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On October 27, 2004, the Board of Directors approved a dividend of Ps. 4.50 per share or per ADS, to be paid out of the reserve for future dividends approved by the Shareholders' Meeting of April 21, 2004 and ratified by the Shareholders' Meeting of April 19, 2005. The dividends were paid on November 5, 2004.

The Shareholders' Meeting held on April 19, 2005, approved the payment of a dividend of Ps. 8.00 per share or per ADS which was paid on April 29, 2005. In addition, this Shareholders' Meeting also approved a reserve for future dividends of Ps. 1,731 million.

On November 10, 2005, the Board of Directors approved a dividend of Ps. 4.40 per share or per ADS, to be paid out of the reserve for future dividends approved by the Shareholders' Meeting of April 19, 2005 and ratified by the Shareholders' Meeting of April 28, 2006. The dividends were paid on November 18, 2005.

The Shareholders' Meeting held on April 28, 2006, approved the payment of a dividend of Ps. 6.00 per share or per ADS, which was paid on May 9, 2006. In addition, the Shareholders' Meeting also approved a reserve for future dividends of Ps. 2,710 million. The Board of Directors has the power to decide the timing and the amount of future payments out of this reserve to the extent such payments are possible under Argentine and YPF's economic and financial circumstances.

On March 6, 2007, the Board of Directors approved a dividend of Ps. 6.00 per share or per ADS, to be paid out of the reserve for future dividends approved by the Shareholders' Meeting of April 28, 2006. The dividends were paid on March 21, 2007, and ratified by the Shareholders' Meeting of April 13, 2007.

The Shareholders' Meeting held on April 13, 2007, approved a reserve for future dividends of Ps. 4,234 million. The Board of Directors has the power to decide the timing and the amount of future payments out of this reserve to the extent such payments are possible under Argentine and YPF's economic and financial circumstances.

Risk Factors

Economic, Political and Regulatory Developments in Argentina May Adversely Affect Our Domestic Operations

Economic conditions and government policies. The Argentine economy has experienced significant volatility in recent decades, characterized by periods of low or negative growth and high variable levels of inflation. Inflation reached its peak in the late 1980s and early 1990s. The annual inflation rate as measured by the consumer price index was approximately 388% in 1988, 4,924% in 1989 and 1,344% in 1990. The annual inflation rate as measured by the wholesale price index was approximately 432% in 1988, 5,386% in 1989 and 798% in 1990. Due to inflationary pressures prior to the 1990s, the Argentine currency was devalued repeatedly and macroeconomic instability led to broad fluctuations in the real exchange rate of the Argentine currency relative to the U.S. dollar. To address these pressures, past Argentine governments implemented various plans and utilized a number of exchange rate systems.

With the enactment of the Convertibility Law in 1991, inflation declined progressively and the Argentine economy enjoyed seven years of growth. In the fourth quarter of 1998, adverse international financial conditions caused the Argentine economy to enter into a recession and gross domestic product to decrease by 3.4% in 1999, 0.8% in 2000 and 4.4% in 2001. By the end of 2001, Argentina suffered a profound deterioration in social and economic conditions, accompanied by high political and economic instability. The restrictions on the withdrawal of bank deposits, the imposition of exchange controls, the suspension of the payment of Argentina's public debt and the abrogation of the peso's one-to-one peg to the dollar (with the consequent depreciation of the peso against the dollar) caused a decline in economic activity. Gross Domestic Product ("GDP") declined by 10.9% in 2002, annual inflation rose to 41%, the exchange rate continued to be highly volatile, and unemployment rose to over 20%. The political and economic instability not only curtailed commercial and financial activities in Argentina but severely restricted the country's access to international financing.

Due to the economic crisis, the President of Argentina, Mr. Fernando De la Rúa, was forced to relinquish office. After a short period of time with provisional authorities, the Congress designated Senator Mr. Eduardo Duhalde to complete De la Rúa's presidential term. General presidential elections took place on April 27, 2003 and the victor, Mr. Nestor Kirchner, took office as the new President on May 25, 2003. The next presidential election will take place in October 2007.

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Strong economic growth in the world's developed economies and favorable raw material pricing from 2003 through 2006, paved the way for Argentina's economic recovery. The manufacturing and construction industries drove GDP growth to 8.7% in 2003, 9.0% in 2004, 9.2% in 2005, and 8.5% in 2006. Public finances both at national and provincial levels recorded a consolidated primary surplus of approximately 5.5% of GDP in 2004, 4.5% in 2005 and 3.5% in 2006. Annual inflation was 3.7% in 2003, 6.1% in 2004, 12.3% in 2005 and 9.8% in 2006. The government's main strategy to fight increasing inflation has been the establishment of price agreements with private companies.

With its economic recovery well under way, in 2005, Argentina successfully completed the restructuring of a substantial portion of its bond indebtedness and cancelled all of its debt with the International Monetary Fund ("IMF"). The country is actively working to renegotiate the remaining portion of its external public debt and to resolve the claims brought before international courts by foreign companies affected during the crisis.

The Argentine economy began 2007 with favorable prospects in terms of economic growth, but with a concern over inflation levels. Private analysts forecast that GDP will grow more than 7% during 2007 and that annual inflation will be around 10%. YPF, however, cannot predict the evolution of future macroeconomic events.

Since March 2004, and as a consequence of (i) an increase in domestic demand, (ii) a shortage in the domestic supply of natural gas and (iii) continued high international oil prices, the Argentine government made certain changes in regulations governing the energy sector. In order to ensure adequate energy supply, the government also (i) made provisions for importing natural gas from Bolivia, (ii) ended transport capacity restrictions, (iii) imported fuel-oil from Venezuela, and (iv) imposed limits on the supply of gas to industrial consumers. During winter, in the event of shortages, gas supply to industries and electricity generation plants may be interrupted for priority to be given to residential consumers.

Although the government increased wellhead natural gas prices for industrial and electricity generators from 2004 through 2006, it also increased the export tax for crude oil to a maximum of 45% and reintroduced a 5% export tax on gasoline during that period. Additionally, since May 28, 2004, exports of natural gas have been subject to customs duties (pursuant to Decree No. 645/2004), which were subsequently increased by Resolution 534/06 of the Ministry of Economy and Production to 45%. This Resolution provides that the natural gas price set by the framework agreement between Argentina and Bolivia (the "Framework Agreement") serves as the valuation basis for calculating export duties on gas sales. On October 10, 2006, Resolution 776/06, issued by the Ministry of Economy and Production clarified that the export duties created by Law 25,561, Section 6 apply to exports from the Tierra del Fuego Province, which were otherwise exempted from taxes pursuant to Law 19,640. Finally, Law 26,217, published in the Official Bulletin on January 16, 2007, extended the application of export duties created by Law 25, 561, Section 6, for five years, clarified that these duties apply to exports from Tierra del Fuego Province, and ratified the effectiveness of a number of decrees and resolutions.

Despite domestic inflation and higher international oil prices, domestic retail oil products did not experience similar increase in prices. For further detail, see "Fluctuations in Foreign Exchange Rates, the Imposition of New Taxes and the Enactment of Exchange and Price Controls in Argentina Could Adversely Affect Our Performance and Our Capacity to Service Our Financial Obligations—Price and Supply Controls."

YPF's business and results of operations have been, and may continue to be, materially and adversely affected by economic, political and regulatory developments in Argentina. In particular, in the past few years the energy sector and YPF have been affected by lower sales volumes, difficulties in transferring the impact of prices of crude oil and derived products quoted in dollars to domestic prices fixed in pesos, difficulties in increasing domestic natural gas sale prices and the creation of a withholding system for the export of hydrocarbons.

Even in a climate of continued growth and stability in the Argentine economy, YPF will continue to face the following risks:

- difficulties in passing fluctuations in international prices of crude oil and exchange rates through to domestic prices;

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- difficulties in increasing local prices of natural gas, in particular for its residential customers;
- higher taxes on exports of hydrocarbons and the application of duties to previously untaxed exports;
- restrictions on hydrocarbon export volumes;
- regulations requiring the import of hydrocarbon fuels even if it is unprofitable;
- higher taxes on domestic fuel sales;
- lack of financing alternatives for Argentine corporations may impact the execution of YPF's plans; and
- uncertainty about concession renewals, substantially all of which expire in 2017.

YPF is subject to the risk of export restrictions being imposed on it. Any export restriction imposed on YPF may adversely affect operating results. Law No. 17,319 establishes that the Federal Executive will permit hydrocarbon exports as long as they are not required for the domestic market and are sold at reasonable prices. In May 2002, due to concerns over lack of domestic availability of crude oil and Liquid Petroleum Gas ("LPG"), the Argentine government, through Decree No. 867/02, declared a temporary national emergency for the period May through September 2002 and authorized the Secretariat of Energy to establish minimum volumes of crude oil and LPG to be sold in the domestic market, in turn limiting the volumes of those products available for export.

With respect to natural gas and in light of similar concerns over domestic supply, in March 2004, the Argentine government established several regulations (including, Secretariat of Energy's Resolutions No. 265/2004, 659/2004, 752/2005, 2020/2005 and 275/2006) that affect natural gas exports that were previously authorized under long-term firm export permits granted pursuant to Natural Gas Law No. 24,076. These are described further in "Item 4. Information on The Company-Regulatory Framework and Relationship with the Argentine Government." Pursuant to these regulations, the Argentine authorities may require exporting producers, such as YPF, to supply additional volumes of natural gas, beyond their contractual commitments, to the domestic market, thereby affecting natural gas exports. In addition, these new regulations establish sanctions and conditions upon natural gas exports not envisaged under existing export permits, thereby affecting compliance with these permits. Pursuant to these regulations, as described in "Item 8. Financial Information-Legal Proceedings", since March 2004, YPF has been forced to reduce, either totally or partially, its natural gas deliveries to some of its export clients. YPF has challenged the validity of the aforementioned regulations, and has invoked the occurrence of a *force majeure* event under the corresponding natural gas purchase and sales agreements. The counterparties to such agreements have rejected such invocation.

In addition, on December 23, 2004, the Secretariat of Energy issued Resolution No. 1,679/04 reestablishing the registry of export operations for crude oil and diesel. In accordance with this resolution, companies intending to export crude oil and diesel must previously obtain an authorization from the Secretariat of Energy. Oil companies willing to export crude oil must first demonstrate that the demand for crude oil by local refineries is satisfied or that an offer to sell crude oil to local refineries has been made and rejected. Oil refineries willing to export diesel fuel must also first demonstrate that the local demand of diesel is duly satisfied.

During 2006, the Customs General Administration of Neuquén and Comodoro Rivadavia served notices upon YPF to inform it that summary proceedings have been brought against it due to formal mistakes YPF allegedly made in the export permit forms issued in relation to commitments to make future sales of crude oil. Based on the opinion of counsel, YPF's management believes the claim lacks any legal basis.

New Regulatory Framework. On January 2007, the Argentine Congress enacted Law No. 26,197 which, in accordance with Article 124 of the national constitution, provided that provinces shall be the owners of the hydrocarbon reservoirs located within their territories. Pursuant to the law, the Argentine Congress is charged with enacting laws and regulations aimed at developing mineral resources within Argentina, while the provincial governments are responsible for enforcing these laws and administering hydrocarbon fields that fall within the territories of their respective provinces. Certain provincial governments, however, have construed the provisions of

Law No. 26,197 and Article 124 to empower the provinces to enact their own regulations concerning exploration and production of oil and gas within their territories. While regulations enacted by the provinces under this interpretation may conflict with those adopted by the Argentine Congress, there is no assurance that the Argentine government will take action to address the effects of provincial regulations of this type.

Fluctuations in Foreign Exchange Rates, the Imposition of New Taxes and the Enactment of Exchange and Price Controls in Argentina Could Adversely Affect Our Performance and Our Capacity to Service Our Financial Obligations

Exchange Rates. The prices at which we sell crude oil and natural gas are generally set either in U.S. dollars or by reference to U.S. dollars, while costs are incurred in both pesos and dollars, in many cases by reference to international prices. Because our cash flows are denominated in more than one currency, any devaluation of the peso against the dollar and other hard currencies may have a material adverse effect on our business and results of operations. In January 2002, the Argentine Congress abandoned the fixed exchange rate mechanism of the Convertibility Law, allowing the peso to float freely against the U.S. dollar, and lifted the obligation of the Central Bank to maintain foreign currency reserves to back up the amount of outstanding pesos and to sell or buy U.S. dollars at a fixed exchange rate.

Following a significant depreciation of the peso in the first half of 2002, the Argentine currency steadily appreciated, mainly due to the current account surplus. To prevent further appreciation, the Central Bank intervened to stabilize the peso at approximately Ps. 3.10 for each U.S.\$ 1.00, by buying dollars in the exchange market. No prediction of either the direction or the magnitude of future fluctuations in exchange rates, nor government monetary policy with respect thereto, can be made. A depreciation of the peso in relation to foreign currencies could adversely affect the financial condition or results of operations of YPF and the ability of YPF to meet its foreign currency obligations.

New Taxes. As part of the Government's efforts to reduce fiscal deficits and find new sources of public revenues, new duties have been imposed on exports. In March 2002, oil and gas companies were levied with a five-year, 20% tax on proceeds from the export of crude oil and a five-year 5% tax on proceeds from the export of oil products. These duties on exports were increased on May 11, 2004, by Resolutions No. 335/04, No. 336/04 and No. 337/04 issued by the Ministry of Economy and Production, to establish the following taxation rates: 25% on exports of crude oil, 20% on exports of butane, methane and LPG, and 5% on exports of gasoline and diesel. On May 26, 2004, a new 20% duty on natural gas and natural gas liquids exports ("NGL") was imposed by Decree No. 645/04. On August 4, 2004 the Ministry of Economy and Production issued Resolution No. 532/04, establishing a progressive scheme of export duties for crude oil, with rates ranging from 25% to 45%, depending on the quotation of the WTI reference price at the time of export and thereby modifying the fixed 25% tax rate established in the earlier resolution.

In July 2006 the Ministry of Economy and Production issued Resolution 534/06, which increased to 45% the export duty on gas and instructed the Customs General Administration to apply the price fixed by the Framework Agreement between Argentina and Bolivia for natural gas sales, as a basis upon which to determine the export tax on gas sales. On October 10, 2006, Resolution 776/06, issued by the Ministry of Economy and Production, clarified that the export duties created by Law 25,561, Section 6, apply to exports from the Tierra del Fuego Province which were otherwise exempted from taxes pursuant Law 19,640. Finally, Law 26,217, published on the Official Bulletin on January 16, 2007, extended the application of export duties created by Law 25,561, Section 6, for five years, clarified that these duties apply to exports from Tierra del Fuego Province and ratified the effectiveness of Decrees No. 310/2002, 809/2002, 645/2004, Resolutions ME No. 526/2002, Resolutions MEyP No. 335/2004, 336/2004 and 337/2004, 534/2006 and 776/2006.

Moreover, in May 2007 the Ministry of Economy and Production issued Decree No. 509/07, which increased to 25% the export duty on exports of butane, propane and LPG. There can be no assurances as to future levels of export taxes.

The financial results of YPF's operations in Argentina, as well as YPF's ability to meet its foreign currency obligations, may be adversely affected by changes in the Argentine tax regime.

Exchange and Capital Controls. From March 1991 to December 2001, the Argentine foreign exchange market was completely free from any restrictions on converting pesos into U.S. dollars. Capital controls were imposed in December 2001 and reinforced in January 2002 after the devaluation of the peso. Restrictions on fund transfers abroad were eased in the beginning of 2003, but exporters are still required to convert proceeds from export operations into domestic currency. Pursuant to Decree No. 1,589/89 and Decree No. 2,703/02, companies in the oil and gas sector are partially exempted from this requirement and are allowed to keep abroad up to 70% of export proceeds. In July 2002, Argentina's Attorney General issued an opinion which would have effectively required YPF to convert 100% of its export receivables into Argentine pesos. On December 5, 2002, the Central Bank stated that it would adopt the Attorney General's opinion. YPF filed a lawsuit before a Federal Court in Argentina requesting confirmation of YPF's right to freely dispose of up to 70% of its export receivables in accordance with the provisions of Decree No. 1,589/89. YPF obtained an injunction that prohibited the Central Bank and the Ministry of Economy and Production from interfering with YPF's access to foreign exchange proceeds as stipulated by the original decree. The injunction was subsequently appealed by the Central Bank and the Ministry of Economy and Production. On December 1, 2003 the National Administrative Court of Appeals decided that the issuance of Decree No. 2,703 in 2002, which allows companies in the oil and gas sector to keep abroad up to 70% of the export proceeds, rendered the injunction unnecessary. On December 15, 2003, YPF filed a motion for clarification asking the court to clarify whether the exemption was available during the period between the issuance of Decree No. 1,606/01 and the issuance of Decree No. 2,703/02. On February 6, 2004, the Court of Appeals dismissed YPF's motion for clarification, indicating that the Decree No. 2,703/02 was sufficiently clear, and confirmed the lifting of the injunction that prohibited the Central Bank and the Ministry of Economy from interfering with YPF's access to foreign exchange proceeds. On February 19, 2004, YPF filed an extraordinary appeal before the Supreme Court challenging the December 1, 2003 decision of the Court of Appeals and requested the reinstatement of the injunction against the Central Bank and the Ministry of Economy. The Federal Court of Appeals dismissed the extraordinary appeal. Taking into account the fact that there is a new special system in place allowing for the free disposal of up to 70% of the foreign currency proceeds from the exports of crude oil and its derivatives, it was deemed advisable to abandon the suit as a procedural strategy. Should the Central Bank eventually request the conversion of the foreign currency proceeds derived from hydrocarbon exports made from the issuance of Decree No. 1,606/01 to the date on which Decree 2,703/02 became effective, YPF may challenge such decisions or proceedings through administrative appeals procedures, as well as by requesting precautionary measures through other judicial proceedings.

No prediction can be made relating to the probability of modifications on exchange and capital controls. Further imposition of exchange and capital controls could adversely affect the financial condition or results of operations of YPF and the ability of YPF to meet its foreign currency obligations.

Price and Supply Controls. During the first part of 2002, YPF raised retail prices of gasoline and diesel due to the devaluation of the peso and rising international prices for crude oil and derivative products. Since that time, in response to certain measures imposed by the Argentine Government, oil companies in Argentina have agreed with the government to defer the effect of high crude oil prices on retail gasoline and diesel prices. In addition several regulations impose certain obligations to the oil companies to supply the domestic refined products market demand. For additional information on the latter, see "Item 4. Information on the Company-Regulatory Framework and Relationship with the Argentine Government-Market Regulation."

Considering the issuance of Resolution SE No. 599/2007, YPF's domestic and export sales could be further adversely affected by virtue of the mechanisms and limitations and proposal of agreement approved therein or by the "Procedimientos de Abastecimiento Complementario al Mercado Interno 2007-2011", which are described in "Item 4. Information on the Company-Regulatory Framework and Relationship with the Argentine Government-Market Regulation."

The Argentine Economy may be Negatively Affected by Developments in Other Countries

The Argentine financial and securities markets are, to varying degrees, influenced by economic and market conditions in other countries. Although economic conditions are different in each country, the reaction of investors to developments in one country can have significant effects on the price of securities issued in other countries,

including Argentina. For example, political and economic developments in December 1994 and early 1995 in Mexico, in the second half of 1997 in several Asian nations, and the Brazilian Real devaluation in January 1999, had a negative impact on the financial and securities markets in many emerging market countries, including Argentina. There can be no assurances that the Argentine financial and securities markets will not continue to be adversely affected from time to time by events elsewhere, especially in other emerging markets. See also "Item 3. Key information—Risk Factors— Expected Natural Gas Deliveries from Bolivia may have a Material Effect on our Long-term Natural Gas Supply Commitments."

Fluctuations in Oil and Gas Prices Could Affect Our Level of Capital Expenditures

Fluctuations in the market price of oil may affect the timing and the amount of our projected capital expenditures related to exploration and development activities, which, in turn, could have an adverse effect on YPF's future ability to replace reserves. Oil prices in Argentina reflect world market prices after taking into account the withholding system described above. World oil prices have fluctuated widely over the last ten years and are determined by global supply and demand factors over which YPF has no control. In 2006, the average international crude oil price was U.S.\$ 66.02 per barrel, compared to U.S.\$ 56.58 per barrel in 2005. Domestic oil prices are approximately 40% lower than in the international oil markets.

YPF budgets capital expenditures related to gas exploration, development and distribution activities in accordance with market prices for natural gas. In the event that low gas prices were to prevail in the domestic market sufficiently enough to affect capital expenditure plans, the Company's ability to replace gas reserves and develop its natural gas business might be adversely affected. A significant portion of YPF's natural gas sales from natural gas distribution companies are set in pesos and could be subject to direct and indirect price controls, see "Item 4. Information on the Company—Regulatory Framework and Relationship with the Argentine Government—Natural Gas." Therefore, a further devaluation of the peso, not accompanied by a corresponding increase in natural gas prices, may result in a delay of capital expenditures related to the natural gas business.

We May Not Be Able to Replace Our Reserves

The rate of production from oil and gas properties generally declines as reserves are depleted. Without successful exploration and development activities or reserve acquisitions, our proved reserves will decline as oil and gas are produced from our existing proved developed reserves. YPF cannot guarantee that its exploration, development and acquisition activities will result in significant additional reserves or that the Company will continue to be able to drill productive wells at acceptable costs.

YPF's Oil and Natural Gas Reserves are Estimates

YPF's oil and gas proved reserves are estimated in accordance with the guidelines established by the SEC and accounting principles set by the U.S. Financial Accounting Standards Board ("FASB"). 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, among which the most important are:

- the results of drilling, testing and production after the date of the estimates which may require substantial revisions;
- the quality of available geological, technical and economic data and the interpretation and judgment of such;
- the production performance of the Company's reservoirs;
- developments such as acquisitions and dispositions, new discoveries and extensions of existing fields and the application of improved recovery techniques;

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- the changes in oil and natural gas prices could have an effect on the quantities of the Company's proved reserves because the estimates of reserves are based on prices and costs at the date when such estimates are made. A decline in the price of oil or gas could make reserves no longer economically viable to exploit and therefore not classifiable as proved; and
- whether the prevailing tax rules, other government regulations and contractual conditions will remain the same as on the date estimates are made. Changes in tax rules and other government regulations could make reserves no longer economically viable to exploit;

Many of these factors, assumptions and variables involved in estimating proved reserves are beyond YPF's control and may prove to be incorrect over time. Consequently, measures of reserves are not precise and are subject to revision. Any downward revision in YPF estimated quantities of proved reserves could adversely impact YPF's financial results, leading to increased depreciation, depletion and amortization charges and/or impairment charges, which would reduce earnings and shareholders' equity.

Certain Natural Gas Export Authorizations May Be Revoked or Suspended by the Secretariat of Energy Due to its Analysis of the Argentine Northwest Basin Reserves

The effectiveness after certain specific dates of natural gas export authorizations granted to YPF pursuant to Resolutions 165/99, 576/99, 629/99 and 168/00, issued by the Secretariat of Energy, is subject to an analysis by the Secretariat of Energy of natural gas reserves in the Northwest Basin. The result of the aforementioned analysis is uncertain and may have an adverse impact upon the execution of the export gas sales agreements related to such export authorizations, and may imply significant cost and liabilities for YPF. See "Item 8. Financial Information—Legal Proceedings—Argentina."

The Oil and Gas Industry is Subject to Particular Operational Risks

Oil and gas exploration and production activities are subject to particular economic risks, some of which are beyond the control of YPF, such as production, equipment, and transportation risks, and natural hazards and other uncertainties, including those relating to the physical characteristics of an oil or natural gas field. The operations of YPF may be curtailed, delayed or cancelled due to bad weather conditions, mechanical difficulties, shortages or delays in the delivery of equipment and compliance with governmental requirements. If these risks materialize, YPF may suffer substantial operational losses and disruptions. Drilling may be unprofitable, not only with respect to dry wells, but also with respect to wells that are productive but do not produce sufficient net revenues to return a profit after drilling; operating and other costs are taken into account. These activities are also subject to the payment of royalties and taxes, which tend to be high compared with those payable in respect of other commercial activities.

The Company's operations are subject to industry-specific operating risks including the risk of fire, explosions, blow-outs, pipe failure, abnormally pressured formations, and environmental hazards, such as oil spills, gas leaks, ruptures or discharges of toxic gases. The occurrence of these industry-specific operating risks could generate substantial losses. Such losses may be due to any one of the following occurrences:

- injury or loss of life;
- severe damage to, or destruction of, property, natural resources and equipment;
- pollution or other environmental damage, clean-up responsibilities and regulatory investigations; and
- penalties and suspension of operations.

YPF's Acquisition of Exploratory Acreage and Crude Oil and Natural Gas Reserves is Subject to Heavy Competition

In October 2004, the Argentine Congress enacted Law No. 25,943 creating a new state-owned energy company Energía Argentina Sociedad Anónima ("ENARSA"). The purpose of ENARSA is to explore and exploit solid, liquid and gaseous hydrocarbons, and to transport, store, distribute, market and industrialize these products, as well as to transport and distribute gas as a public service and generate, transport, distribute and market electricity. Moreover, Law 25,943 granted ENARSA exploration permits for all the national offshore areas, not covered by endorsed exploration permits or exploitation concessions at the time of the enactment of the law. YPF has executed three preliminary agreements with ENARSA for the exploration and exploitation of offshore areas in Argentina.

In addition, some provinces of Argentina have created their own companies to develop activities in the oil and gas industry.

Oil companies, including YPF, must maintain a certain level of undeveloped oil and natural gas reserves to keep results of exploration and production activities relatively stable over time. Crude oil and natural gas production blocks are typically auctioned by governmental authorities. YPF faces intense competition in bidding for such production blocks, especially those blocks with the most attractive crude oil and natural gas reserves.

Considering the competition described in the preceding paragraph, the entry of ENARSA and other companies owned by Argentine provinces into the market, and the transfer of hydrocarbon properties to the provinces in Argentina, YPF's access to new exploratory or productive areas could be affected, resulting in YPF's failure to obtain new production or exploration blocks, or the price paid for such blocks could be higher than anticipated.

We May Incur Significant Costs and Liabilities Related to Environmental and Safety Matters, Including More Stringent Enforcement of Such Laws

Our operations are subject to a wide range of environmental laws and regulations in the countries we operate. These laws and regulations have had and will continue to have a substantial impact on YPF S.A.'s operations or those of its subsidiaries, which are subject to certain environmental risks inherent to the oil and gas industry and which may arise unexpectedly and result in material adverse effects on YPF's financial position and results of operation. In some jurisdictions, local, provincial and national authorities are moving towards more stringent enforcement of applicable laws. Argentina has adopted regulations that require our operations to meet environmental standards comparable in many respects to those in effect in the United States and in countries within the European Union. These regulations establish the general framework for environmental protection requirements, including the imposition of fines and criminal penalties for violations. We have conducted studies to determine what is required to comply with these standards and we are preparing to implement and plan various abatement and remediation projects. Future changes in laws or technology could cause an upward revision of capital expenditures and reserves for environmental remediation estimates. Changes in projected expenditures as a result of changes in management plans, in Argentine or United States laws and regulations, or in the laws and regulations of other countries in which we operate may affect our operating results in any given year.

Some risks of environmental and other damage are inherent in certain of our existing or former operations and we cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered or enforced. More stringent laws and/or more vigorous enforcement policies in the future or the development of additional information may require us to spend additional funds in order to remain compliant with the applicable laws. Such additional expenditures could be material to our operating results.

Expected Natural Gas Deliveries from Bolivia may have a Material Effect on our Long-term Natural Gas Supply Commitments.

YPF had a gas supply agreement with Yacimientos Petrolíferos Bolivianos ("YPFB") with a term ending on December 31, 2006. On June 29, 2006 the Bolivian and Argentine governments executed the Framework

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Agreement, pursuant to which they agreed that the natural gas imports from Bolivia to Argentina should be managed by ENARSA. The Framework Agreement establishes a 20-year delivery plan of between 7.7 and 27.7 mmcm/d of Bolivian gas to Argentina. The delivery of volumes exceeding 7.7mmcm/d is subject to the construction of the North East Pipeline, with an expected capacity of 20 mmcm/d. The agreed upon price is approximately U.S.\$ 5/ mmBtu, adjusted according to a formula based upon a basket of fuels. The increased cost of the natural gas purchased pursuant to the Framework Agreement is currently absorbed by ENARSA, and financed by the Federal Government with the collection of export duties on natural gas. As per the Framework Agreement, on April 25, 2007, YPF accepted the offer made by ENARSA for the sale of natural gas from the Republic of Bolivia until December 31, 2009.

Any suspension by YPFB and/or ENARSA of natural gas deliveries could have a material adverse effect on YPF's financial condition and operations, including the inability to provide gas to certain clients, since YPF plans to fulfill its long-term supply contracts of natural gas in part through increasing import volumes from Bolivia.

Shareholders May be Liable Under Argentine Law for Actions that are Determined to be Illegal or Ultra Vires.

Under Argentine law, a shareholder's liability for the financial losses of a company is limited to the value of its shareholdings. Under Argentine law, however, shareholders who vote in favor of a resolution that is subsequently declared void by a court as contrary to Argentine law or to a company's by-laws (or regulations, if any) may be held jointly and severally liable for damages to such company, to other shareholders or to third parties resulting from such resolution.