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in Argentina to 365 calendar days and requiring that 30% of incoming funds be deposited with a bank in Argentina in a non-assignable, non-interest-bearing account for 365 calendar days. Under the exchange regulations currently in force, restrictions exist in respect of the repatriation of funds or investments by non-Argentine residents. For instance, subject only to limited exceptions, the repatriation by non-Argentine residents of funds received as a result of the sale of the Class D shares in the secondary market is subject to a limit of U.S.\$500,000 per person per calendar month. In order to repatriate such funds abroad, non-Argentine residents also are required to demonstrate that the funds used to make the investment in the Class D shares were transferred to Argentina at least 365 days before the proposed repatriation. The transfer abroad of dividend payments is currently authorized by applicable regulations to the extent that such dividend payments are made in connection with audited financial statements and are approved by a shareholders' meeting.

During 2012, additional foreign exchange regulations were imposed on purchases of foreign currency and transfers of foreign currency abroad. Such regulations include the requirement for financial institutions to inform in advance and obtain approval from the Central Bank with respect to any foreign exchange transaction to be entered into through the foreign exchange market. See "—Risk Factors—Risks Relating to Argentina—We are subject to exchange and capital controls."

Risk Factors

The risks and uncertainties described below are those known by us at 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 will control 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, such occurrence could have a material adverse impact on the Argentine economy and negatively impact our results of operations. We cannot assure you that the decisions taken by our controlling shareholders for the purpose of achieving the targets set forth in the Expropriation Law would not differ from your interests as a shareholder.

Our business is largely dependent upon economic conditions in Argentina.

Substantially all of our operations, properties and customers are located in Argentina, and, as a result, our business is to a large extent dependent upon economic conditions prevailing in Argentina. The 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. Since the most recent crisis of 2001 and 2002, Argentina's gross domestic product, or GDP, grew at an average annual real rate of approximately 8.5% from 2003 to 2008, although the growth rate decelerated to 0.9% in 2009 as a result of the global financial crisis, but recovered in 2010 and 2011, growing at an annual real rate of approximately 9%, according to preliminary official data. In 2012, the Argentine economy experienced a slowdown with GDP increasing at a rate of 1.9% on an annualized basis compared to 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 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 for 2014 published by the National Statistics Institute (*Instituto Nacional de Estadística y Censos*) ("INDEC") is 0.5%. 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. In addition, Argentina has confronted 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; the wholesale price index increased 8.8%, 10.3%, 14.5%, 12.7%, 13.1% and 14.7%, respectively. In 2014, the INDEC established a new consumer price index ("IPCNU") which 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 for 2014 was 23.9% and the wholesale price index was 28.3%. In addition, the IPCNU for January 2015 and February 2015 was 1.1% and 0.9% respectively. However, certain private sector analysts usually quoted by the government opposition, based on methodologies being questioned by the Argentine government on the basis of the lack of technical support, believe that actual inflation is significantly higher than that reflected by INDEC. Increased rates of inflation in Argentina could increase our cost of operation, and may negatively impact our results of operations and financial condition. There can be no assurance that inflation rates will not be higher in the future.

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;
- 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. Argentina's national election for president and vice-president will take place in October 2015, and other relevant local and federal elections will also take place in 2015. We cannot guarantee that current 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".

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

Furthermore, in 2005, Argentina successfully completed the restructuring of a substantial portion of its bond indebtedness and settled all of its debt with the IMF. Additionally, in June 2010, Argentina completed the renegotiation of approximately 70% of defaulted bonds that were not swapped in 2005. As a result of the 2005 and 2010 debt swaps, over 91% of the country's bond indebtedness on which Argentina defaulted in 2002 has now been restructured.

Certain bondholders did not participate in the restructuring and instead sued Argentina for payment ("Holdout Bondholders") in a litigation to which YPF is not a party. In late October 2012, the United States Court of Appeals for the Second Circuit rejected an appeal by Argentina concerning payments allegedly due on bonds that had not been the subject of the swaps in 2005 and 2010. On November 21, 2012, the United States District Court for the Southern District of New York ordered Argentina to make a deposit of U.S.\$1.33 billion for payment to the Holdout Bondholders. Argentina appealed the District Court's November 21 order to the Second Circuit Court of Appeals, which granted Argentina's request for a stay of the order. On March 19, 2013, Argentina submitted to the Second Circuit a proposed payment plan for Holdout Bondholders. That proposal was rejected by the plaintiff Holdout Bondholders on April 19, 2013. 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 Supreme Court of the United States.

On September 3, 2013, the District Court granted plaintiff Holdout Bondholders' requests for discovery from Argentina and certain financial institutions concerning, among other things, Argentina's assets and the relationship between Argentina and YPF. In January of 2014, the U.S. Supreme Court agreed to hear the appeal filed by Argentina regarding the extent of discovery permitted concerning its assets, but eventually ruled on June 16, 2014 that the District Court had the authority to allow creditors of Argentine debt to seek discovery about all of Argentina's assets worldwide.

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Additionally, also on June 16, 2014, the U.S. Supreme Court denied Argentina's appeal for certiorari of the Second Circuit Court of Appeals' ruling affirming the District Court judgment, which held that Argentina had violated the *pari passu* clause with respect to the bondholders that had not participated in the sovereign debt swaps in 2005 and 2010, and as a consequence was required pursuant to the judge's ruling to pay 100% of the amounts due to the plaintiffs together with the payment of the amounts due on the next maturity date to bondholders who had participated in the debt swaps (ratable payment). With the appeals of the District Court's order exhausted, the Second Circuit Court of Appeals on June 18, 2014 lifted its stay of that order. On June 23, 2014, Argentina requested that Judge Griesa of the District Court issue a new stay to allow for a reasonable period of negotiations to settle the dispute with the plaintiffs.

On June 26, 2014, Argentina proceeded to deposit the amount applicable to the payment of service of principal and interest that matured on June 30, 2014 due to holders of restructured bonds under foreign law who had voluntarily agreed to the debt swaps during the period 2005-2010, which was equivalent to U.S.\$832 million, of which U.S.\$539 million was deposited in accounts of The Bank of New York Mellon ("BONY"), as trustee, in the Central Bank of Argentina. On that same date, Judge Griesa rejected the request for a stay made by Argentina on June 23, 2014.

On June 27, 2014, in a hearing in the District Court, Judge Griesa ruled that the aforementioned funds should not be delivered to the holders of restructured debt in the absence of a prior agreement with the Holdout Bondholders. As of the date of this annual report, the parties have not arrived at an agreement and BONY has invoked the decision of the District Court judge to not deliver the funds deposited by Argentina to the holders of restructured bonds under foreign law. Argentina has asserted that it has complied with its obligation to the holders of the restructured bonds by making said deposit, and that BONY, as indenture trustee, has the obligation to deliver those funds to their beneficiaries.

On September 11, 2014, Argentina promulgated Law No. 26,984 concerning sovereign payment, which provides for various mechanisms to pay 100% of the outstanding creditors under the terms of the 2005 and 2010 debt swaps, authorizing for that purpose, among other things, the Minister of Economy and Public Finance to replace BONY as the indenture trustee with Nación Fideicomisos S.A. and to provide for a voluntary exchange of the outstanding bonds for new bonds that would have identical financial terms but be governed by Argentine law and subject to Argentine jurisdiction.

On September 29, 2014, the District Court judge declared Argentina in contempt of court but did not impose sanctions on the country. On October 3, 2014, the District Court judge ordered Argentina to repair its relations with BONY, remove Nación Fideicomisos as indenture trustee for the restructured debt and resolve the situation with the Holdout Bondholder plaintiffs.

On October 22, 2014, the Second Circuit Court of Appeals dismissed for lack of jurisdiction Argentina's appeal with respect to the freezing of the funds deposited with BONY.

On October 28, 2014, the District Court judge rejected a motion to attach the funds deposited by Argentina and frozen at BONY.

At the request of Citibank, as trustee, the District Court judge has authorized the payment of U.S. dollar-denominated bonds under Argentine law to the extent that payments have become due, deferring a definitive decision on this question. At the request of Citibank, as agent, the District Court judge has authorized on an extraordinary basis on three occasions the payment of interest on U.S. dollar-denominated bonds under Argentine Law to the extent that payments became due, deferring a definitive decision on this question. However, the District Court judge, on March 12, 2015, entered an order in which he finally determined that the Argentine Law Bonds constitute external indebtedness, rank equally (*pari passu*) with the bonds issued under the 1994 FAA, and, therefore, are covered by the amended injunction dated November 21, 2012.

The actions initiated by the Holdout Bondholders against Argentina could result in attachments or preliminary injunctions of assets belonging to, or alleged to belong to, Argentina.

In connection with the Holdout Bondholder litigation, the bondholders had 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 the Republic of Argentina, including YPF. At a hearing on September 3, 2013, the District Court judge ruled that this discovery from those institutions can go forward as to, among others, the accounts of YPF, in order for the bondholders to determine if those documents might support an argument that YPF is the alter ego of the Republic of Argentina. Notably, the New York courts previously held that Banco de la Nación Argentina is not an alter ego of Argentina, and a California magistrate judge has recently ruled that bondholders' factual allegations made in support of asset discovery were insufficient to find YPF to be an alter ego of Argentina. YPF is not a recipient of any such subpoenas and, as such, has no obligation to produce discovery or otherwise participate in discovery.

After the *pari passu* injunction became effective, litigation continued regarding Argentina's efforts to make payments to exchange bondholders. These payments have been made, however the chain of payments has been interrupted as a consequence of judicial orders, and various exchange bondholders have sought release of such funds through litigation before the District Court and in various jurisdictions. Additionally Argentina's Congress has passed the Sovereign Debt Payment Act, No. 26,984 in which it was allowed to remove the Bank of New York Mellon as trustee and appointed Nación Fideicomisos S.A. in its place and authorized to make payments of the sovereign bonds in two accounts in Argentina in order to guarantee that the bondholders receive the payment made. As of the date hereof, litigation initiated by the Holdout Bondholders seeking payments from Argentina continues in the U.S. and in courts in other jurisdictions. The consequences of potentially inconsistent rulings from different courts are unclear. There can be no assurances that the outcome of this continued and potential future litigation, or the efforts of the 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.

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 to allow importers access to the foreign exchange market for the payment of such imported products and services.

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

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 fluctuation and any devaluation of the peso against the U.S. dollar and other hard currencies may adversely affect our business and results of operations. The value of the peso has fluctuated significantly in the past, such as in January 2014 when the Argentine peso was subject to devaluation of approximately 23%, and may do so in the future. 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.

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, 2014 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 restrictions have been imposed which restrict purchases of foreign currency and transfers of foreign currency abroad. Such restrictions include the requirement for financial institutions to inform in advance and obtain approval from the Argentine Central Bank with respect to any foreign exchange transaction to be entered into through the foreign exchange market with the exception of payments related to foreign debt previously liquidated in the domestic market. Since 2011, oil and gas companies (including YPF), among other entities, were required to repatriate 100% of their foreign currency export receivables. See “Item 4. Information on the Company–Regulatory Framework and Relationship with the Argentine Government–Repatriation of Foreign Currency.”

There can be no assurances regarding future modifications to exchange and capital controls. Exchange and capital controls could adversely affect our financial condition or results of operations and our ability to meet our foreign currency obligations and execute our financing plans.

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

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

Moreover, recent regulatory and policy developments in Argentina, including the enactment of the Expropriation Law, 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 securities. As a result of the foregoing, we cannot assure you that factors previously mentioned may not affect our financial condition and/or results of operations. See “Item 4. Information on the Company—History and Development of YPF.”

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

Our domestic operations are subject to extensive regulation.

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

- limitations on our ability to increase local prices or to reflect the effects from 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;
- 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

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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 in the past lagged substantially behind prevailing international and regional market prices for such products, and our ability to increase prices has been limited. In addition, revenues we obtain as a result of selling natural gas in Argentina (including amounts received through the Natural Gas Additional Injection Stimulus Program; see “Item 5. Operating and Financial Review and Prospects–Market Regulation–Natural gas”) are subject to government regulations and could be negatively affected, principally in case the Natural Gas Additional Injection Stimulus Program is cancelled or not extended past its current expiration date. The prices that we are able to obtain for our hydrocarbon products affect, among others, the viability of investments in new exploration, development and refining, and as a result the timing and amount of our projected capital expenditures for such purposes. We budget capital expenditures by taking into account, among other things, market prices for our hydrocarbon products. For additional information on domestic pricing for our products, see “Item 4. Information on the Company–Regulatory Framework and Relationship with the Argentine Government–Market Regulation.” On April 10, 2013, Resolution 35/2013 of the Argentine Secretariat of Domestic Commerce determined a price cap for fuel at all service stations for a period of six months (subsequently extended until November 24, 2013 and not extended any longer), which shall not exceed the highest outstanding price as of April 9, 2013 in each of the regions identified in the Annex of the Resolution. We cannot guarantee that we will be able to increase the domestic prices of our products, mainly to reflect the effects of increased production costs, domestic taxes, and exchange rate fluctuations, and limitations on our ability to do so would adversely affect our financial condition and results of operations. Similarly, we cannot assure you that hydrocarbon prices in Argentina will match the increases or decreases in hydrocarbon prices at the international or regional levels.

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

- improve the level of oil and gas reserves,
- expand oil refining capabilities, and
- maintain an adequate supply of fuel at reasonable prices.

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

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

The Argentine Hydrocarbons Law, Law No. 17,319, allows for hydrocarbon exports as long as they are not required for the domestic market and are sold at reasonable prices. In the case of natural gas, Law 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 fuel must also first demonstrate that the local demand of diesel fuel is duly satisfied. Because domestic diesel fuel production does not currently satisfy Argentine domestic consumption needs, we have been prevented since 2005 from selling diesel fuel production in the export market, and 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 fuel 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, 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.\$ 55. This is a decrease of approximately U.S.\$ 50 per barrel, representing an approximately 50% decrease from the 2014 average of U.S.\$ 98.97 per barrel. 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 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 Medanita and Escalante crude during January 2015 to U.S.\$ 77 and U.S.\$ 63 per barrel, respectively, and during February 2015 to U.S.\$ 76 and U.S.\$ 62 per barrel, 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, the loss of proved reserves as a result of the new economic conditions and proved undeveloped reserves as a result of changes to our development plans. 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 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 will be in force from January 1, 2015 through December 31, 2015 and through which the Argentine federal government, subject to certain requirements, will pay an export stimulus and/or a production stimulus for companies registered under that program. The program aims to offset significantly the potential impact international crude oil prices have on the local industry which might, in turn, create a comparatively more attractive oil and gas market for Argentina during 2015. We cannot assure you that we will achieve the qualifications necessary to obtain the incentive set by Resolution 14/2015, including the relevant level of production, which could negatively affect our financial conditions and results of operations. Furthermore, we cannot guarantee that the incentive program will be extended beyond December 2015 in the event international prices remain at current or lower levels. “See “Item 4. Information on the Company–Regulatory Framework and Relationship with the Argentine Government–Market Regulation –Resolution No. 14/2015.”

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 are likely to be adversely affected, which in turn would have an adverse effect on our results of operations. For more information on recent declines in the international Brent crude oil prices, domestic crude oil prices and domestic gasoline prices, see “Item 3. Operating and Financial Review and Prospects–Macroeconomic Conditions.”

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 and 2014, including the production that came from our acquired properties, our production increased by approximately 1.7% and 13.5%, 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 and 163% in 2014.

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, 2014, 2013 and 2012 was calculated in accordance with the SEC rules and FASB's ASC 932, as amended. Accordingly, crude oil prices used to determine reserves were calculated at the beginning of each month, for crude oils of different quality produced by us. We considered the realized prices for crude oil in the domestic market taking into account the effect of exports taxes as in effect as of each of the corresponding years (until 2016, in accordance with Law No. 26,732). For the years beyond the mentioned periods, we considered the unweighted average price of the first-day-of-the-month for each month within the twelve-month period ended December 31, 2014, 2013 and 2012, respectively, which refers to the WTI prices adjusted by each different quality produced by us. Commodity prices declined significantly in the fourth quarter of 2014. If such prices do not increase significantly, and domestic prices for crude oil were reduced to similar levels to those prevailing in the international market, our future calculations of estimated proved reserves would be based on lower commodity prices which 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, thereby approximating the pricing environment existing as of the most recent practicable date in the international market (approximately U.S.\$ 51 dollars per barrel for WTI), and considering such prices since January 1, 2015, our total proved reserves at December 31, 2014 could decrease by approximately 22%. Holding all other factors constant, if commodity reference prices used in our year-end reserve estimates were decreased for crude oil, thereby approximating the realized prices for crude oil in the domestic market since January 1, 2015 (approximately U.S.\$ 77 dollars per barrel for WTI equivalent quality), and considering such prices since January 1, 2015, our total proved reserves at December 31, 2014 could decrease by approximately 5%. In addition, as a result of the prices used to calculate the present value of future net revenues

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from our proved reserves, in accordance with the SEC rules, which are similar to previously described for calculation of proved reserves, 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 and, in particular, may be reduced due to the recent significant decline in commodity prices if such prices do not increase significantly and domestic prices were reduced to similar levels as those prevailing in the international market.

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

Oil and gas activities are subject to significant economic, environmental and operational risks.

Oil and gas exploration and production activities are subject to particular economic and industry-specific operational risks, some of which are beyond our control, such as production, equipment and transportation risks, as well as natural hazards and other uncertainties, including those relating to the physical characteristics of onshore and 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 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 100% 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 final remedy selection proposed and 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.

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. Tierra, in conjunction with the other parties of the CPG, submitted comments on the draft FFS to the EPA, as did a number of other interested parties. As a result of the comments received, the EPA withdrew the FFS for revision and further consideration in light of the comments. On November 14, 2013, at a Community Advisory Group (“CAG”) meeting, the EPA described the alternatives it was considering in the revised FFS. The EPA stated that the FFS would set forth four alternatives: (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) focused dredging and capping of 0.9 million cubic yards over three years, which it estimated would cost U.S.\$0.4 billion to U.S.\$0.6 billion, depending on whether there is a CAD, off-site disposal or local decontamination and beneficial use. The EPA has indicated that it has discarded alternative (iv) and it favors alternative (iii). On April 11, 2014, the EPA published the revised FFS for the lower eight miles of the Passaic River in final. Among the various measures considered in the final FFS, the EPA recommended as its preferred remedial action for this area that approximately 4.3 million cubic yards of sediment be removed 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 measure 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 Chemical Corporation (“OCC”), submitted extensive comments on the final FFS to the EPA. The main comments offered by Maxus, Tierra and OCC 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; and
- The proposed remediation plan is not executable or economically reasonable in terms of cost-benefit.

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. Currently, the EPA is considering these comments and will issue a response before it makes its final decision regarding the remediation plan for the area. The EPA’s decision on the remedy will likely be published in a “Record of Decision” sometime during 2015 or 2016. Based on the information available to us as of the issuance date of this annual report, considering the uncertainties related to the different remedial alternatives and those that may be incorporated in the Record of Decision and their associated costs, the results of the studies and discoveries to be produced, the amounts previously incurred by YPF Holdings in remediation activities in the area covered by the FFS, the many potentially responsible parties involved in the matter, the uncertainties related with potential allocation of removal and remediation costs, and also considering the opinion of external counsel, it is not possible to reasonably estimate a loss or range of losses on these outstanding matters. Therefore, no amount has been accrued for this litigation by YPF Holdings. Depending on the final remedy selection proposed and approved by the EPA regarding the FFS, and the potential assignment of responsibility to YPF Holdings for such remediation, our financial condition and result of operations could be affected negatively. 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 and the EPA’s Record of Decision, 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.

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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.

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 disrupted refinery systems and caused 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 6 tanks, 4 of which are for processing and 2 are for dispatch of treated crude oil, concentrates the production of 10 fields in the Malargue area, which 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 have almost returned to their previous levels, and the engineering 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 "Item 5. Operating and Financing Review and Prospects—Factors Affecting Our Operations—Macroeconomic Conditions."

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

On July 17, 2012, our Shareholders approved a dividend of Ps.303 million (Ps. 0.77 per share or ADS) which was paid during November 2012. 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. Notwithstanding the foregoing, our ability to pay, maintain or increase dividends is based on many factors, including but not limited to 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 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. It is dependent on our ability to attract, train, motivate and retain key management and commercial and technical personnel with the necessary skills and experience. There is no guarantee 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. 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/or results of operations.

The Argentine government controls our company and 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 Law No. 26,741 (the "Expropriation Law")" and "—Our business is largely dependent upon economic conditions in Argentina".

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

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in the market price of our shares and ADSs. For example, the price of our ADSs closed at U.S.\$54.58 on January 5, 2011, and fell to a low of U.S.\$9.57 on November 16, 2012. In 2013, the price recovered to a high closing price of U.S.\$34.17 on December 23, but subsequently fell to U.S.\$21.85 on February 3, 2014. The price recovered to a high closing price of U.S.\$36.99 on July 1, 2014 but subsequently fell to U.S.\$22.19 on January 2, 2015. 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 the Emergency Law (Law No. 25,561), to establish the system that will determine the exchange rate between the peso and foreign currency and to impose exchange regulations. Although the transfer of funds abroad in order to pay dividends currently does not require Central Bank approval, restrictions on the movement of capital to and from Argentina may, if imposed, impair or prevent the conversion of dividends, distributions, or the proceeds from any sale of Class D shares, as the case may be, from pesos into U.S. dollars and the remittance of the U.S. dollars abroad. The Argentine government has recently tightened U.S. dollar exchange regulations.

Under the terms of our deposit agreement with the 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