

## 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.

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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.

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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.

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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.



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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 Medanita 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).

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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.

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

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

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

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

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 depositary or, if the preemptive rights cannot be sold, they will be allowed to lapse. As a result, U.S. holders of Class D shares or ADSs may suffer dilution of their interest in our company upon future capital increases.