reserves are defined as that portion of the gross reserves attributable to the interests owned by Maxus after deducting all interests owned by others.

DeGolyer and MacNaughton

Estimates of oil and gas should be regarded only as estimates that may change as further production history and additional information become available. Not only are such reserves estimates based on that information which is currently available, but such estimates are also subject to the uncertainties inherent in the application of judgmental factors in interpreting such information.

Data used in this audit were obtained from reviews with Maxus personnel, from Maxus' files, from records on file with the appropriate regulatory agencies, and from public sources. In the preparation of this report we have relied, without independent verification, upon such information furnished by Maxus with respect to property interests, production from such properties, current costs of operation and development, current prices for production, agreements relating to current and future operations and sale of production, and various other information and data that were accepted as represented. A field examination of the properties was not considered necessary for the purposes of this report.

Methodology and Procedures

Estimates of reserves were prepared by the use of appropriate geologic, petroleum engineering, and evaluation principles and techniques that are in accordance with practices generally recognized by the petroleum industry as presented in the publication of the Society of Petroleum Engineers entitled "Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information (Revision as of February 19, 2007)." The method or combination of methods used in the analysis of each reservoir was tempered by experience with similar reservoirs, stage of development, quality and completeness of basic data, and production history.

Based on the current stage of field development, production performance, the development plans provided by Maxus, and the analyses of areas offsetting existing wells with test or production data, reserves were classified as proved.

An analysis of reservoir performance, including production rate, water-cut, and gas-oil ratio behavior, was used in the estimation of reserves.

For depletion-type reservoirs or those whose performance disclosed a reliable decline in producing-rate trends or other diagnostic characteristics, reserves were estimated by the application of appropriate decline curves or other performance relationships. In the analyses of production-decline curves, reserves were estimated only to the limits of economic production.

DeGolyer and MacNaughton

In certain cases, when the previously named methods could not be used, reserves were estimated by analogy with similar wells or reservoirs for which more complete data were available.

Gas quantities estimated herein are expressed as separator gas. Separator gas is the gas remaining after field separation but prior to gas processing and shrinkage for fuel use or flare. Gas reserves are expressed at a temperature base of 60 degrees Fahrenheit and at a pressure base of 14.73 pounds per square inch absolute. Gas quantities included herein are expressed in thousands of cubic feet (Mcf). Oil reserves estimated herein are those to be recovered by conventional lease separation. Oil reserves estimates included herein are expressed in terms of barrels (bbl) representing 42 United States gallons per barrel.

Definition of Reserves

Petroleum reserves estimated by Maxus and by us included in this report are classified as proved. Only proved reserves have been evaluated for this report. Reserves classifications used by Maxus and by us in this report are in accordance with the reserves definitions of Rules 4–10(a) (1)–(32) of Regulation S–X of the SEC. Reserves are judged to be economically producible in future years from known reservoirs under existing economic and operating conditions and assuming continuation of current regulatory practices using conventional production methods and equipment. In the analyses of production-decline curves, reserves were estimated only to the limit of economic rates of production under existing economic and operating conditions using prices and costs consistent with the effective date of this report, including consideration of changes in existing prices provided only by contractual arrangements but not including escalations based upon future conditions. The petroleum reserves are classified as follows:

Proved 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 a reasonable time.

DeGolyer and MacNaughton

(i) The area of the reservoir considered as proved includes:

(A) The area identified by drilling and limited by fluid contacts, if any, and (B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

(ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.

(iii) Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.

(iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:

(A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and (B) The project has been approved for development by all necessary parties and entities, including governmental entities.

(v) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

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Developed oil and gas reserves – Developed oil and gas reserves are reserves of any category that can be expected to be recovered:

- (i) Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and
- (ii) Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

Undeveloped oil and gas reserves – Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

- (i) Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.
- (ii) Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances justify a longer time.
- (iii) Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, as defined in [section 210.4–10 (a) Definitions], or by other evidence using reliable technology establishing reasonable certainty.

DeGolyer and MacNaughton

Primary Economic Assumptions

The following economic assumptions were used for estimating existing and future prices and costs:

Oil Prices

Maxus has represented that the oil prices were based on a reference price, calculated as the unweighted arithmetic average of the first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period, unless prices are defined by contractual arrangements. Maxus supplied differentials to a West Texas Intermediate reference price of \$50.16 per barrel and the prices were held constant thereafter. The volume-weighted average price attributable to estimated proved reserves was \$47.97 per barrel of oil.

Gas Prices

Maxus has represented that the gas prices were based on a reference price, calculated as the unweighted arithmetic average of the first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period, unless prices are defined by contractual arrangements. The gas prices were calculated for each property using differentials to the Henry Hub reference price of \$2.64 per million British thermal units (MMBtu) furnished by Maxus and held constant thereafter. The volume-weighted average price attributable to estimated proved reserves was \$2.769 per thousand cubic feet of gas.

Operating Expenses, Capital Costs, and Abandonment Costs

Operating expenses, capital costs, and abandonment costs, based on information provided by Maxus, were used in estimating future expenditures required to operate the properties. In certain cases, future costs, either higher or lower than existing costs, may have been used because of anticipated changes in operating conditions. These costs were not escalated for inflation.

While the oil and gas industry may be subject to regulatory changes from time to time that could affect an industry participant's ability to recover its oil and gas reserves, we are not aware of any such governmental actions which would restrict the recovery of the December 31, 2015, estimated oil and gas reserves.

DeGolyer and MacNaughton

Maxus has represented that its estimated net proved reserves attributable to the reviewed properties are based on the definition of proved reserves of the SEC. Maxus represents that its estimates of the net proved reserves attributable to these properties, which represent 55 percent of Maxus' reserves on a net equivalent basis, are as follows, expressed in thousands of barrels (Mbbbl), millions of cubic feet (MMcf), and thousands of barrels of oil equivalent (Mboe):

Properties reviewed by DeGolyer and MacNaughton	Estimated by Maxus Net Proved Reserves as of December 31, 2015		
	Oil (Mbbbl)	Separator Gas (MMcf)	Oil Equivalent (Mboe)
Proved Developed	1,292	1,147	1,496
Proved Undeveloped	0	0	0
Total Proved	1,292	1,147	1,496

Note: Gas is converted to oil equivalent using an energy equivalent factor of 5,615 cubic feet of gas per 1 barrel of oil equivalent.

Our estimates of Maxus' net proved reserves attributable to the reviewed properties are based on the definition of proved reserves of the SEC and are as follows, expressed in thousands of barrels (Mbbbl), millions of cubic feet (MMcf), and thousands of barrels of oil equivalent (Mboe):

	Estimated by DeGolyer and MacNaughton Net Proved Reserves as of December 31, 2015		
	Oil (Mbbbl)	Separator Gas (MMcf)	Oil Equivalent (Mboe)
Proved Developed	1,211	939	1,378
Proved Undeveloped	0	0	0
Total Proved	1,211	939	1,378

Note: Gas is converted to oil equivalent using an energy equivalent factor of 5,615 cubic feet of gas per 1 barrel of oil equivalent.

In our opinion, the information relating to estimated proved reserves of oil and gas contained in this report has been prepared in accordance with Paragraphs 932-235-50-4, 932-235-50-6, 932-235-50-7, and 932-235-50-9 of the Accounting Standards Update 932-235-50, *Extractive Industries – Oil and Gas (Topic 932): Oil and Gas Reserve Estimation and Disclosures* (January 2010) of the Financial Accounting Standards Board and Rules 4-10(a) (1)-(32) of Regulation S-X and Rules 302(b), 1201, and 1202(a) (1), (2), (3), (4), (8)(i), (ii), and (v)-(x) of Regulation S-K of the Securities and Exchange Commission; provided, however, that estimates of proved developed and proved undeveloped reserves are not presented at the beginning of the year.

DeGolyer and MacNaughton

To the extent the above-enumerated rules, regulations, and statements require determinations of an accounting or legal nature, we, as engineers, are necessarily unable to express an opinion as to whether the above-described information is in accordance therewith or sufficient therefor.

In comparing the detailed net proved reserves estimates prepared by us and by Maxus, we have found differences, both positive and negative, resulting in an aggregate difference of 7.9 percent when compared on the basis of net equivalent barrels. It is our opinion that the net proved reserves estimates prepared by Maxus on the properties reviewed by us and referred to above, when compared on the basis of net equivalent barrels, in aggregate, are reasonable.

DeGolyer and MacNaughton

DeGolyer and MacNaughton is an independent petroleum engineering consulting firm that has been providing petroleum consulting services throughout the world since 1936. Our fees were not contingent on the results of our evaluation. This letter report has been prepared at the request of Maxus. DeGolyer and MacNaughton has used all assumptions, data, procedures, and methods that it considers necessary and appropriate to prepare this report.

Submitted,

/s/ DeGolyer and MacNaughton
DeGOLYER and MacNAUGHTON
Texas Registered Engineering Firm F-716

[SEAL]

/s/ Paul J. Szatkowski

Paul J. Szatkowski, P.E.
Senior Vice President
DeGolyer and MacNaughton

DeGolyer and MacNaughton

CERTIFICATE of QUALIFICATION

I, Paul J. Szatkowski, Petroleum Engineer with DeGolyer and MacNaughton, 5001 Spring Valley Road, Suite 800 East, Dallas, Texas, 75244 U.S.A., hereby certify:

1. That I am a Senior Vice President with DeGolyer and MacNaughton, which company did prepare the letter report addressed to Maxus dated January 25, 2016, and that I, as Senior Vice President, was responsible for the preparation of this letter report.
2. That I attended Texas A&M University, and that I graduated with a Bachelor of Science degree in Petroleum Engineering in the year 1974; that I am a Registered Professional Engineer in the State of Texas; that I am a member of the International Society of Petroleum Engineers and the American Association of Petroleum Geologists; and that I have in excess of 41 years of experience in oil and gas reservoir studies and reserves evaluations.

[SEAL]

/s/ Paul J. Szatkowski

Paul J. Szatkowski, P.E.

Senior Vice President

DeGolyer and MacNaughton

SEC
RESERVES AUDIT OF CERTAIN
P&NG INTERESTS OF
YPF S.A.
AS OF DECEMBER 31, 2015

PREPARED FOR:
YPF S.A.

Prepared by:

IHS Global Canada Limited
Suite 800 Sun Life Plaza East Tower
112 – 4th Avenue S.W.
Calgary, Alberta T2P 0H3





February 17, 2016

Mr. Javier Sanagua
Auditor de Reservas, YPF S.A.
Macacha Guemes 515
Ciudad Autonoma de Buenos Aires
Buenos Aires, Argentina

**Re: SEC Reserves Audit of Certain P&NG Interests of YPF S.A.
In Argentina as of December 31, 2015**

Dear Mr. Javier Sanagua:

This reserve statement has been prepared by IHS Global Canada Limited (IHS) and issued on February 22, 2016 at the request of YPF S.A. (YPF), operator of certain assets in the Cuyo, Neuquina, and San Jorge Basins in Argentina. YPF holds a 100% working interest in these properties with the exception of those described below.

<u>Properties</u>	<u>Working Interest (%)</u>
Rio Tunuyan	70
Zampal Oeste	90
Bajo Del Toro	46.8
La Amarga Chica	50
Llanquanelo	51
Loma Campana	50
Loma La Lata Norte	50
Rincón Del Mangrullo	50
Cañadón Perdido	50

IHS has conducted an independent audit examination as of December 31, 2015, of the hydrocarbon liquid and natural gas proved reserves for 38 properties in the Cuyo, San Jorge and Neuquina Basins. This report is intended for inclusion in YPF's filings (20-F, F-3) with the United States Securities and Exchange Commission.

On the basis of technical and other information made available to us concerning these properties, we hereby provide the summary of total gross reserves in the table below.

Summary of Remaining Hydrocarbon Volumes

	<u>Liquids</u> <u>(10³m³)</u>	<u>Gas</u> <u>(10⁶m³)</u>
Proved		
Developed Producing	22163.3	21977.6
Developed Non-Producing	47.5	140.5
Undeveloped	<u>9229.8</u>	<u>8222.8</u>
Total Proved	31440.6	30340.9

Hydrocarbon liquid volumes represent crude oil, condensate, gasoline and NGL estimated to be recovered during field separation and plant processing and are reported in thousands (10³) of stock tank cubic meters. Natural gas volumes represent expected gas sales, and are reported in million (10⁶) standard cubic meters (at standard conditions of 15 degrees Celsius and 1 atmosphere). The volumes have not been reduced for fuel usage in the field. Based on the assumption that Argentine royalties are a financial obligation or substantially equivalent to a production or similar tax, royalties payable to the provinces have not been deducted from the reported volumes.

Gas reserves sales volumes are based on firm and existing gas contracts, or on the reasonable expectation that any such existing gas sales contracts will be renewed on similar terms in the future.

The following tables contain the gross reserves for each property.



TOTAL LIQUID HYDROCARBONS

Entity	GROSS LIQUID HYDROCARBONS (10 ³ m ³)			
	PDP (CDEP)	PDNP (CDNP)	PUD (CND)	TP
Cuyo				
Ceferino	3.5	0.0	0.0	3.5
Rio Tunuyan	109.8	0.0	0.0	109.8
Zampal Oeste*	0.0	0.0	0.0	0.0
Total Cuyo	113.3	0.0	0.0	113.3
Neuquina				
Bajada De Añelo*	0.0	0.0	0.0	0.0
Bajo Del Piche	139.2	1.1	0.0	140.3
Bajo Del Toro	7.0	0.0	0.0	7.0
Bandurria	24.5	0.0	0.0	24.5
Cañadón Amarillo	396.7	0.0	320.4	717.2
Cerro Bandera No Operada	419.3	0.0	23.3	442.6
Cerro Hamaca	279.0	0.0	190.8	469.8
Cerro Mollar Norte	41.4	1.6	0.0	43.0
El Medanita	347.9	0.0	0.0	347.9
El Orejano	106.2	0.0	0.0	106.2
La Amarga Chica	24.5	0.0	0.0	24.5
Llancanelo	280.1	0.0	373.2	653.3
Loma Alta Sur	348.8	26.4	170.3	545.5
Loma Campana	1662.2	0.0	1486.7	3148.9
Loma De La Mina	124.6	0.0	9.1	133.7
Loma La Lata Central	4425.4	0.0	1297.3	5722.5
Loma La Lata Norte	5468.8	0.0	1001.4	6470.2
Los Cavaos	334.5	18.4	0.0	352.9
Octógono	323.0	0.0	102.2	425.2
Pampa Palauco	175.9	0.0	0.0	175.9
Piedras Negras-Señal Lomita	0.0	0.0	0.0	0.0
Puesto Molina	296.3	0.0	43.8	340.1
Puesto Molina Norte	4.3	0.0	17.8	22.1
Punta Barda	282.0	0.0	285.0	567.0
Puntilla Del Huincan*	0.0	0.0	0.0	0.0
Rincón Del Mangrullo	975.3	0.0	738.2	1713.4
Señal Cerro Bayo	774.7	0.0	0.0	774.7
Total Neuquina	17261.6	47.5	6059.5	23368.4
San Jorge				
Cañadón Perdido*	0.0	0.0	0.0	0.0
Cañadón Vasco	83.7	0.0	113.4	197.2
Cerro Piedra-Cerro Guadal Norte	164.0	0.0	48.3	212.3
El Cordón	216.7	0.0	500.5	717.2
El Destino	397.0	0.0	229.6	626.5
El Trébol	2408.5	0.0	1009.3	3417.8
Escalante	895.8	0.0	910.8	1806.6
Pico Truncado	622.7	0.0	358.4	981.1
Total San Jorge	4788.4	0.0	3170.3	7958.7
GRAND TOTAL	22163.3	47.5	9229.8	31440.4

*YPF has not assigned any reserves to these fields

NATURAL GAS VOLUMES

Entity	GROSS GAS (10 ⁶ m ³)			
	PDP (CDEP)	PDNP (CDNP)	PUD (CND)	TP
Cuyo				
Ceferino	0.0	0.0	0.0	0.0
Rio Tunuyan	1.1	0.0	0.0	1.1
Zampal Oeste*	0.0	0.0	0.0	0.0
Total Cuyo	1.1	0.0	0.0	1.1
Neuquina				
Bajada De Añelo*	0.0	0.0	0.0	0.0
Bajo Del Piche	36.7	10.3	0.0	47.0
Bajo Del Toro	0.0	0.0	0.0	0.0
Bandurria	1.5	0.0	0.0	1.5
Cañadón Amarillo	62.5	6.3	226.6	295.4
Cerro Bandera No Operada	223.6	0.0	0.0	223.6
Cerro Hamaca	12.6	0.0	0.0	12.6
Cerro Mollar Norte	0.0	0.0	0.0	0.0
El Medanita	46.2	0.0	0.0	46.2
El Orejano	361.9	0.0	0.0	361.9
La Amarga Chica	0.0	0.0	0.0	0.0
Llancanelo	0.0	0.0	0.0	0.0
Loma Alta Sur	0.0	0.6	0.0	0.6
Loma Campana	174.2	0.0	155.8	330.0
Loma De La Mina	23.7	0.0	1.7	25.4
Loma La Lata Central	13110.9	0.0	4170.3	17281.2
Loma La Lata Norte	2814.4	0.0	457.2	3271.6
Los Cavaos	165.7	0.0	0.0	165.7
Octógono	387.2	123.3	349.7	860.2
Pampa Palauco	0.0	0.0	0.0	0.0
Piedras Negras-Señal Lomita	563.6	0.0	0.0	563.6
Puesto Molina	21.4	0.0	55.1	76.5
Puesto Molina Norte	0.0	0.0	0.0	0.0
Punta Barda	5.3	0.0	12.1	17.4
Puntilla Del Huincan*	0.0	0.0	0.0	0.0
Rincón De Mangrullo	3374.5	0.0	2555.8	5930.3
Señal Cerro Bayo	88.9	0.0	0.0	88.9
Total Neuquina	21474.8	140.5	7984.3	29599.6
San Jorge				
Cañadón Perdido*	0.0	0.0	0.0	0.0
Cañadón Vasco	67.8	0.0	13.0	80.8
Cerro Piedra-Cerro Guadal Norte	69.5	0.0	26.5	96.0
El Cordón	46.3	0.0	0.0	46.3
El Destino	39.6	0.0	10.1	49.7
El Trébol	91.3	0.0	66.7	158.0
Escalante	76.7	0.0	102.5	179.2
Pico Truncado	110.5	0.0	19.7	130.2
Total San Jorge	501.7	0.0	238.5	740.2
GRAND TOTAL	21977.6	140.5	8222.8	30340.9

*YPF has not assigned any reserves to these fields



OIL VOLUMES

Entity	GROSS OIL (10 ³ m ³)			
	PDP (CDEP)	PDNP (CDNP)	PUD (CND)	TP
Cuyo				
Ceferino	3.5	0.0	0.0	3.5
Rio Tunuyan	109.8	0.0	0.0	109.8
Zampal Oeste*	0.0	0.0	0.0	0.0
Total Cuyo	113.3	0.0	0.0	113.3
Neuquina				
Bajada De Añelo*	0.0	0.0	0.0	0.0
Bajo Del Piche	139.0	0.0	0.0	139.0
Bajo Del Toro	7.0	0.0	0.0	7.0
Bandurria	23.3	0.0	0.0	23.3
Cañadón Amarillo	396.7		320.4	717.2
Cerro Bandera No Operada	412.9	0.0	23.3	436.2
Cerro Hamaca	279.0	0.0	190.8	469.8
Cerro Mollar Norte	41.4	1.6	0.0	43.0
El Medanita	347.9	0.0	0.0	347.9
El Orejano	0.0	0.0	0.0	0.0
La Amarga Chica	24.5	0.0	0.0	24.5
Llancanelo	280.1	0.0	373.2	653.3
Loma Alta Sur	348.8	26.4	170.3	545.5
Loma Campana	1476.7	0.0	1320.8	2797.5
Loma De La Mina	124.6	0.0	9.1	133.7
Loma La Lata Central	28.2	0.0	0.0	28.2
Loma La Lata Norte	3403.4	0.0	644.9	4048.3
Los Cavaos	292.9	18.4	0.0	311.3
Octógono	323.0	0.0	102.2	425.2
Pampa Palauco	175.9	0.0	0.0	175.9
Piedras Negras-Señal Lomita	0.0	0.0	0.0	0.0
Puesto Molina	296.3	0.0	43.8	340.1
Puesto Molina Norte	4.3	0.0	17.8	22.1
Punta Barda	282.0	0.0	285.0	567.0
Puntilla Del Huincan*	0.0	0.0	0.0	0.0
Rincón De Mangrullo	0.0	0.0	0.0	0.0
Señal Cerro Bayo	774.7	0.0	0.0	774.7
Total Neuquina	9482.6	46.4	3501.6	13030.7
San Jorge				
Cañadón Perdido*	0.0	0.0	0.0	0.0
Cañadón Vasco	83.7	0.0	113.4	197.2
Cerro Piedra-Cerro Guadal Norte	164.0	0.0	48.3	212.3
El Cordón	216.7	0.0	500.5	717.2
El Destino	397.0	0.0	229.6	626.5
El Trébol	2408.5	0.0	1009.3	3417.8
Escalante	895.8	0.0	910.8	1806.6
Pico Truncado	622.7	0.0	358.4	981.1
Total San Jorge	4788.4	0.0	3170.3	7958.7
GRAND TOTAL	14384.3	46.4	6671.9	21102.7

*YPF has not assigned any reserves to these fields



CONDENSATE VOLUMES

Entity	GROSS CONDENSATE (10 ³ m ³)			
	PDP (CDEP)	PDNP (CDNP)	PUD (CND)	TP
Cuyo				
Ceferino	0.0	0.0	0.0	0.0
Rio Tunuyan	0.0	0.0	0.0	0.0
Zampal Oeste*	0.0	0.0	0.0	0.0
Total Cuyo	0.0	0.0	0.0	0.0
Neuquina				
Bajada De Añelo*	0.0	0.0	0.0	0.0
Bajo Del Piche	0.2	1.1	0.0	1.3
Bajo Del Toro	0.0	0.0	0.0	0.0
Bandurria	0.0	0.0	0.0	0.0
Cañadón Amarillo	0.0	0.0	0.0	0.0
Cerro Bandera No Operada	6.4	0.0	0.0	6.4
Cerro Hamaca	0.0	0.0	0.0	0.0
Cerro Mollar Norte	0.0	0.0	0.0	0.0
El Medanita	0.0	0.0	0.0	0.0
El Orejano	1.1	0.0	0.0	1.1
La Amarga Chica	0.0	0.0	0.0	0.0
Llancanelo	0.0	0.0	0.0	0.0
Loma Alta Sur	0.0	0.0	0.0	0.0
Loma Campana	0.0	0.0	0.0	0.0
Loma De La Mina	0.0	0.0	0.0	0.0
Loma La Lata Central	1093.3	0.0	289.9	1383.2
Loma La Lata Norte	132.1	0.0	16.6	148.7
Los Cavaos	0.0	0.0	0.0	0.0
Octógono	0.0	0.0	0.0	0.0
Pampa Palauco	0.0	0.0	0.0	0.0
Piedras Ne gras-Seña l Lomita	0.0	0.0	0.0	0.0
Puesto Molina	0.0	0.0	0.0	0.0
Puesto Molina Norte	0.0	0.0	0.0	0.0
Punta Barda	0.0	0.0	0.0	0.0
Puntilla Del Huincan*	0.0	0.0	0.0	0.0
Rincón Del Mangrullo	96.4	0.0	73.0	169.4
Señal Cerro Bayo	0.0	0.0	0.0	0.0
Total Neuquina	1329.5	1.1	379.5	1710.1
San Jorge				
Cañadón Perdido*	0.0	0.0	0.0	0.0
Cañadón Vasco	0.0	0.0	0.0	0.0
Cerro Piedra-Cerro Guadal Norte	0.0	0.0	0.0	0.0
El Cordón	0.0	0.0	0.0	0.0
El Destino	0.0	0.0	0.0	0.0
El Trébol	0.0	0.0	0.0	0.0
Escalante	0.0	0.0	0.0	0.0
Pico Truncado	0.0	0.0	0.0	0.0
Total San Jorge	0.0	0.0	0.0	0.0
GRAND TOTAL	1329.5	1.1	379.5	1710.1

*YPF has not assigned any reserves to these fields

NGL VOLUMES

Entity	GROSS NGL (10 ³ m ³)			
	PDP (CDEP)	PDNP (CDNP)	PUD (CND)	TP
Cuyo				
Ceferino	0.0	0.0	0.0	0.0
Rio Tunuyan	0.0	0.0	0.0	0.0
Zampal Oeste*	0.0	0.0	0.0	0.0
Total Cuyo	0.0	0.0	0.0	0.0
Neuquina				
Bajada De Añelo*	0.0	0.0	0.0	0.0
Bajo Del Piche	0.0	0.0	0.0	0.0
Bajo Del Toro	0.0	0.0	0.0	0.0
Bandurria	1.2	0.0	0.0	1.2
Cañadón Amarillo	0.0	0.0	0.0	0.0
Cerro Bandera No Operada	0.0	0.0	0.0	0.0
Cerro Hamaca	0.0	0.0	0.0	0.0
Cerro Mollar Norte	0.0	0.0	0.0	0.0
El Medanita	0.0	0.0	0.0	0.0
El Orejano	105.1	0.0	0.0	105.1
La Amarga Chica	0.0	0.0	0.0	0.0
Llancanelo	0.0	0.0	0.0	0.0
Loma Alta Sur	0.0	0.0	0.0	0.0
Loma Campana	185.5	0.0	165.9	351.4
Loma De La Mina	0.0	0.0	0.0	0.0
Loma La Lata Central	3023.8	0.0	922.0	3945.8
Loma La Lata Norte	1904.0	0.0	335.8	2239.8
Los Cavaos	41.6	0.0	0.0	41.6
Octógono	0.0	0.0	0.0	0.0
Pampa Palauco	0.0	0.0	0.0	0.0
Piedras Negras-Seña I Lomita	0.0	0.0	0.0	0.0
Puesto Molina	0.0	0.0	0.0	0.0
Puesto Molina Norte	0.0	0.0	0.0	0.0
Punta Barda	0.0	0.0	0.0	0.0
Puntilla Del Huincan*	0.0	0.0	0.0	0.0
Rincón Del Mangrullo	809.9	0.0	612.9	1422.8
Señal Cerro Bayo	0.0	0.0	0.0	0.0
Total Neuquina	6071.1	0.0	2036.6	8107.7
San Jorge				
Cañadón Perdido*	0.0	0.0	0.0	0.0
Cañadón Vasco	0.0	0.0	0.0	0.0
Cerro Piedra-Cerro Guadal Norte	0.0	0.0	0.0	0.0
El Cordón	0.0	0.0	0.0	0.0
El Destino	0.0	0.0	0.0	0.0
El Trébol	0.0	0.0	0.0	0.0
Escalante	0.0	0.0	0.0	0.0
Pico Truncado	0.0	0.0	0.0	0.0
Total San Jorge	0.0	0.0	0.0	0.0
GRAND TOTAL	6071.1	0.0	2036.6	8107.7

*YPF has not assigned any reserves to these fields



GASOLINE VOLUMES

Entity	GROSS GASOLINE (10 ³ m ³)			
	PDP (CDEP)	PDNP (CDNP)	PUD (CND)	TP
Cuyo				
Ceferino	0.0	0.0	0.0	0.0
Rio Tunuyan	0.0	0.0	0.0	0.0
Zampal Oeste*	0.0	0.0	0.0	0.0
Total Cuyo	0.0	0.0	0.0	0.0
Neuquina				
Bajada De Añelo*	0.0	0.0	0.0	0.0
Bajo Del Piche	0.0	0.0	0.0	0.0
Bajo Del Toro	0.0	0.0	0.0	0.0
Bandurria	0.0	0.0	0.0	0.0
Cañadón Amarillo	0.0	0.0	0.0	0.0
Cerro Bandera No Operada	0.0	0.0	0.0	0.0
Cerro Hamaca	0.0	0.0	0.0	0.0
Cerro Mollar Norte	0.0	0.0	0.0	0.0
El Medanita	0.0	0.0	0.0	0.0
El Orejano	0.0	0.0	0.0	0.0
La Amarga Chica	0.0	0.0	0.0	0.0
Llancanelo	0.0	0.0	0.0	0.0
Loma Alta Sur	0.0	0.0	0.0	0.0
Loma Campana	0.0	0.0	0.0	0.0
Loma De La Mina	0.0	0.0	0.0	0.0
Loma La Lata Central	280.1	0.0	85.4	365.5
Loma La Lata Norte	29.3	0.0	4.1	33.4
Los Cavaos	0.0	0.0	0.0	0.0
Octógono	0.0	0.0	0.0	0.0
Pampa Palauco	0.0	0.0	0.0	0.0
Piedras Negras-Señal Lomita	0.0	0.0	0.0	0.0
Puesto Molina	0.0	0.0	0.0	0.0
Puesto Molina Norte	0.0	0.0	0.0	0.0
Punta Barda	0.0	0.0	0.0	0.0
Puntilla Del Huincan*	0.0	0.0	0.0	0.0
Rincón De I Mangrullo	69.0	0.0	52.3	121.2
Señal Cerro Bayo	0.0	0.0	0.0	0.0
Total Neuquina	378.4	0.0	141.8	520.1
San Jorge				
Cañadón Perdido*	0.0	0.0	0.0	0.0
Cañadón Vasco	0.0	0.0	0.0	0.0
Cerro Piedra-Cerro Guadal Norte	0.0	0.0	0.0	0.0
El Cordón	0.0	0.0	0.0	0.0
El Destino	0.0	0.0	0.0	0.0
El Trébol	0.0	0.0	0.0	0.0
Escalante	0.0	0.0	0.0	0.0
Pico Truncado	0.0	0.0	0.0	0.0
Total San Jorge	0.0	0.0	0.0	0.0
GRAND TOTAL	378.4	0.0	141.8	520.1

*YPF has not assigned any reserves to these fields

It is our understanding that the Proved reserves estimated in this report as of December 31, 2015 constitute approximately 26.8% of YPF's Proved reserves. It is also our understanding that the Proved Undeveloped reserves estimated in this report constitute approximately 27.8% of all YPF's Proved Undeveloped reserves as of December 31, 2015. These proportions are on a barrel oil equivalent (BOE) basis. IHS cannot directly verify this statement as it was not requested to review YPF's other oil and gas assets. Our study was completed on February 17, 2016.

IHS' audit of the YPF gross reserve estimates was based on decline curve analysis to extrapolate the production of existing wells or generate type curves to estimate future production from the locations proposed by YPF. Geological information, material balance, fluid laboratory tests, reservoir simulations, field deliverability forecasts and other pertinent information was also used to assess the reserves estimates and the classification/categorization of the proposed development plans.

This audit examination was based on gross reserve estimates and other information provided by YPF to IHS through December 2015 and included such tests, procedures and adjustments as were considered necessary under the circumstances to prepare the report. All questions that arose during the course of the audit process were resolved to our satisfaction. There were no significant differences between IHS and YPF reserve estimates.

The reserves tolerances, in respect to YPF reserves, are as follows:

- 7% or 10 million of oil equivalent barrels to Proved reserves (1P).

YPF is subject to extensive regulations relating to the oil and gas industry in Argentina which include specific natural gas market regulations as well as hydrocarbon export taxes, all of which affect the realized prices of oil and other products in the domestic market under certain circumstances. In addition, domestic prices for oil and gas and its related by-products have demonstrated in recent years they do not follow international prices (both in the down and upside), also considering the domestic economic variables which affect Argentina such as labor costs, labor unions, political, economic and social constraints, among others. Accordingly, crude oil prices used to determine reserves are set for crude oils of different quality produced by YPF, considering the realized prices for crude oils of such quality in the domestic market.



Additionally, a significant portion of the Argentine gas market is regulated. Natural gas prices for the residential and power generation markets, as well as natural gas for vehicles, are regulated by the government. Natural gas prices for industrial consumers are negotiated by market participants on a private basis. As a result, there are no benchmark natural gas market prices available in Argentina. IHS reviewed and accepted the prices used by YPF in estimating the reserves in Argentina.

Considering the mentioned decoupling between domestic and international oil and gas prices, and that domestic crude oil sales prices in 2015 (and during the first months of 2016 until the date of this report) were above the theoretical export parity price set by Law 26,732 (as a result of export taxes), YPF does not modify prices for crude oil, condensate and gasoline until 2017 when export taxes expire according to current law.

The economic tests for the December 31, 2015 reserve volumes were based on realized crude oil, condensate, NGL and average gas sales prices as shown in the following table, as provided by YPF. A prior twelve-month average realized price for Medanito oil of US\$ 75.03/BBL serves as the foundation for the oil, condensate and gasoline price.

	<u>Crude Oil Condensate</u> (US\$/BBL)	<u>NGL</u> (US\$/BBL)	<u>Natural Gas</u> (US\$/MMBTU)
Cuyo			
Ceferino	62.31	-	-
Rio Tunuyan	62.31	-	3.20
Zampal Oeste*	-	-	-
Neuquina			
Bajada De Añelo*	74.61	-	-
Bajo Del Piche	75.03	-	3.20
Bajo Del Toro	74.61	-	-
Bandurria	-	-	-
Bandurria Sur	74.61	73.06	7.50
Cañadón Amarillo	73.48	-	-
Cerro Bandera No Operada	74.61	-	3.20
Cerro Hamaca	75.03	-	-
Cerro Mollar Norte	59.01	-	-
El Medanito	75.03	-	3.20
El Orejano	74.61	73.06	7.50

* YPF has not assigned any reserves to these fields

	<u>Crude Oil Condensate</u> (US\$/BBL)	<u>NGL</u> (US\$/BBL)	<u>Natural Gas</u> (US\$/MMBTU)
Neuquina - cont'd. -			
La Amarga Chica	74.61	-	-
Llancanelo	59.01	-	-
Loma Alta Sur	59.01	-	-
Loma Campana	74.61	73.06	7.50
Loma De La Mina	59.01	-	-
Loma La Lata Central	74.61	73.06	7.50
Loma La Lata Norte	74.61	73.06	7.50
Los Cavaos	59.01	73.06	3.20
Octógono	74.61	-	3.20
Pampa Palauco	59.01	-	-
Piedras Negras-Señal Lomita	75.03	-	3.20
Puesto Molina	73.48	-	-
Puesto Molina Norte	73.48	-	-
Punta Barda	75.03	-	3.20
Puntilla del Huincan*	-	-	-
Rincón del Mangrullo	74.61	73.06	7.50
Señal Cerro Bayo	75.03	-	-
San Jorge			
Cañadón Perdido*	61.21	-	-
Cañadón Vasco	62.21	-	-
Cerro Piedra-Cerro Guadal Norte	62.21	-	5.83
El Cordón	62.21	-	5.83
El Destino	62.21	-	-
El Trébol	61.21	-	5.83
Escalante	61.21	-	5.83
Pico Truncado	62.21	-	-

* YPF has not assigned any reserves to these fields

Future capital costs were derived from development program forecasts prepared by YPF for the fields which were summarized in economic summary tables that were provided for the reserve audit. Recent historical operating expense data were utilized as the basis for operating cost projections and was incorporated by YPF in their economic summary tables. IHS has determined that YPF has projected sufficient capital investments and operating expenses to economically produce the projected volumes.

IHS has reviewed the gross estimates of total remaining recoverable hydrocarbon liquid and gas volumes at December 31, 2015 based on information available as at December 31, 2015.

It is IHS' opinion that the estimates of total gross remaining recoverable hydrocarbon liquid and gas volumes at December 31, 2015, evaluated as at December 31, 2015 are, in the aggregate, reasonable and the reserves categorization is appropriate and consistent with the definitions for reserves set out in 17-CFR Part 210 Rule 4-10(a) of Regulation S-X of the United States Securities and Exchange Commission (as set out in Appendix II). IHS concludes that the methodologies employed by YPF in the determination of the volume estimates are appropriate and that the quality of the data relied upon, the depth and thoroughness of the estimation process is adequate.

IHS is not aware of any potential changes in regulations applicable to these fields that could affect the ability of YPF to produce the estimated reserves.

This assessment has been conducted based on IHS' understanding of YPF's petroleum property rights as represented by YPF's management. IHS is not in a position to attest to property title, financial interest relationships or encumbrances thereon for any part of the appraised properties or interests.

There are numerous uncertainties inherent in estimating reserves and resources, and in projecting future production, development expenditures, operating expenses and cash flows. Oil and gas reserve engineering and resource assessment must be recognized as a subjective process of estimating subsurface accumulations of oil and gas that cannot be measured in an exact way. Estimates of oil and gas reserves or resources prepared by other parties may differ, perhaps materially, from those contained within this report. The accuracy of any reserve or resource estimate is a function of the quality of the available data and of engineering and geological interpretation. Results of drilling, testing and production that post-date the preparation of the estimates may justify revisions, some or all of which may be material. Accordingly, reserve and resource estimates are often different from the quantities of oil and gas that are ultimately recovered, and the timing and cost of those volumes that are recovered may vary from that assumed.

For this assignment, IHS served as independent reserve auditors. The firm's officers and employees have no direct or indirect interest holdings in the properties evaluated. IHS' remuneration was not in any way contingent on reported reserve estimates. The qualifications of the technical person primarily responsible for overseeing this audit and staff members involved in the audit are included in this report.

This report has been prepared at the request of YPF regarding assets it holds in Argentina and is for inclusion in YPF's filings with the United States Securities and Exchange Commission.



YPF will obtain IHS' prior written or email approval for the use with third parties and context of the use with third parties of any results, statements or opinions expressed by IHS to YPF, which are attributed to IHS. Such requirement of approval shall include, but not be confined to, statements or references in documents of a public or semi-public nature such as loan agreements, prospectuses, reserve statements, websites, press releases, etc.

Yours truly,

IHS Global Canada Limited



Dale Struksnes, B. Comm., CMA, C.E.T.
Director, Consulting



Jason Wilhelm, P. Eng.
Senior Principal Engineer, Consulting

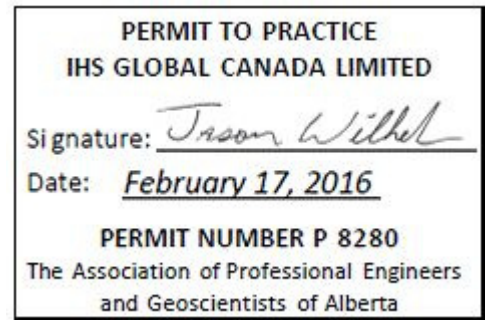


TABLE OF CONTENTS

	<u>Page</u>
LETTER OF TRANSMITTAL	2
TABLE OF CONTENTS	15
CERTIFICATES OF QUALIFICATION	16
LIMITATIONS OF REPORT	33
RESERVE DEFINITIONS	35
STANDARD OIL INDUSTRY TERMS AND ABBREVIATIONS	38



CERTIFICATE OF QUALIFICATION

Maria Tjoa, E.I.T.

I, Maria Tjoa, an employee of IHS Global Canada Limited, and co-author of the SEC P&NG evaluation dated February 17, 2016 prepared for YPF S.A., do hereby certify that:

- I graduated from the University of Dalhousie, Halifax, Nova Scotia with a Bachelor in Engineering in Electrical with Computer Engineering, in 2003. I am an engineer-in-training and have in excess of 9 years experience in the Petroleum Industry.
- I have no interest, directly or indirectly, in **YPF S.A.** nor in the properties evaluated, nor do I expect to obtain any interest, directly or indirectly in the Company, or the properties evaluated, nor in the securities of the Company.
- A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of public information and records, the files of **YPF S.A.**, and the appropriate regulatory authorities.



Maria Tjoa, E.I.T.

Senior Engineer - Consulting

CERTIFICATE OF QUALIFICATION

Carmen M. Bujor, P. Eng.

I, Carmen M. Bujor, an employee of IHS Global Canada Limited, and co-author of the SEC P&NG evaluation dated February 17, 2016 prepared for YPF S.A., do hereby certify that:

- I graduated from the University of Bucharest, Romania with a B.Sc. in Chemical Engineering in 1986, and have in excess of 19 years experience in the Petroleum Industry.
- I have no interest, directly or indirectly, in **YPF S.A.** nor in the properties evaluated, nor do I expect to obtain any interest, directly or indirectly in the Company, or the properties evaluated, nor in the securities of the Company.
- A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of public information and records, the files of **YPF S.A.**, and the appropriate regulatory authorities.



Carmen M. Bujor
Principal Engineer - Consulting



CERTIFICATE OF QUALIFICATION

Robert V. Coles

I, Robert V. Coles, an employee of IHS Global Canada Limited, and co-author of the SEC P&NG evaluation dated February 17, 2016 prepared for YPF S.A., do hereby certify that:

- I graduated from the Technical University of Nova Scotia with a Bachelor of Engineering (Mining Engineering) in 1981 and have in excess of 34 years experience in reservoir engineering, business development and property evaluation the Petroleum Industry.
- I have no interest, directly or indirectly, in **YPF S.A.** nor in the properties evaluated, nor do I expect to obtain any interest, directly or indirectly in the Company, or the properties evaluated, nor in the securities of the Company.
- A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of public information and records, the files of **YPF S.A.**, and the appropriate regulatory authorities.



Robert V. Coles

Principal Engineer - Consulting



CERTIFICATE OF QUALIFICATION

Dale Struksnes, B. Comm, CMA, C.E.T.

I, Dale Struksnes, an employee of IHS Global Canada Limited, and co-author of the SEC P&NG evaluation dated February 17, 2016 prepared for YPF S.A., do hereby certify that:

- I graduated from the Southern Alberta Institute of Technology with an Honours Diploma in Petroleum Technology in 1988 and have in excess of 27 years experience in the Petroleum Industry.
- I have no interest, directly or indirectly, in **YPF S.A.** nor in the properties evaluated, nor do I expect to obtain any interest, directly or indirectly in the Company, or the properties evaluated, nor in the securities of the Company.
- A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of public information and records, the files of **YPF S.A.**, and the appropriate regulatory authorities.



Dale Struksnes

Director - Consulting



CERTIFICATE OF QUALIFICATION

Robert Henderson, P. Eng.

I, Robert Henderson, an employee of IHS Global Canada Limited, and co-author of the SEC P&NG evaluation dated February 17, 2016 prepared for YPF S.A., do hereby certify that:

- I graduated from the University of Alberta with a B.Sc. in Mining Engineering in 1984 and have in excess of 29 years experience in the Petroleum Industry.
- I have no interest, directly or indirectly, in **YPF S.A.** nor in the properties evaluated, nor do I expect to obtain any interest, directly or indirectly in the Company, or the properties evaluated, nor in the securities of the Company.
- A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of public information and records, the files of **YPF S.A.**, and the appropriate regulatory authorities.



Robert Henderson, P. Eng.

Senior Principal Engineer - Consulting



CERTIFICATE OF QUALIFICATION

Jared Ponto, E.I.T.

I, Jared Ponto, an employee of IHS Global Canada Limited, and co-author of the SEC P&NG evaluation dated February 17, 2016 prepared for YPF S.A., do hereby certify that:

- I graduated from the University of Alberta with a B.Sc. in Petroleum Engineering in 2012 and have in excess of 3 years experience in the Petroleum Industry.
- I have no interest, directly or indirectly, in **YPF S.A.** nor in the properties evaluated, nor do I expect to obtain any interest, directly or indirectly in the Company, or the properties evaluated, nor in the securities of the Company.
- A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of public information and records, the files of **YPF S.A.**, and the appropriate regulatory authorities.



Jared Ponto, E.I.T.

Principal Engineer - Consulting



CERTIFICATE OF QUALIFICATION

Kristina Epp, P.Eng.

I, Kristina Epp, an employee of IHS Global Canada Limited, and co-author of the SEC P&NG evaluation dated February 17, 2016 prepared for YPF S.A., do hereby certify that:

- I graduated from the University of Alberta with a B.Sc. in Petroleum Engineering in 2008 and have in excess of 7 years experience in the Petroleum Industry.
- I have no interest, directly or indirectly, in **YPF S.A.** nor in the properties evaluated, nor do I expect to obtain any interest, directly or indirectly in the Company, or the properties evaluated, nor in the securities of the Company.
- A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of public information and records, the files of **YPF S.A.**, and the appropriate regulatory authorities.



Kristina Epp, P.Eng.

Principal Engineer - Consulting



CERTIFICATE OF QUALIFICATION

Ivan Olea, M.Sc.

I, Ivan Olea, an employee of IHS Global Canada Limited, and co-author of the SEC P&NG evaluation dated February 17, 2016 prepared for YPF S.A., do hereby certify that:

- I graduated from the University of Calgary with a M.Sc. in Mechanical Engineering in 2006, from the National Autonomous University of Mexico with a B.Sc. in Petroleum Engineering in 2002 and have in excess of 12 years experience in the Petroleum Industry.
- I have no interest, directly or indirectly, in **YPF S.A.** nor in the properties evaluated, nor do I expect to obtain any interest, directly or indirectly in the Company, or the properties evaluated, nor in the securities of the Company.
- A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of public information and records, the files of **YPF S.A.**, and the appropriate regulatory authorities.



Ivan Olea, M.Sc.

Senior Engineer - Consulting

CERTIFICATE OF QUALIFICATION

Mohammad Tavallali, Ph.D., P.Eng.

I, Mohammad Tavallali, an employee of IHS Global Canada Limited, and co-author of the SEC P&NG evaluation dated February 17, 2016 prepared for YPF S.A., do hereby certify that:

- I graduated from the University of Calgary with a Ph.D. in Petroleum Engineering in 2012, Tarbiat Modares University in Tehran with a M.Sc. in Chemical and Petroleum Engineering in 2004, from the Abadan Institute of Technology in Iran with a B.Sc. in Chemical Engineering in 2001 and have in excess of 11 years experience in the Petroleum Industry.
- I have no interest, directly or indirectly, in **YPF S.A.** nor in the properties evaluated, nor do I expect to obtain any interest, directly or indirectly in the Company, or the properties evaluated, nor in the securities of the Company.
- A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of public information and records, the files of **YPF S.A.**, and the appropriate regulatory authorities.

Mohammad Tavallali

Mohammad Tavallali, Ph.D., P.Eng.

Senior Engineer - Consulting



CERTIFICATE OF QUALIFICATION

Zhongdong (Don) Xu, P.Eng.

I, Zhongdong (Don) Xu, an employee of IHS Global Canada Limited, and co-author of the SEC P&NG evaluation dated February 17, 2016 prepared for YPF S.A., do hereby certify that:

- I graduated from the China University of Petroleum with a B.Sc. in Reservoir Engineering in 1991 and have in excess of 24 years experience in the Petroleum Industry.
- I have no interest, directly or indirectly, in **YPF S.A.** nor in the properties evaluated, nor do I expect to obtain any interest, directly or indirectly in the Company, or the properties evaluated, nor in the securities of the Company.
- A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of public information and records, the files of **YPF S.A.**, and the appropriate regulatory authorities.



Zhongdong (Don) Xu, P.Eng.
Principal Engineer - Consulting



CERTIFICATE OF QUALIFICATION

José Inciarte, P.Eng.

I, José Inciarte, an employee of IHS Global Canada Limited, and co-author of the SEC P&NG evaluation dated February 17, 2016 prepared for YPF S.A., do hereby certify that:

- I graduated from the Instituto Universitario Santiago Mariño, Cabimas, Venezuela, with a B.Sc. in Petroleum Engineering in 2002 and have in excess of 9 years experience in the Petroleum Industry.
- I have no interest, directly or indirectly, in **YPF S.A.** nor in the properties evaluated, nor do I expect to obtain any interest, directly or indirectly in the Company, or the properties evaluated, nor in the securities of the Company.
- A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of public information and records, the files of **YPF S.A.**, and the appropriate regulatory authorities.



José Inciarte, P.Eng.

Principal Engineer - Consulting

CERTIFICATE OF QUALIFICATION

Hamed Tabatabaie, Ph.D., P.Eng.

I, Hamed Tabatabaie, an employee of IHS Global Canada Limited, and co-author of the SEC P&NG evaluation dated February 17, 2016 prepared for YPF S.A., do hereby certify that:

- I graduated from the University of Calgary with a Ph.D. in Petroleum Engineering in 2014 and have in excess of 3 years experience in the Petroleum Industry.
- I have no interest, directly or indirectly, in **YPF S.A.** nor in the properties evaluated, nor do I expect to obtain any interest, directly or indirectly in the Company, or the properties evaluated, nor in the securities of the Company.
- A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of public information and records, the files of **YPF S.A.**, and the appropriate regulatory authorities.



Hamed Tabatabaie, Ph.D., P.Eng.
Principal Engineer - Consulting



CERTIFICATE OF QUALIFICATION

Jason K. Wilhelm, P. Eng.

I, Jason K. Wilhelm, an employee of IHS Global Canada Limited, and co-author of the SEC P&NG evaluation dated February 17, 2016 prepared for YPF S.A., do hereby certify that:

- I graduated from the University of Saskatchewan with a B.Sc. in Chemical Engineering in 1996 and have in excess of 19 years experience in the Petroleum Industry.
- I have no interest, directly or indirectly, in **YPF S.A.** nor in the properties evaluated, nor do I expect to obtain any interest, directly or indirectly in the Company, or the properties evaluated, nor in the securities of the Company.
- A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of public information and records, the files of **YPF S.A.**, and the appropriate regulatory authorities.



Jason K. Wilhelm, P. Eng.

Senior Principal Engineer - Consulting



CERTIFICATE OF QUALIFICATION

Norbert K. Alwast, P. Geol.

I, Norbert K. Alwast, an employee of IHS Global Canada Limited, and co-author of the SEC P&NG evaluation dated February 17, 2016 prepared for YPF S.A., do hereby certify that:

- I graduated from the University of Calgary with a B.Sc. in Geology in 1986. I have in excess of 29 years experience in the Petroleum Industry.
- I have no interest, directly or indirectly, in **YPF S.A.** nor in the properties evaluated, nor do I expect to obtain any interest, directly or indirectly in the Company, or the properties evaluated, nor in the securities of the Company.
- A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of public information and records, the files of **YPF S.A.**, and the appropriate regulatory authorities.



Norbert K. Alwast, P. Geol.

Senior Principal Geologist - Consulting



CERTIFICATE OF QUALIFICATION

Michael G. Muirhead, P. Geol.

I, Michael G. Muirhead, an employee of IHS Global Canada Limited, and co-author of the SEC P&NG evaluation dated February 17, 2016 prepared for YPF S.A., do hereby certify that:

- I graduated from the University of British Columbia with a B.Sc. in Geology. I completed my degree in 1991 and have in excess of 24 years experience in the Petroleum Industry.
- I have no interest, directly or indirectly, in **YPF S.A.** nor in the properties evaluated, nor do I expect to obtain any interest, directly or indirectly in the Company, or the properties evaluated, nor in the securities of the Company.
- A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of public information and records, the files of **YPF S.A.**, and the appropriate regulatory authorities.



Michael G. Muirhead, P. Geol.
Principal Geologist - Consulting



CERTIFICATE OF QUALIFICATION

John B. Hughes, P. Geol.

I, John B. Hughes, an employee of IHS Global Canada Limited, and co-author of the SEC P&NG evaluation dated February 17, 2016 prepared for YPF S.A., do hereby certify that:

- I graduated from the University of Calgary with a B.Sc. in Geology in 1972 and have in excess of 43 years experience in the Petroleum Industry.
- I have no interest, directly or indirectly, in **YPF S.A.** nor in the properties evaluated, nor do I expect to obtain any interest, directly or indirectly in the Company, or the properties evaluated, nor in the securities of the Company.
- A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of public information and records, the files of **YPF S.A.**, and the appropriate regulatory authorities.



John B. Hughes, P. Geol.

Senior Principal Geologist - Consulting



CERTIFICATE OF QUALIFICATION

Lisa Dean, P. Geol.

I, Lisa Dean, an employee of IHS Global Canada Limited, and co-author of the SEC P&NG evaluation dated February 17, 2016 prepared for YPF S.A., do hereby certify that:

- I graduated from the University of Calgary with a B.Sc. in Earth Sciences in 1992 and have in excess of 23 years experience in the Petroleum Industry.
- I have no interest, directly or indirectly, in **YPF S.A.** nor in the properties evaluated, nor do I expect to obtain any interest, directly or indirectly in the Company, or the properties evaluated, nor in the securities of the Company.
- A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of public information and records, the files of **YPF S.A.**, and the appropriate regulatory authorities.



Lisa Dean, P.Geol.

Director - Geosciences



LIMITATIONS OF REPORT

All factual data supplied by or obtained from the files of **YPF S.A.**, were accepted as correct.

A field inspection was not considered necessary by IHS Global Canada Limited.

It should be understood that our audit does not constitute a complete reserves study. In the conduct of our examination, we have not independently verified the accuracy and completeness of all the information and data furnished by your Company with respect to ownership interest or oil and gas production. We have, however, specifically identified to you the information and data upon which we relied. Furthermore, if in the course of our examination, something came to our attention that brought into question the validity or sufficiency of any of the information or data, we did not rely on that information or data until we had satisfactorily resolved our questions or independently verified it.

The analyses, interpretations and opinions expressed in this report reflect the best judgement of IHS Global Canada Limited. Due to the inherent risks associated with the petroleum business, IHS Global Canada Limited assumes no responsibility and makes no warranty whatsoever in connection with the information, analyses, interpretations and opinions presented herein.

The IHS reports and information referenced herein (the "IHS Materials") have been prepared for the exclusive use of **YPF S.A.** and for the information and assistance of its independent public accountants and financial lenders in connection with their review of, and report upon, the financial statements of your company. They are the copyrighted property of IHS Global Canada Limited ("IHS") and represent data, research, opinions or viewpoints published by IHS, and are not representations of fact. The IHS Materials speak as of the original publication date thereof (and not as of the date of this document). The information and opinions expressed in the IHS Materials are subject to change without notice and IHS has no duty or responsibility to update the IHS Materials. Moreover, while the IHS Materials reproduced herein are from sources considered reliable, the accuracy and completeness thereof are not warranted, nor are the opinions and analyses which are based upon it. To the extent permitted by law, IHS shall not be liable for any errors or omissions or any loss, damage or expense incurred by reliance on the IHS Materials or any statement contained herein, or resulting from any omission.



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[34]



U.S. SECURITIES AND EXCHANGE COMMISSION (SEC) MODERNIZATION OF OIL AND GAS REPORTING

As requested by YPF S.A., the Proved Reserve definition used in this report is in accordance with the Reserve Definitions of Rules 210-4-10(a) of Regulation S-X of the Securities Exchange Commission (SEC) as amended by the SEC "Modernization of Oil and Gas Reporting – Final Rule" published January 14, 2009.

SEC DEFINITIONS FOR OIL AND GAS RESERVES

Proved 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 a reasonable time.

- (i) The area of the reservoir considered as proved includes:
 - (A) The area identified by drilling and limited by fluid contacts, if any, and
 - (B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.
- (ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.
- (iii) Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.
- (iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:
 - (A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and
 - (B) The project has been approved for development by all necessary parties and entities, including governmental entities.
- (v) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first- day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

Probable oil and gas reserves – Probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered.

- (i) When deterministic methods are used, it is as likely as not that actual remaining quantities recovered will exceed the sum of estimated proved plus probable reserves. When probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the proved plus probable reserves estimates.
- (ii) Probable reserves may be assigned to areas of a reservoir adjacent to proved reserves where data control or interpretations of available data are less certain, even if the interpreted reservoir continuity of structure or productivity does not meet the reasonable certainty criterion. Probable reserves may be assigned to areas that are structurally higher than the proved area if these areas are in communication with the proved reservoir.
- (iii) Probable reserves estimates also include potential incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than assumed for proved reserves.
- (iv) See also guidelines in paragraphs (iv) and (vi) of the definition of possible reserves.

Possible oil and gas reserves – Possible reserves are those additional reserves that are less certain to be recovered than probable reserves.

- (i) When deterministic methods are used, the total quantities ultimately recovered from a project have a low probability of exceeding proved plus probable plus possible reserves. When probabilistic methods are used, there should be at least a 10% probability that the total quantities ultimately recovered will equal or exceed the proved plus probable plus possible reserves estimates.
- (ii) Possible reserves may be assigned to areas of a reservoir adjacent to probable reserves where data control and interpretations of available data are progressively less certain. Frequently, this will be in areas where geoscience and engineering data are unable to define clearly the area and vertical limits of commercial production from the reservoir by a defined project.
- (iii) Possible reserves also include incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than the recovery quantities assumed for probable reserves.
- (iv) The proved plus probable and proved plus probable plus possible reserves estimates must be based on reasonable alternative technical and commercial interpretations within the reservoir or subject project that are clearly documented, including comparisons to results in successful similar projects.
- (v) Possible reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from proved areas by faults with displacement less than formation thickness or other geological discontinuities and that have not been penetrated by a wellbore, and the registrant believes that such adjacent portions are in communication with the known (proved) reservoir. Possible reserves may be assigned to areas that are structurally higher or lower than the proved area if these areas are in communication with the proved reservoir.
- (vi) Pursuant to paragraph (iii) of the proved oil and gas definition, where direct observation has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves should be assigned in the structurally higher portions of the reservoir above the HKO only if the higher contact can be established with reasonable certainty through reliable technology. Portions of the reservoir that do not meet this reasonable certainty criterion may be assigned as probable and possible oil or gas based on reservoir fluid properties and pressure gradient interpretations.

Developed oil and gas reserves – Developed oil and gas reserves are reserves of any category that can be expected to be recovered:

- (i) Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and
- (ii) Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

Undeveloped oil and gas reserves – Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

- (i) Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.
- (ii) Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances justify a longer time.
- (iii) Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, as defined in [section 210.4–10 (a) Definitions], or by other evidence using reliable technology establishing reasonable certainty.



STANDARD OIL INDUSTRY TERMS AND ABBREVIATIONS

°API	Degrees API (American Petroleum Institute)
B	Billion (10 ⁹)
BBL	Barrels
/BBL	per barrel
BSCF or BCF	Billion standard cubic feet BSCFD
or BCFD	Billion standard cubic feet per day
Bm ³	Billion cubic metres
BHP	Bottomhole pressure
BPD	Barrels per day
BOE	Barrels of oil equivalent @ xxx MSCF/BBL
BOEPD	Barrels of oil equivalent per day@ xxx MSCF/BBL
BOPD	Barrels of oil per day
BWPD	Barrels of water per day
BTU	British Thermal Units
Cp	Centipoise (a measure of viscosity)
Deg C	Degrees Celsius
Deg F	Degrees Fahrenheit
DST	Drillstem Test
E&P	Exploration and Production
EOR	Enhanced Oil Recovery
EUR	Estimated Ultimate Recovery
FDP	Field Development Plan
Ft	Foot/feet
G&A	General and Administrative Costs
GIP	Gas Initially In-Place
GJ	Gigajoules (one billion Joules)
GOR	Gas/Oil Ratio
GWC	Gas/Water Contact
IRR	Internal Rate of Return
k	Permeability
KB	Kelly Bushing
km	Kilometres
LKG	Last Known Gas
LKH	Last Known Hydrocarbons
LKO	Last Known Oil
LNG	Liquefied Natural Gas
m	Metres
M	Thousand
m ³	Cubic Metres
MCF or MSCF	Thousand Standard Cubic Feet
MMCF or MMSCF	Million Standard Cubic Feet
m ³ /d	Cubic Metres per day
mD	Measure of Permeability in millidarcies
MD	Measured Depth
Mean	Arithmetic average of a set of numbers
Median	Middle value in a set of values
MFT	Multi Formation Tester
Mm ³	Thousand Cubic Metres
Mm ³ /d	Thousand Cubic Metres per day

STANDARD OIL INDUSTRY TERMS AND ABBREVIATIONS

Page 2 of 3

MM	Million
MMBBL	Millions of Barrels
MMBTU	Millions of British Thermal Units
Mode	Value that exists most frequently in a set of values = most likely
MSCFD	Thousand Standard Cubic Feet per day
MMSCFD	Million Standard Cubic Feet per day
NGL	Natural Gas Liquids
NPV	Net Present Value
OPEX	Operating Expenditure
OWC	Oil/Water Contact
Pa	Pascals (metric measurement of pressure)
P&A	Plugged and Abandoned
psi	Pounds per Square Inch
psia	Pounds per Square Inch Absolute
psig	Pounds per Square Inch Gauge
PVT	Pressure Volume Temperature
P10	10% Probability
P50	50% Probability
P90	90% Probability
Rf	Recovery Factor
RT	Rotary Table
R _w	Resistivity of Water
SCAL	Special Core Analysis
CF or SCF	Standard Cubic Feet
CFD or SCFD	Standard Cubic Feet per day
SL	Straight Line (for depreciation)
s _o	Oil Saturation
SPE	Society of Petroleum Engineers
SPEE	Society of Petroleum Evaluation Engineers
ss	Subsea
STB	Stock Tank Barrel
STOIIP	Stock Tank Oil Initially in-place
s _w	Water Saturation
T	Tonnes
TD	Total Depth
TSCF or TCF	Trillion Standard Cubic Feet
TOC	Total Organic Carbon
TVD	True Vertical Depth
TVD _{ss}	True Vertical Depth Subsea
US\$	United States Dollar
WC	Watercut
WI	Working Interest
WTI	West Texas Intermediate
2D	Two Dimensional
3D	Three Dimensional
4D	Four Dimensional
%	Percentage



STANDARD OIL INDUSTRY TERMS AND ABBREVIATIONS

Page 3 of 3

Reserve Classifications

PDP	Proved Developed Producing
PDNP	Proved Developed Non-Producing
PO	Possible
PR	Probable
PUD	Proved Undeveloped
TP	Proved
TPP	Total Proved Plus Probable
TPPP	Total Proved Plus Probable Plus Possible
1P	Proved Reserves
2P	Proved Plus Probable Reserves
3P	Proved Plus Probable Plus Possible Reserves

[40]



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