YPF SOCIEDAD ANONIMA
Form 6-K
August 06, 2012

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of August, 2012

Commission File Number: 001-12102

YPF Sociedad Anónima
(Exact name of registrant as specified in its charter)

Macacha Güemes 515
C1106BKK Buenos Aires, Argentina
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F	X	Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes		No	X

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes		No	X

YPF Sociedad Anónima

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English translation of the financial statements originally filed in Spanish with the Argentine Securities Commission (CNV). In case of discrepancy, the financial statements filed with the CNV prevail over this translation.

YPF SOCIEDAD ANONIMA
Macacha Güemes 515 Ciudad Autónoma de Buenos Aires, Argentina

FISCAL YEAR NUMBER 36
BEGINNING ON JANUARY 1, 2012

CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2012 AND COMPARATIVE INFORMATION
Principal business of the Company: exploration, development and production of oil, natural gas and other minerals and refining, transportation, marketing and distribution of oil and petroleum products and petroleum derivatives, including petrochemicals, chemicals and non-fossil fuels, biofuels and their components; production of electric power from hydrocarbons; rendering telecommunications services, as well as the production, industrialization, processing, marketing, preparation services, transportation and storage of grains and its derivatives.

Date of registration with the Public Commerce Register: June 2, 1977.

Duration of the Company: through June 15, 2093.

Last amendment to the bylaws: April 14, 2010.

Optional Statutory Regime related to Compulsory Tender Offer provided by Decree No. 677/2001 art. 24: not incorporated.

Capital structure as of March 31, 2012
(expressed in Argentine pesos)

	Subscribed, paid-in and authorized for stock exchange listing
Shares of Common Stock, Argentine pesos 10 par value, 1 vote per share	3,933,127,930

MIGUEL MATIAS GALUCCIO
President

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YPF SOCIEDAD ANONIMA AND CONTROLLED COMPANIES

CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2012, DECEMBER 31, 2011 AND JANUARY 1, 2011

(amounts expressed in millions of Argentine pesos Note 1.c.1)

	Note	March 31, 2012	December 31, 2011	January 1, 2011
Noncurrent Assets				
Intangible assets	2.f	1,345	1,300	927
Fixed assets	2.g	44,814	43,788	34,775
Investments in companies	2.e	1,901	2,013	1,839
Deferred income tax assets	10	45	30	
Other receivables and advances	2.c	861	882	1,554
Trade receivables	2.b	27	22	28
Total Non-current Assets		48,993	48,035	39,123
Current Assets				
Inventories	2.d	6,105	6,006	3,748
Other receivables and advances	2.c	2,770	2,788	2,756
Trade receivables	2.b	3,219	3,315	3,163
Cash and equivalents	2.a	902	1,112	2,326
Total Current Assets		12,996	13,221	11,993
Total Assets		61,989	61,256	51,116
Shareholders equity				
Shareholders contributions		10,674	10,674	11,854
Reserves and unappropriated retained earnings		14,708	12,746	10,834

Total Shareholders equity (per corresponding statements)		25,382	23,420	22,688
Noncurrent Liabilities				
Provisions	2.j	9,632	9,206	8,088
Deferred income tax liabilities	10	2,884	2,724	2,048
Other taxes payable		115	136	137
Salaries and social security		41	38	38
Loans	2.i	4,114	4,435	1,521
Accounts payable	2.h	329	326	176
Total Noncurrent Liabilities		17,115	16,865	12,008
Current Liabilities				
Provisions	2.j	967	965	857
Income tax liability		606		1,748
Other taxes payable		1,050	511	621
Salaries and social security		489	537	390
Loans	2.i	6,853	7,763	5,829
Accounts payable	2.h	9,527	11,195	6,975
Total Current Liabilities		19,492	20,971	16,420
Total Liabilities		36,607	37,836	28,428
Total Liabilities and Shareholders equity		61,989	61,256	51,116

Notes 1 to 13 and the accompanying exhibits I, II and III are an integral part of these statements.

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YPF SOCIEDAD ANONIMA AND CONTROLLED COMPANIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2012 AND 2011

(amounts expressed in millions of Argentine pesos, except for per share amounts in Argentine pesos Note 1.c.1)

	Note	2012	2011
Revenues	2.k	14,850	12,616
Cost of sales	2.k	(10,414)	(8,421)
Gross profit		4,436	4,195
Selling expenses	2.k	(1,228)	(1,296)
Administrative expenses	2.k	(479)	(385)
Exploration expenses	2.k	(114)	(57)
Other expenses, net		(116)	(20)
Income on investments in companies		3	131
Operating income		2,502	2,568
Financial income (expense), net:			
Gain (losses) on assets			
Interests		55	40
Exchange differences		(5)	(17)
(Losses) gains on liabilities			
Interests		(365)	(199)
Exchange differences		160	214
Net income before income tax		2,347	2,606
Income tax	10	(1,053)	(1,010)

Net income for the period(1)		1,294	1,596
Earnings per share basic and diluted	9	3.29	4.06
Other comprehensive income			
Translation differences from investments in companies		(24)	(26)
Translation differences from YPF S.A.		692	450
Total other comprehensive income for the period		668	424
Total comprehensive income for the period(1)		1,962	2,020

(1) Entirely assigned to YPF s shareholders.

Notes 1 to 13 and the accompanying exhibits I, II and III are an integral part of these statements.

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President

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YPF SOCIEDAD ANONIMA AND CONTROLLED COMPANIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2012 AND 2011

(amounts expressed in millions of Argentine pesos Note 1.c.1)

	2012			
	Shareholders contributions			
	Suscribed capital	Adjustement to contributions	Issuance premiums	Total
Balances at the beginning of year	3,933	6,101	640	10,674
Net income				
Other comprehensive income for the period				
Balances at the end of period	3,933	6,101	640	10,674

	2012					2011
	Legal reserve	Reserve for future dividends	Other comprehensive income	Retained earnings	Total Shareholders equity[(2)]	Total Shareholders equity[(2)]
Balances at the beginning of year	2,007	1,057	1,864	7,818	23,420	22,688
Net income				1,294	1,294	1,596
Other comprehensive income for the period			668		668	424
Balances at the end of period	2,007	1,057	2,532[(1)]	9,112	25,382	24,708

(1) Includes 2,666 corresponding to the effect of the translation of YPF s financial statements and of the investment in companies with dollar as functional currency and (134) corresponding to the effect of the translation of investment in companies with functional currency different to dollar, as detailed in Note 1.c.1.
(2) Entirely assigned to YPF s shareholders.

Notes 1 to 13 and the accompanying exhibits I, II and III are an integral part of these statements.

MIGUEL MATIAS
GALUCCIO
President

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YPF SOCIEDAD ANONIMA AND CONTROLLED COMPANIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2012 AND 2011
(amounts expressed in millions of Argentine pesos Note 1.c.1)

	2012	2011
Cash flows from operating activities		
Net income	1,294	1,596
Adjustments to reconcile net income to cash flows provided by operating activities:		
Income from investments in companies	(3)	(131)
Depreciation of fixed assets	1,790	1,597
Amortization of intangible assets	31	14
Consumption of materials and fixed assets and intangible assets retired, net of provisions	209	151
Income tax	1,053	1,010
Net increase in provisions	560	176
Changes in assets and liabilities		
Trade receivables	127	(175)
Other receivables and advances	181	(48)
Inventories	(99)	(882)
Accounts payable	(105)	(465)
Other taxes payables	518	2
Salaries and social security	(45)	(131)
Decrease in provisions from payment	(237)	(156)
Interest, exchange differences and other(1)	84	22
Dividends from investments in companies		6
Income tax payments	(200)	(479)
Net cash flows provided by operating activities	5,158	2,107
Cash flows used in investing activities(2)		
Payments for investments:		
Acquisitions of fixed assets and intangible assets	(3,818)	(1,854)

Net cash flows used in investing activities	(3,818)	(1,854)
Cash flows (used in) provided by financing activities		
Payments of loans	(7,629)	(3,899)
Payments of interest	(185)	(91)
Proceeds from loans	6,251	4,030
Net cash flows (used in) provided by financing activities	(1,563)	40
Effect of changes in exchange rates on cash and equivalents	13	43
(Decrease) increase in cash and equivalents	(210)	336
Cash and equivalents at the beginning of year	1,112	2,326
Cash and equivalents at the end of period	902	2,662
(Decrease) increase in cash and equivalents	(210)	336
COMPONENTS OF CASH AND EQUIVALENTS AT THE END OF PERIOD		
Cash	480	414
Other financial assets	422	2,248
TOTAL CASH AND EQUIVALENTS AT THE END OF PERIOD	902	2,662

(1) Does not include translation differences generated by cash and equivalents, which is exposed separately in the statement.
(2) The main investing and financing activities that have not affected cash and equivalents correspond to unpaid acquisitions of fixed assets at the end of period.

Notes 1 to 13 and the accompanying exhibits I, II and III are an integral part of these statements.

MIGUEL MATIAS GALUCCIO
President

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YPF SOCIEDAD ANONIMA AND CONTROLLED COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2012 AND 2011
(amounts expressed in millions of Argentine pesos, except where otherwise indicated Note 1.c.1)

1. CONSOLIDATED FINANCIAL STATEMENTS

1.a) Presentation Basis

Application of International Financial Reporting Standards

The consolidated interim financial statements of YPF S.A. (hereinafter YPF) and its controlled companies (hereinafter an all together, the Group or the Company) for the three-month period ended March 31, 2012 are presented for first time in accordance with International Accounting Standard (IAS) No. 34, Interim Financial Reporting . The adoption of such standard, as well as all the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) was determined by the Technical Resolution No. 26 (ordered text) issued by Argentine Federation of Professional Councils in Economic Sciences (FACPCE) and the Regulations of the Argentine Securities Commission (CNV). Application of IFRS is mandatory for YPF, according to the accounting professional standards and the regulatory standards mentioned above, as from the year beginning on January 1, 2012. The effects of the changes originated by the application of IFRS are presented in section 1.b) of this Note. As the current interim period is part of the first year in which the Company presents its financial statements under IFRS, the Company doesńt have a set of financial statements as of the immediately preceding year-end (December 31, 2011) containing all the complementary information required by the mentioned accounting standards. Consequently, these interim consolidated financial statements, which are presented in accordance with IAS 34, include information in excess to the required by such standard, so that the reader has available all the information necessary for its proper interpretation.

The amounts and other information corresponding to the year ended on December 31, 2011 and as of January 1, 2011 (the latter is the date of transition to IFRS) and for the three-month period ended March 31, 2011, are an integral part of the interim consolidated financial statements mentioned above and are intended to be read only in relation to these statements.

Use of estimations

The preparation of the consolidated financial statements in accordance with IFRS, which is the Companýs Board of Directors responsibility, requires certain accounting estimates to be made and that the Board of Directors and Management make judgments when applying accounting standards. Areas of greater complexity or that require further judgment, or those where assumptions and estimates are significant are detailed in Note 1.d, Accounting Estimates and Judgments .

Consolidation policies

For purpose of presenting the interim consolidated financial statements, the full consolidation method was used with respect to those subsidiaries in which the Company holds, either directly or indirectly, control, understood as the ability to establish/manage the financial and operating policies of a company to obtain benefits from its activities. This capacity is, in general but not exclusively, obtained by the ownership, directly or indirectly of more than 50% of the voting shares of a company.

Interest in joint operations and other agreements which give the Company a percentage contractually established over the rights of the assets and obligations that emerge from the contract (joint operations), have been consolidated line by line on the basis of the mentioned participation over the assets, liabilities, income and expenses related to each contract.

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Assets, liabilities, income and expenses of joint operations are presented in the consolidated balance sheet and the consolidated statement of comprehensive income in accordance with their respective nature.

Paragraph a) of the Exhibit I details the controlled companies which were consolidated using the full consolidation method and Exhibit II details the main joint operations which were proportionally consolidated.

In the consolidation process, balances, transactions and profits between consolidated companies have been eliminated.

The Company s consolidated financial statements are based on the most recent available financial statements of the companies in which YPF holds control, taking into consideration, where necessary, significant subsequent events and transactions, information available to the Company s management and transactions between YPF and such controlled companies, which could have produced changes to their shareholders equity. The date of the financial statements of such controlled companies used in the consolidation process may be different from the date of the YPF s financial statements due to several administrative factors. The accounting principles and procedures used by subsidiaries have been homogenized, where appropriate, with those used by YPF in order to present the consolidated financial statements based on uniform accounting and presentation policies. The financial statements of controlled companies whose functional currency is different from the presentation currency are translated using the procedure set out in Note 1.c.1.

YPF, directly and indirectly holds 100% of capital of the consolidated companies. Consequently, there are no material non-controlling interests to be disclosed, as required by IFRS 12 Disclosure of Interests in Other Entities .

1.b) Adoption of International Financial Reporting Standards (IFRS)
In accordance with IFRS 1, *First-Time Adoption of International Financial Reporting Standards* , adopted by General Resolution No. 562/09 of the CNV, the information provided below has been prepared based on the IFRS that are expected to be applicable at December 31, 2012, which is the end of year in which IFRS will be applied for first time. It should be noted that the Shareholders equity as of January 1, 2011, March 31 and December 31, 2011, and the Net income for the year ended December 31, 2011 and for the three-month period ended March 31, 2011, prepared according to IFRS, resulting from the reconciliations included below, could be modified to the extent that, at December 31, 2012, the applicable standards were different from those that were considered for the preparation of such reconciliations. In addition, and in accordance to IFRS 1, the date of transition to IFRS is January 1, 2011 (the transition date).

The criteria adopted by YPF in its transition to IFRS in relation to the permitted exceptions established by IFRS 1 are as follows:

I. Fixed assets and Intangible assets have been measured at the transition date in the functional currency defined by YPF according to the following:

   a) Assets as of the transition date which were acquired or incorporated before March 1, 2003, date on which General Resolution No. 441 of the CNV established the discontinuation of the remeasurement of financial statements in constant pesos: the value of these assets valued according to the accounting standards outstanding in Argentina before the adoption of IFRS (Previous Argentine GAAP) have been adopted as deemed cost as of March 1, 2003 and remeasured into U.S. dollars using the exchange rate in effect on that date;

   b) Assets as of the transition date which were acquired or incorporated subsequently to March 1, 2003: the value of these assets was remeasured into U.S. dollars using the exchange rate in effect as of the date of acquisition or incorporation of each such asset.

II. IFRS 9 (2010), Financial Instruments , IFRS 10, Consolidated Financial Statements ; IFRS 11, Joint Arrangements and IFRS 12, Disclosure of Interest in Other Entities have been applied as from the transition date.

III. The cumulative translation differences generated by investments in foreign companies as of the transition date were reclassified to retained earnings. Under the previous Argentine GAAP, these differences were recorded under shareholders equity as deferred earnings.

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Set forth below is a reconciliation of Shareholders equity as of January 1, March 31 and December 31, 2011.

Reconciliations of Shareholders equity as of January 1, March 31 and December 31, 2011:

	As of January 1, 2011	As of March 31, 2011	As of December 31, 2011
Shareholders equity according to previous Argentine GAAP	19,040	20,811	18,735
1. Effect of application of the functional and reporting currency:			
a) Adjustment to fixed assets and Intangible assets	5,040	5,403	6,438
b) Adjustment to Inventories	137	174	266
c) Other	283	272	327
2. Income tax effect	(1,812)	(1,952)	(2,346)
Shareholders equity according to IFRS	22,688	24,708	23,420

1. Effect of application of the functional and reporting currency:

Under previous Argentine GAAP, considering CNV regulations until December 31, 2011, the financial statements were measured and presented in pesos (reporting currency) recognizing the effects of variations in the purchasing power of money by applying the method of restatement in constant currency established by Resolution No. 6 and considering the provisions of General Resolution No. 441 of the CNV, which established the suspension of the restatement of financial statements in constant currency as from March 1, 2003. Foreign currency transactions were recorded in pesos at the exchange rate prevailing at the date of each transaction. Exchange differences arising on monetary items in foreign currencies are recognized as financial income (expense) in the year in which they arise.

Under IFRS, companies should determine their functional currency according to the criteria established by IAS 21, The Effects of Changes in Foreign Exchange Rates , which may differ from their reporting currency. According to the provisions of that standard, YPF s management has defined the U.S. dollar as the functional currency of YPF. Accordingly, the shareholders equity as of January 1, March 31 and December 31, 2011, prepared under previous Argentine GAAP, have been remeasured into U.S. dollars according to the procedure set out in IAS 21 and IFRS 1, with the objective of generating the same accounting information that would have been reported if the accounting records were kept in the functional currency.

According to the established procedures, monetary assets and liabilities are remeasured at the relevant closing exchange rates. Non-monetary items, that are measured in terms of historical cost, as well as income and expenses, are remeasured using the exchange rate at the date of the relevant transaction. The results of the remeasurement into U.S. dollars of monetary assets and liabilities in currencies different from U.S. dollar are recognized as income (expense) in the period in which they arise. With respect to investments in companies under control and investments in companies in which Company s management has defined a currency different from the U.S. dollar as its functional currency, the adjustment for the remeasurement of their shareholders equity in to U.S. dollars is not included in the determination of Net income and is reported in Other comprehensive income for the period or year.

Additionally, according to General Resolution No. 562 of the CNV, the Company must file its financial statements in pesos. Accordingly, the amounts obtained from the process above mentioned, need to be converted into pesos, following the criteria set forth in IAS 21. As a result, assets and liabilities have been translated to the reporting currency, at the closing exchange rate, income and expenses have been translated at the exchange rate at the date of each transaction (or, for practical reasons and when exchange rates do not fluctuate significantly, the average exchange rate for each month) and the exchange differences resulting from this process have been reported in Other Comprehensive Income for the year.

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1.a) According to the methodology mentioned above, the Company has valued its fixed assets and intangible assets, in its functional currency, taking into consideration the exception mentioned in the paragraphs I.a) and I.b) above and has subsequently converted them into pesos. Based on that valuation, the fixed assets and intangible assets of the Company have been increased in the amounts of 5,040, 5,403 and 6,438 as of January 1, March 31 and December 31, 2011, respectively.

1.b) In addition, the adjustment referred to above in fixed assets and intangible assets has affected the valuation of the inventories. According to the methodology established by the Company for the valuation of inventories, the depreciation of fixed assets and certain intangible assets is part of their cost. Since such depreciation has been affected by the adjustment referred to above in fixed assets and intangible assets, the Company proceeded to increase the value of its inventories in 137, 174 and 266 as of January 1, March 31 and December 31, 2011, respectively.

1.c) Mainly includes the adjustments resulting from the application of the concept of functional currency, as defined by IFRS, to investments valued using the equity method.

2. Income Tax effect:

Corresponds to the income tax effect of the valuation differences referred to in paragraphs 1.a and 1.b.

Under previous Argentine GAAP, when there were timing differences between the accounting value of the assets and liabilities and their tax basis, deferred income tax assets or liabilities were recognized.

Under IFRS, according to the provisions of IAS 12, Income Taxes , a deferred tax asset or liability exists when there are tax deferred earnings to be recovered or settled in future periods related to deductible or taxable temporary differences, which are generated when there is a difference between the carrying amount of an asset or liability in the balance sheet and its tax base. Taxable temporary differences are temporary differences that give rise to taxable amounts in determining taxable profit (tax loss) of future periods when the asset s carrying amount is recovered or the liability is settled, and deductible temporary differences are temporary differences that give rise to amounts that are deductible in determining taxable profit (tax loss) of future periods when the asset s carrying amount is recovered or the liability is settled.

The effect of applying the current tax rate on the difference generated between the tax basis of fixed assets and intangible assets and their book value under IFRS, measured in its functional currency and converted into pesos as described in paragraph 1 above, with respect to the book value under the previous Argentine GAAP, resulted in a decrease in Shareholders equity of 1,764, 1,891 and 2,253 as of January 1, March 31 and December 31, 2011, respectively.

Similarly, as result of the adjustment in the valuation of inventories, the difference between the book value under IFRS of the related assets and their tax basis generates a decrease in Shareholders equity of 48, 61 and 93 as of January 1, March 31 and December 31, 2011, respectively.

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Reconciliation of Net income for the three month period ended March 31, 2011 and for the year ended December 31, 2011:

	March 31, 2011 (3 months)	December 31, 2011 (12 months)
Net income for the period/year according to previous Argentine GAAP	1,774	5,296
1. Exchange differences	265	1,113
2. Depreciation of fixed assets and amortization of intangible assets	(247)	(1,120)
3. Income Tax effect	(140)	(534)
4. Other	(56)	(310)
Net income for the period/year according to IFRS	1,596	4,445
5. Translation adjustment	424	1,864
6. Actuarial losses Pension Plan		(12)
Comprehensive income for the period/year according to IFRS	2,020	6,297

1. Exchange differences:
Corresponds to the elimination of exchange differences recorded under previous Argentine GAAP originated by monetary assets and liabilities denominated in currencies other than the peso, and the recognition of the exchange differences corresponding to the measurement of monetary assets and liabilities denominated in currencies other than U.S. dollar, as a result of the application of the functional currency concept previously mentioned.

2. Depreciation of fixed assets and amortization of intangible assets:
Corresponds to the difference in depreciations and amortizations charged to expense in the period/year, derived from the valuation of fixed assets and intangible assets, respectively, as a result of the application of the concept of functional currency described above.

3. Deferred Income Tax:
Corresponds to the effect of income tax in accordance with the requirements of IAS 12 Income Taxes .

4. Other:
Mainly includes the effect in net income of the valuation of inventories under IFRS and the adjustments resulting from the application of functional currency concept as defined by IFRS, to long term investments valued using the equity method that defined the U.S. dollar as its functional currency.

5. Translation adjustment:
Includes the adjustment effect of the conversion process from the Company s functional currency (U.S. dollar) into the Company s reporting currency (peso), and the effect of converting the financial statements of long term investments in companies whose functional currency differs from U.S. dollar, according to the methodology provided by IAS 21. Accordingly, the main effects are generated by:

Translation into U.S. dollars of financial information corresponding to investments in companies where the functional currency differs from the Company s functional currency;

Conversion from U.S. dollars into pesos of the statement of income and Shareholders equity at the prevailing exchange rate when operations were generated (or, for practical reasons and when exchange rates do not fluctuate significantly, the average exchange rate for each month);

Conversion from U.S. dollars into pesos of U.S. dollar-denominated assets and liabilities at the exchange rate prevailing at the end of the year.

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The main items that accounted for the conversion differences referred to above are:

	As of March 31, 2011	As of December 31, 2011
Fixed assets and intangible assets	615	2,596
Inventories	78	367
Monetary Assets	116	433
Monetary Liabilities	(201)	(1,049)
Traslation of net monetary liabilities in pesos	(191)	(578)
Other	7	95
Total translation adjustment	424	1,864

6. Actuarial losses Pension Plans:
As disclosed in Note 1.c.10.III, YPF Holdings Inc., controlled company which has operations in the United States of America, has non-contributory defined-benefit pension plans and postretirement and postemployment benefits (pension plans).

Under previous Argentine GAAP, the actuarial losses arising from the remeasurement of the defined benefit liability of pension plans were charged to the Other expense, net account of the statement of income.

Under IFRS, according to the provisions of IAS 19, Employee benefits remeasurements of the net defined benefit liability are recognized in Other Comprehensive Income, and shall not be reclassified to profit or loss in a subsequent period. However, the entity may transfer those amounts recognized in Other Comprehensive Income within equity.

Summarized consolidated statement of cash flows
The cash and equivalents at the beginning and end of year ended December 31, 2011 and of the three-month period ended March 31, 2011, and the summarized consolidated statements of cash flows for the year and period then ended, remeasured into U.S. dollar and translated into Argentine pesos under IFRS, after giving effect to the adjustments detailed above and the elimination of the proportional consolidation, referred to under the caption Investments in Joint Arrangements , are presented below:

	For the three-month period ended March 31, 2011	For the year ended December 31, 2011
Net cash flow provided by operating activities	2,107	12,687
Net cash flow used in investing activities	(1,854)	(12,159)
Net cash flow used in financing activities	40	(1,844)
Increase/(decrease) in cash and equivalents	293	(1,316)
Cash and equivalents at the beginning of years	2,326	2,326
Exchange differences from cash and equivalents	43	102
Cash and equivalents at the end of the period/year	2,662	1,112

The Company statements of cash flow for the three-month period ended March 31, 2011 and the year ended December 31, 2011 were modified, mainly as a result of the deconsolidation of joint ventures, referred to under the caption Investments in Joint

Arrangements , which generated a decrease in cash and equivalents at the beginning and of the year of 201 and a decrease in cash and equivalents at the end of period/year of 355 and 336, respectively, a decrease in the net cash flows provided by operating activities of 240, a decrease in the net cash flow used in investing activities of 42 and a decrease in the net cash flow used in financing activities of 1, for the three-month period ended March 31, 2011, and a

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decrease in cash flows provided by operating activities of 539, a decrease in cash flows used in investing activities of 119 and a decrease in cash flows used in financing activities of 183, for the year ended on December 31, 2012. Additionally, interests paid in relation with financing operations which under previous Argentine GAAP were disclosed as cash flows provided by operations, were disclosed as cash flows used in financing activities.

Main reclassifications

Additionally the main concepts that originated reclassifications as a result of the first-time adoption of IFRS are listed below:

1. **Effect of the application of the International Financial Reporting Interpretation Committee (IFRIC) 12, Service Concession Arrangements :**

   The Argentine Hydrocarbons Law permits the executive branch of the Argentine government to award 35-year concessions for the transportation of oil, gas and petroleum products following submission of competitive bids. The term of a transportation concession may be extended for an additional ten-year term. Pursuant to Law No. 26,197, provincial governments have the same powers. Holders of production concessions are entitled to receive a transportation concession for the oil, gas and petroleum products that they produce. The holder of a transportation concession has the right to:

   - transport oil, gas and petroleum products; and
   - construct and operate oil, gas and products pipelines, storage facilities, pump stations, compressor plants, roads, railways and other facilities and equipment necessary for the efficient operation of a pipeline system.

   The holder of a transportation concession is obligated to transport hydrocarbons for third parties on a non-discriminatory basis for a fee. This obligation, however, applies to producers of oil or gas only to the extent that the concession holder has surplus capacity available and is expressly subordinated to the transportation requirements of the holder of the concession. Transportation tariffs are subject to approval by the Argentine Secretariat of Energy for oil and petroleum pipelines and by the National Gas Regulatory Authority (Ente Nacional Regulador del Gas or ENARGAS) for gas pipelines. Upon expiration of a transportation concession, the pipelines and related facilities automatically revert to the Argentine State without payment to the holder.

   The Privatization Law granted YPF a 35-year transportation concession with respect to the pipelines operated by Yacimientos Petrolíferos Fiscales S.A. at the time. The main pipelines related to such transport concessions are:

   - La Plata / Dock Sud
   - Puerto Rosales / La Plata
   - Monte Cristo / San Lorenzo
   - Puesto Hernández / Luján de Cuyo
   - Luján de Cuyo / Villa Mercedes

   Management considers that the assets referred to above meet the criteria set forth by IFRIC 12, and should be therefore recognized as intangible assets. However, according to previous Argentine GAAP, these assets were disclosed as fixed assets.

   The net book value of the pipelines and related facilities falling under the scope of IFRIC 12 amounted to 669, 662 and 804 as of January 1, March 31 and December 31, 2011, respectively.

2. **Effects of the application of IFRS 6, Exploration for and Evaluation of Mineral Resources :**

   According to the provisions of IFRS 6, exploration assets corresponding to mineral interests must be disclosed in the financial statements as intangible assets, whereas they were considered fixed assets under previous Argentine GAAP.

Net book value of exploration assets corresponding to mineral interests falling under the scope of IFRS 6 amounted to 154, 195 and 345 as of January 1, March 31 and December 31, 2011, respectively.

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3. Investments in Joint Arrangements

Under previous Argentine GAAP, considering CNV regulations, YPF has proportionally consolidated, net of intercompany transactions, the corresponding assets, liabilities, revenues, income, costs and expenditures of investees and agreements in which joint control is held.

Under the provisions of IFRS 11, Joint Arrangements , and IAS 28 (Revised 2011), Investments in Associates and Joint Ventures , investments in which two or more parties have joint control (defined as a Joint Arrangement) shall be classified as either a Joint Operation (when the parties that have joint control have rights to the assets and obligations for the liabilities relating to the Joint Arrangement) or a Joint Venture (when the parties that have joint control have rights to the net assets of the Joint Arrangement). Considering this classification, Joint Operations shall be proportionally consolidated and Joint Ventures shall be accounted for under the equity method.

Upon the analysis of the contracts of the Joint Arrangements in which the Company is involved, Management has determined that the investees defined under previous Argentine GAAP as under joint control (and consequently proportionally consolidated under previous Argentine GAAP) shall be classified under IFRS as Joint Ventures, while the Company s interest in oil and gas exploration and production agreements shall be classified under IFRS as Joint Operations.

The effect derived from the deconsolidation of the investments classified as Joint Ventures generated a decrease of 934, 1,066 and 1,207 in total consolidated assets and total consolidated liabilities as of January 1, March 31 and December 31, 2011, respectively, and a decrease of 412 and 2,312 in consolidated net sales for the three-month period ended March 31, 2011 and for year ended December 31, 2011, respectively.

4. Hydrocarbons export withholding

Hydrocarbons export withholdings that under previous Argentine GAAP were disclosed under the caption Net sales of the income statement, are disclosed according to IFRS in the caption Taxes, charges and contributions as detailed in Note 2.k).

1.c) Significant Accounting Policies

1.c.1) Functional and Reporting Currency

Functional Currency

As mentioned in Note 1.b), based on parameters set out in IAS 21, YPF has defined the U.S. dollar as its functional currency. Assets, liabilities and income and expenses related to controlled companies and investments in companies are measured using their respective functional currency. The effects of translating into U.S. dollars the financial information of companies with a functional currency different from the U.S. dollar are recognized in Other comprehensive income for the period or year.

Transactions in currencies other than the functional currency of YPF are deemed to be foreign currency transactions and are remeasured into functional currency by applying the exchange rate prevailing at the date of the transaction (or, for practical reasons and when exchange rates do not fluctuate significantly, the average exchange rate for each month). At the end of each period or year or at the time of cancellation the balances of foreign currency monetary assets and liabilities are measured at the exchange prevailing at such date and the exchange differences arising from such measurement are recognized as Financial income (expense) in the consolidated statement of comprehensive income for the period or year in which they arise.

Reporting Currency

According to General Resolution No. 562 of the CNV, the Company must file its financial statements in pesos. Accordingly, the financial statements prepared by YPF in its functional currency have to be converted into reporting currency, following the criteria described below:

Assets and liabilities of each balance sheet presented are translated at the closing exchange rate outstanding at the date of each balance sheet presented;

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Items of the statement of comprehensive income are translated at the exchange rate prevailing at the date of each transaction (or, for practical reasons and when exchange rates do not fluctuate significantly, the average exchange rate of each month); and

The exchange differences resulting from this process are reported in Other comprehensive income .

Tax effect on other comprehensive income:

Results accounted for in Other comprehensive income related to exchange differences arising from investments in companies with functional currencies other than U.S. dollars and also as a result of the translation of the financial statements of YPF to its reporting currency (pesos) have no effect on the current or deferred income tax because as of the time that such transactions were generated, they had no impact on net income nor taxable income.

Additionally, the Company s management believes that the deferred tax asset generated by the cumulative actuarial losses related to the pension plans of YPF Holdings Inc., will not be recoverable based on estimated taxable income generated in the jurisdiction in which they are produced.

1.c.2) Financial assets

The Company classifies its financial assets when they are initially recognized and reviews their classification at the end of each year or period, according to IFRS 9, Financial Instrument , which the Company has applied prior to its effective date (January 1, 2013).

A financial asset is initially recognized at its fair value. Transaction costs that are directly attributable to the acquisition or issuance of a financial asset are capitalized upon initial recognition of the asset, except for those assets designated as financial assets at fair value through profit or loss.

Following their initial recognition, the financial assets are measured at its amortized cost if both of the following conditions are met: (i) the asset is held with the objective of collecting the related contractual cash flows (i.e., it is held for non-speculative purposes); and (ii) the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on its outstanding amount. If either of the two criteria is not met, the financial instrument is classified at fair value through profit or loss.

A financial asset or a group of financial assets measured at its amortized cost is impaired if there is objective evidence that the Company will not be able to recover all amounts according to its (or their) original terms. The amount of the loss is measured as the difference between the asset s carrying amount and the present value of the estimated cash flows discounted at the effective interest rate computed at its initial recognition, and the resulting amount of the loss is recognized in the consolidated statement of comprehensive income. Additionally, if in a subsequent period the amount of the impairment loss decreases, the previously recognized impairment loss is reversed to the extent of the decrease. The reversal may not result in a carrying amount that exceeds the amortized cost that would have been determined if no impairment loss had been recognized at the date the impairment was reversed.

The Company writes off a financial asset when the contractual rights on the cash flows of such financial asset expire, or the financial asset is transferred.

In cases where current accounting standards require the valuation of receivables at discounted values, the discounted value does not differ significantly from their face value.

1.c.3) Inventories

Inventories are valued at the lower of their cost and their net realizable value. Cost includes acquisition costs (less trade discount, rebates and other similar items), transformation and other costs which have been incurred when bringing the inventory to its present location and condition.

In the case of refined products, costs are allocated in proportion to the selling price of the related products (isomargin method) due to the difficulty of recognizing the conversion costs (product) of every product.

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The Company assesses the net realizable value of the inventories at the end of each period or year and recognizes in profit or loss in the consolidated statement of comprehensive income the appropriate valuation adjustment if the inventories are overstated. When the circumstances that previously caused impairment no longer exist or when there is clear evidence of an increase in the inventories net realizable value because of changes in economic circumstances, the amount of a write-down is reversed.

Raw materials, packaging and others are valued at their acquisition cost.

1.c.4) Intangible assets

The Company initially recognizes intangible assets at their acquisition or development cost, considering the criteria adopted by the Company in the transition to IFRS referred to in Note 1.b). This cost is amortized on a straight-line basis over the useful lives of these assets (see Note 2.f). At the end of each period or year, these assets are measured at cost less any accumulated amortization and any accumulated impairment losses.

The main intangible assets of the Company are as follows:

I. *Service concessions arrangements:* includes transportation and storage concessions as mentioned in Note 1.b.These assets are valued at their acquisition cost considering the criteria adopted by the Company in the transition to IFRS referred to in Note 1.b), net of accumulated amortization. They are depreciated using the straight-line method during the course of the concession period.

II. *Exploration rights:* the Company recognizes exploration rights as intangible assets, which are valued at their cost considering the criteria adopted by the Company in the transition to IFRS referred to in Note 1.b), net of the related impairment, if applicable. Investments related to unproved properties are not depreciated. These investments are reviewed for impairment at least once a year or whenever there are indicators that the assets may have become impaired. Any impairment loss or reversal is recognized in profit or loss in the consolidated statement of comprehensive income. Exploration costs (geological and geophysical expenditures, expenditures associated with the maintenance of unproved reserves and other expenditures relating to exploration activities), excluding exploratory drilling expenditures, are charged to expense in the consolidated statement of comprehensive income as incurred (see Note 1.c.8 for additional information).

III. *Other intangible assets:* mainly includes costs relating to computer software development expenditures, as well as assets that represent the rights to use technology and knowledge (know how) for the manufacture and commercial exploitation of equipment related to oil extraction. These items are valued at their acquisition cost considering the criteria adopted by the Company in the transition to IFRS referred to in Note 1.b), net of the related depreciation and impairment, if applicable. These assets are amortized on a straight-line basis over their useful lives, which range between 3 and 14 years. Management reviews annually the mentioned estimated useful life.

The Company has no intangible assets with indefinite useful lives as of March 31, 2012, December 31, 2011 and January 1, 2011.

1.c.5) Investments

Investments in affiliated companies and joint ventures are valued using the equity method. Affiliated companies are considered those in which the Company has significant influence, understood as the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control over those policies. Significant influence is presumed when the Company has an interest of 20% or more in a company. Additionally, according to the definition of IFRS 11, agreements or companies where the parties have joint control (defined as the capacity that the paties have to take jointly-agreed decisions about the relevant activities of the entity) and have rights to the net assets of the company or the agreement are considered joint ventures.

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The equity method consists in the incorporation in the balance sheet line Investments in companies , of the value of net assets and goodwill, if any, of the participation in the affiliated company or joint venture. The net income or expense for each period or year corresponding to the interest in these companies is reflected in the statement of comprehensive income in the Income (expense) on investments in companies line.

Investments in companies have been valued based upon the latest available financial statements of these companies as of the end of each period or year, taking into consideration, if applicable, significant subsequent events and transactions, available management information and transactions between YPF and the related company which have produced changes on the latter s shareholders equity. The dates of the financial statements of such related companies used in the consolidation process may be different from the date of the Company s financial statements due to several administrative factors. The accounting principles and procedures used by affiliated companies have been homogenized, where appropriate, with those used by YPF in order to present the consolidated financial statements based on uniform accounting and presentation policies. The financial statements of affiliated companies whose functional currency is different from the presentation currency are translated using the procedure set out in Note 1.c.1.

In paragraph b) of the Exhibit I are detailed the affiliated companies and joint ventures.

1.c.6) Fixed Assets

i. General criteria:

Fixed assets are valued at their acquisition cost, plus all the costs directly related to the location of such assets for their intended use, considering the criteria adopted by the Company in the transition to IFRS referred to in Note 1.b).

Borrowing costs of assets that require a substantial period of time to be ready for their intended use are capitalized as part of the cost of these assets.

Major inspections, necessary to restore the service capacity of the related asset (overhauls), are capitalized and depreciated on a straight-line basis over the period until the next overhaul is scheduled.

The costs of renewals, betterments and enhancements that extend the useful life of properties and/or improve their service capacity are capitalized. As fixed assets are retired, the related cost and accumulated depreciation are eliminated from the balance sheet.

Repair and maintenance expenses are recognized in the statement of comprehensive income as incurred.

These assets are reviewed for impairment at least once a year or whenever there are indicators that the assets may have become impaired.

The carrying value of the fixed assets of each cash generating unit, as defined in Note 1.c.8, does not exceed their estimated recoverable value.

ii. Depreciation:

Fixed assets, other than those related to oil and gas exploration and production activities, are depreciated using the straight-line method, over the years of estimated useful life of the assets, as follows:

	Years of Estimated Useful Life
Buildings and other constructions	50
Refinery equipment and petrochemical plants	20-25
Transportation equipment	20-25

Furniture, fixtures and installations	10
Selling equipment	10
Other property	10

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Land is classified separately from the buildings or facilities that may be located on it and is deemed to have an indefinite useful life. Therefore, it is not depreciated.

The Company reviews annually the estimated useful life of each class of assets.

iii. Oil and gas exploration and production activities:

The Company recognizes oil and gas exploration and production transactions using the successful-efforts method. The costs incurred in the acquisition of new interests in areas with proved and unproved reserves are capitalized as incurred under Mineral properties, wells and retired equipment associated with proved reserves or unproved reserves, as appropriate. Costs related to exploration permits are classified as intangible assets (see Notes 1.c.4 and 2.f).

Exploration costs, excluding the costs associated to exploratory wells, are charged to expense as incurred. Costs of drilling exploratory wells, including stratigraphic test wells, are capitalized pending determination as to whether the wells have found proved reserves that justify commercial development. If such reserves are not found, the mentioned costs are charged to expense. Occasionally, an exploratory well may be determined to have found oil and gas reserves, but classification of those reserves as proved cannot be made. In those cases, the cost of drilling the exploratory well shall continue to be capitalized if the well has found a sufficient quantity of reserves to justify its completion as a producing well, and the company is making sufficient progress assessing the reserves as well as the economic and operating viability of the project. If any of the mentioned conditions are not met, cost of drilling exploratory wells is charged to expense. As of the issuance date of these financial statements, there are no exploratory wells in evaluation for more than one year following the completion of the drilling.

Intangible drilling costs applicable to productive wells and to developmental dry holes, as well as tangible equipment costs related to the development of oil and gas reserves, have been capitalized.

The capitalized costs described above are depreciated as follows:

a) The capitalized costs related to productive activities have been depreciated by field on a unit-of-production basis by applying the ratio of produced oil and gas to estimated recoverable proved and developed oil and gas reserves.

b) The capitalized costs related to the acquisition of property and the extension of concessions with proved reserves have been depreciated by field on a unit-of-production basis by applying the ratio of produced oil and gas to proved oil and gas reserves.

Revisions in oil and gas proved reserves are considered prospectively in the calculation of depreciation. Revisions in estimates of reserves are performed at least once a year. Additionally, estimates of reserves are audited by independent petroleum engineers on a three-year rotation plan.

iv. Costs related to hydrocarbon wells abandonment obligations:

Costs related to hydrocarbon wells abandonment obligations are capitalized at their discounted value along with the related assets, and are depreciated using the unit-of-production method. As compensation, a liability is recognized for this concept at the estimated value of the discounted payable amounts. Revisions of the payable amounts are performed upon consideration of the current costs incurred in abandonment obligations on a field-by-field basis or other external available information if abandonment obligations were not performed. Due to the number of wells in operation and/or not abandoned and likewise the complexity with respect to different geographic areas where the wells are located, current costs incurred in plugging activities are used for estimating the plugging activities costs of the wells pending abandonment. Current costs incurred are the best source of information in order to make the best estimate of asset retirement obligations. Future changes in the costs above mentioned, as well as changes in regulations related to abandonment obligations, which are not possible to be predicted at the date of issuance of these financial statements, could affect the value of the abandonment obligations and, consequently, the related asset, affecting the results of future operations.

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v. Environmental tangible assets:

The Company capitalizes the costs incurred in limiting, neutralizing or preventing environmental pollution only in those cases in which at least one of the following conditions is met: (a) the expenditure improves the safety or efficiency of an operating plant (or other productive assets); (b) the expenditure prevents or limits environmental pollution at operating facilities; or (c) the expenditure is incurred to prepare assets for sale and do not raise the assets carrying value above their estimated recoverable value.

The environmental tangible assets and the related accumulated depreciation are disclosed in the consolidated financial statements together with the other elements that are part of the corresponding assets which are classified according to their accounting nature.

1.c.7) Provisions

The Company makes a distinction between:

a) Provisions: represent legal or assumed obligations, arising from past events, the settlement of which is expected to give rise to an outflow of resources and which amount and timing are uncertain. Provisions are recognized when the liability or obligation giving rise to an indemnity or payment arises, to the extent that its amount can be reliably estimated and that the obligation to settle is probable or certain. Provisions include both obligations whose occurrence does not depend on future events (such as provisions for environmental liabilities and provision for hydrocarbon wells abandonment obligations), as well as those obligations that are probable and can be reasonably estimated whose realization depends on the occurrence of a future events that are out of the control of the Company (such as provisions for contingencies). The amount recorded as provision corresponds to the best estimate of expenditures required to settle the obligation, taking into consideration the relevant risks and uncertainties; and

b) Contingent liabilities: represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company, or present obligations arising from past events, the amount of which cannot be estimated reliably or whose settlement is not likely to give rise to an outflow of resources embodying future economic benefits. Contingent liabilities are not recognized in the consolidated financial statements, but rather are disclosed to the extend they are significant, as required by IAS 37, Provisions, contingent liabilities and contingent assets (see Note 11).

When a contract qualifies as onerous, the related unavoidable liabilities are recognized in the consolidated financial statements as provisions net of the related benefits.

Except with respect to provisions for hydrocarbon wells abandonment obligations, where the timming of settlement is estimated on the basis of the work plan of the Company, and considering the estimated production of each field (and therefore its abandonment) and the provisions for pension plans, it is not possible to reasonably estimate a specific schedule of settlement of the provisions considering the characteristics of the concepts included.

1.c.8) Impairment of fixed assets and intangible assets

For the purpose of evaluating the impairment of fixed assets and intangible assets, the Company compares their carrying value with their recoverable value at the end of each year, or more frequently, if there are indicators that the carrying amount of an asset may not be recoverable. In order to assess impairment, assets are grouped into cash-generating units (CGUs), whereas the asset does not generate cash flows that are independent of those generated by other assets or CGUs, considering regulatory, economic, operational and commercial conditions. Considering the above mentioned, and specifically in terms of assets corresponding to the Upstream, they have been grouped into four CGUs (one of them grouping the assets of fields with oil reserves, and three units that group assets of fields with reserves of natural gas considering the country s basins -Neuquina, Noroeste and Austral basins-), which are the best reflect of how the Company currently manage them in order to generate independent

cash flows. Downstream assets are grouped into the following CGUs: Refining and Marketing, which groups the assets assigned to the refining of crude oil and marketing of such products, and Chemical, which groups the assets related to that activity.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a rate that reflects the weighted average capital cost employed for each CGU.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount, and an impairment loss is recognized as an expense under Impairment losses recognized and losses on disposal of fixed assets/intangible assets in the consolidated statement of comprehensive income.

Any impairment loss is allocated to the assets comprising the CGU on a pro-rata basis based on their carrying amount. Consequently, the basis for future depreciation or amortization will take into account the reduction in the value of the asset as a result of any accumulated impairment losses.

Upon the occurrence of new events or changes in existing circumstances, which prove that an impairment loss previously recognized could have disappeared or decreased, a new estimate of the recoverable value of the corresponding asset is calculated to determine whether a reversal of the impairment loss recognized in previous periods needs to be made.

In the event of a reversal, the carrying amount of the asset (or the CGU) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined in case no impairment loss had been recognized for the asset (or the CGU) in the past.

There were no impairment charges or reversals for the three-month periods ended on March 31, 2012 and 2011.

1.c.9) <u>Methodology for estimating recoverable amounts</u>

The recoverable amount of fixed assets and intangible assets is generally estimated on the basis of their value in use, calculated on the basis of future expected cash flows derived from the use of the assets, discounted at a rate that reflects the weighted average capital cost.

In the assessment of the value in use, cash flow forecasts based on the best estimate of income and expense available for each CGU using sector inputs, past results and future expectations of business evolution and market development are utilized. The most sensitive aspects included in the cash flows used in all the CGUs are the purchase and sale prices of hydrocarbons, estimation of cost increase, employee costs and investments.

The cash flows from the exploration and production assets are generally projected for a period that covers the economically productive useful lives of the oil and gas fields and is limited by the contractual expiration of the concessions, permits, agreements or exploitation contracts. The estimated cash flows are based on production levels, commodity prices and estimates of the future investments that will be necessary in relation to undeveloped oil and gas reserves, production costs, field decline rates, market supply and demand, contractual conditions and other factors. The unproved reserves are weighted with risk factors, on the basis of the type of each one of the exploration and production assets.

The cash flows of the refining and marketing businesses are estimated on the basis of the projected sales trends, unit contribution margins, fixed costs and investment or divestment flows, in line with the expectations regarding the specific strategic plans of each business. However, cash inflows and outflows relating to planned restructurings or productivity enhancements are not considered.

The reference prices considered are based on a combination of market prices available in those markets where the Company operates, also taking into consideration specific circumstances that could affect different products the Company markets, also taking into consideration management s estimations and judgments.

Estimated net future cash flows are discounted to its present value using a rate that reflect the average capital cost for each CGU. The rates used as of December 31, 2011 for the different business segments ranged between 7.68% and 14.48%.

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1.c.10) Pension plans and other similar obligations

i. Retirement plan:

Effective March 1, 1995, YPF established a defined contribution retirement plan that provides benefits for each employee who elects to join the plan. Each plan member will pay an amount between 2% and 9% of his monthly compensation and YPF will pay an amount equal to that contributed by each member.

The plan members will receive YPF s contributed funds before retirement only in the case of voluntary termination under certain circumstances or dismissal without cause and, additionally, in case of death or incapacity. YPF has the right to discontinue this plan at any time, without incurring termination costs.

The total charges recognized under the Retirement Plan amounted to approximately 6 and 4 for the three-month periods ended March 31, 2012 and 2011, respectively.

ii. Performance Bonus Programs:

These programs cover certain YPF and its controlled companies personnel. These bonuses are based on compliance with business unit objectives and performance. They are calculated considering the annual compensation of each employee, certain key factors related to the fulfillment of these objectives and the performance of each employee and will be paid in cash.

The amount charged to expense related to the Performance Bonus Programs was 75 and 25 for the three-month periods ended March 31, 2012 and 2011, respectively.

iii. Pension Plans and other Post-retirement and Post-employment benefits

YPF Holdings Inc., which has operations in the United States of America, has certain defined benefit plans and post-retirement and post-employment benefits.

The funding policy related to the defined benefit plan, is to contribute amounts to the plan sufficient to meet the minimum funding requirements under governmental regulations, plus such additional amounts as management may determine to be appropriate.

In addition, YPF Holdings Inc. provides certain health care and life insurance benefits for eligible retired employees, and also certain insurance, and other post-employment benefits for eligible individuals in the event employment is terminated by YPF Holdings Inc. before their normal retirement. Employees become eligible for these benefits if they meet minimum age and years-of-service requirements. YPF Holdings Inc. accounts for benefits provided when payment of the benefit is probable and the amount of the benefit can be reasonably estimated. No assets were specifically reserved for the post-retirement and post-employment benefits, and consequently, payments related to them are funded as claims are received.

The plans mentioned above are valued at their net present value, are accrued based on the years of active service of the participating employees and are disclosed as noncurrent liabilities in the Salaries and social security account. The actuarial gains/losses arising from the remeasurment of the defined benefit liability of pension plans are recognized in Other Comprehensive Income as a component of shareholders equity, and are transfer directly to the retained earnings. YPF Holdings Inc. updates its actuarial assumptions at the end of each fiscal year.

Additional disclosures related to the pension plans and other post-retirement and post-employment benefits, are included in Note 7.

1.c.11) Revenue recognition criteria

Revenue is recognized on sales of crude oil, refined products and natural gas, in each case, when title and risks are transferred to the customer following the conditions described below:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

the Company does not retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

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the amount of revenue can be measured reliably;

it is probable that the economic benefits associated with the transaction will flow to the Company; and

the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Grants for capital goods

Argentine tax authorities provide a tax incentive for investment in capital goods, computers and telecommunications for domestic manufacturers through a fiscal bonus, provided that manufacturers have industrial establishments located in Argentina, a requirement that is satisfied by the controlled company A-Evangelista S.A. The Company recognizes such incentive when the formal requirements established by Decrees 379/01 and 502/01 of the National Government and Resolution 23 of the Ministry of Energy are satisfied, to the extend there is reasonable certainty that the grants will be received.

The bonus received may be computed as a tax credit for the payment of national taxes (i.e., Income Tax, Tax on Minimum Presumed Income, Value Added Tax and Domestic Taxes) and may also be transferred to third parties.

Grants for Petroleum and Refining Plus Programs

Refining and Petroleum Plus Programs. Decree No. 2,014/2008 of the Department of Federal Planning, Public Investment and Services of November 25, 2008, created the Refining Plus and the Petroleum Plus programs to encourage (a) the production of diesel fuel and gasoline and (b) the production of crude oil and the increase of reserves through new investments in exploration and production. The programs entitle refining companies that undertake the construction of a new refinery or the expansion of their refining and/or conversion capacity and production companies that increase their production and reserves within the scope of the program to receive export duty credits to be applied to exports withholdings. In order to be eligible for the benefits of both programs, companies plans must be approved by the Argentine Secretariat of Energy.

During February 2012, by Note No. 707/2012, supplemented by Note No. 800/2012, both issued by the Secretariat of Energy, YPF was notified that the benefits granted under the Refining and Petroleum Plus programs were temporarily suspended. The effects of the suspension also apply to benefits accrued and not yet redeemed by YPF at the time of the issuance of the Notes.

The reasons alleged for such suspension are that the programs were created in a context where domestic prices were lower than currently prevailing prices and that the objectives of those programs have already been achieved. Considering the mentioned notes the Company has written-off the outstanding balances corresponding to these programs as of December 31, 2011, which resulted in a net loss in the comprehensive income of such year. YPF has challenged judicially the mentioned resolutions.

The mentioned grants were included in Revenue in the consolidated statement of comprehensive income in the period in which the conditions that gave rise to the grant were fulfilled.

1.c.12) Recognition of revenue and costs associated with construction contracts

Revenues and costs related to construction activities performed by A-Evangelista S.A., controlled company, are accounted for in the consolidated statement of comprehensive income for the period or year using the percentage of completion method, considering the final contribution margin estimated for each project at the date of issuance of the financial statements, which arises from technical studies on sales and total estimated costs for each of them, as well as their physical progress.

The adjustments in contract values, changes in estimated costs and anticipated losses on contracts in progress are reflected in earnings in the period or year when they become evident.

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The table below details information related to the construction contracts in progress during the three-month periods ended on March 31, 2012 and 2011.

	Revenues of the period	Costs incurred and accumulated recognized profits	Advances received	Gross amount due to customers
Contracts in progress as of March 31, 2012	163	225	39	17
Contracts in progress as of March 31, 2011	279	247	62	3

1.c.13) Leases

Operating leases

A lease is classified as an operating lease when the lessor does not transfer substantially to the lessee the entire risks and rewards incidental to ownership of the asset.

Costs related to operating leases are recognized on a straight-line basis in Rental of real estate and equipment and Operation services and other service contracts of the consolidated statement of comprehensive income for the period in which they arise.

Finance Leases

There are no finance leases as they are defined by IFRS.

1.c.14) Earnings per share

Basic earnings per share are calculated by dividing the net income for the period attributable to YPF s shareholders by the weighted average of shares of YPF outstanding during the period.

Additionally, diluted earnings per share are calculated by dividing the net income for the period attributable to YPF s shareholders by the weighted average of ordinary shares of YPF outstanding during the period adjusted by the weighted average of ordinary shares of YPF that would be issued on the conversion of all the dilutive potential ordinary shares into YPF ordinary shares. As of the date of the issuance of these financial statements there are no instruments outstanding that imply the existence of potential ordinary shares, thus the basic earnings per share matches the diluted earnings per share.

1.c.15) Financial liabilities

Financial liabilities (loans and account payables) are initially recognized at their fair value less the transaction costs incurred. Since the Company does not have financial liabilities whose characteristics require the recognition at their fair value, according to IFRS, after their initial recognition, financial liabilities are measured at amortized cost. Any difference between the financing received (net of transaction costs) and the repayment value is recognized in the consolidated statement of comprehensive income over the life of the related debt instrument, using the effective interest rate method.

Accounts payable and Other liabilities are recognized at their face value since their discounted value does not differ significantly from their face value.

The Company derecognizes financial liabilities when the related obligations are settled or expire.

1.c.16) Taxes, withholdings and royalties

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Income tax and tax on minimum presumed income

The Company recognizes the income tax applying the liability method, which considers the effect of the temporary differences between the financial and tax basis of assets and liabilities and the tax loss carry forwards and other tax credits, which may be used to offset future taxable income, at the current statutory rate of 35%.

Additionally, the Company calculates tax on minimum presumed income applying the current 1% tax rate to taxable assets as of the end of each year. This tax complements income tax. The Company s tax liability will coincide with the higher between the determination of tax on minimum presumed income and the Company s tax liability related to income tax, calculated applying the current 35% income tax rate to taxable income for the year. However, if the tax on minimum presumed income exceeds income tax during one tax year, such excess may be computed as prepayment of any income tax excess over the tax on minimum presumed income that may be generated in the next ten years.

For the year ended December 31, 2011, the amounts determined as current income tax were higher than tax on minimum presumed income and they were included in the Income tax account of the statement of income.

Additionally, the Company expects that during the current year, the amounts determined as current income tax will be higher than tax on minimum presumed income and consequently the Company has not accrued any amount related to the tax on minimum presumed income.

Personal assets tax Substitute responsible

Individuals and foreign entities, as well as their undistributed estates, regardless of whether they are domiciled or located in Argentina or abroad, are subject to personal assets tax of 0.5% of the value of any shares or ADSs issued by Argentine entities, held at December 31 of each year. The tax is levied on the Argentine issuers of such shares or ADSs, such as YPF, which must pay this tax in substitution of the relevant shareholders, and is based on the equity value (following the equity method), or the book value of the shares derived from the latest financial statements at December 31 of each year. Pursuant to the Personal Assets Tax Law, the Company is entitled and expects, to seek reimbursement of such paid tax from the applicable shareholders, including by foreclosing on the shares, or by withholding dividends.

Royalties and withholding systems for hydrocarbon exports

A 12% royalty is payable on the estimated value at the wellhead of crude oil production and the commercialized natural gas volumes. The estimated value is calculated based upon the approximate sale price of the crude oil and gas produced, less the costs of transportation and storage. To calculate royalties, the Company has considered price agreements according to crude oil buying and selling operations obtained in the market for certain qualities of such product, and has applied these prices, net of the discounts mentioned above, according to regulations of Law No. 17,319 and its amendments. In addition, and pursuant to the extension of the original terms of exploitation concessions, the Company has agreed to pay an extraordinary Production Royalty (see Note 11).

Royalty expense and the extraordinary production royalties are accounted for as a production cost.

Law No. 25,561 on Public Emergency and Exchange System Reform, issued in January 2002, established duties for hydrocarbon exports for a five-year period. In January 2007, Law No. 26,217 extended this export withholding system for an additional five-year period and also established specifically that this regime is also applicable to exports from Tierra del Fuego province , which were previously exempted. In addition, Law No. 26,732 published in the Official Gazette in December 2011 extended for an additional 5 years the mentioned regime. On November 16, 2007, the Ministry of Economy and Production (MEP) published Resolution No. 394/2007, modifying the withholding regime on exports of crude oil and other refined products. The regime provides that when the international price exceeds the reference price of US$ 60.9 per barrel, the producer will collect a floor price of US$ 42 per barrel, depending on the quality of the crude oil sold, with the remainder being withheld by the Argentine Government. When the international price is under the reference price but over US$ 45 per barrel, a 45% withholding rate should be applied. If such price is under US$ 45 per barrel, the Government will have to determine the export rate within a term of 90 business days.

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The withholding rate determined as indicated above also currently applies to diesel, gasoline and other crude derivative products. In addition, the procedure for the calculation mentioned above applies to other crude derivatives and lubricants, based upon different withholding rates, reference prices and prices allowed to producers. Furthermore, in March 2008, Resolution No. 127/2008 of the MEP increased the natural gas export withholding rate to 100% of the highest price from any natural gas import contract. This resolution has also established a variable withholding system applicable to liquefied petroleum gas, similar to the one established by the Resolution No. 394/2007.

During December 2011, Law 26,732 extended the mentioned regime for 5 years, after its expiration.

1.c.17) Shareholders equity accounts:
Shareholders equity accounts have been prepared in accordance with accounting principles in effect as of the transition date. The transactions that affect shareholders equity accounts were accounted for in accordance with the decisions taken by the Shareholders meetings, and legal standards or regulations, even though such accounts would have had a different outstanding balance had IFRS been applied instead.

Capital stock and adjustments to contributions
Consists of the shareholders contributions represented by shares and includes the outstanding shares at face value. The capital stock account has remained at its historical value and the adjustment required previous Argentine GAAP to state this account in constant Argentine pesos is disclosed in the adjustments to contributions account.

The adjustment to contributions cannot be distributed in cash or in kind, but is allowed its capitalization by issuing shares. Also, this item may be used to compensate accumulated losses, considering the absorption order stated in the paragraph Retained earnings .

Issuance premiums
Is the difference between the amount of the increase of subscribed capital and the corresponding face value of the shares issued.

Legal reserve
In accordance with the provisions of Law No. 19,550, the Company has to appropriate to the legal reserve no less than 5% of the algebraic sum of net income, prior year adjustments, transfers from other comprehensive income to retained earnings and accumulated losses from previous years, until such reserve reaches 20% of the subscribed capital plus adjustment to contributions. As of March 31, 2012, the legal reserve has been fully integrated amounting 2,007.

Reserve for future dividends
Corresponds to the allocation made by the Company s Shareholders meeting, whereby a specific amount is transferred to the reserve for future dividends.

Other comprehensive income
Includes income and expenses recognized directly in equity accounts and the transfer of such items from equity accounts to the income statement of the year or to retained earnings, as defined by IFRS.

Retained earnings
Includes accumulated gains or losses without an specific assignation, that being positive can be distributed upon the decision of the Shareholders meeting, while not subject to legal restrictions, as referred to in above paragraphs. It includes the net income of previous years that was not distributed, the amounts transferred from other comprehensive income and adjustments to income of previous years produced by the application of new accounting standards.

Additionally, pursuant to the regulations on the CNV, when the net balance of other comprehensive income account were positive, it might not be distributed, capitalized nor used to compensate accumulated losses, but when the net balance of these results at the end of a year or period were negative, a restriction on the distribution of retained earnings for the same amount would be imposed.

Under Law No. 25,063, dividends distributed, either in cash or in kind, in excess of accumulated taxable income as of the end of the year immediately preceding the dividend payment or distribution date, shall be subject to a 35% income tax withholding as a sole and final payment, except for those distributed to shareholders resident in countries benefited from treaties for the avoidance of double taxation, which will be subject to a minor tax rate.

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1.c.18) New standards issued

As of the issuance date of these financial statements, the standards, interpretations and related amendments published by the IASB and endorsed by the FACPCE and the CNV that are not yet in force, either because their effective date is subsequent to the date of these consolidated financial statements, or because the Company has decided not to apply them in advance to the effective date, when allowed, are the following:

IFRS 13 Fair Value Measurement

In May 2011, the IASB issued IFRS 13 Fair value measurement which is effective for fiscal years beginning on or after January 1, 2013, with early application permitted.

The IFRS 13 sets out a single framework for measuring fair value when required by other IFRSs. The IFRS applies to financial or non-financial items measured at fair value.

The fair value is measured as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date .

IAS 19 Employee Benefits

In June 2011, the IASB issued an amendment to IAS 19 Employee benefits , which is effective for fiscal years beginning on or after January 1, 2013, with early application permitted.

The amendment to the IAS 19 eliminates the option to defer the recognition of actuarial gains and losses in the measurement of defined benefit plans, which implies the recognition of all these differences in other comprehensive income.

IAS 1 Presentation of Financial Statements

In June 2011, the IASB issued an amendment to IAS 1 Presentation of Financial Statements , which is effective for fiscal years beginning on or after July 1, 2012, with early application permitted.

The amendments to IAS 1 improve the presentation of items included in the Statement of comprehensive income, classifying by nature and grouping items that may be reclassified to profit and loss section of the income statement in the subsequent periods, when conditions are met, and the items that will not be reclassified.

Adoption of the amendment to IAS 1 will not have an impact on the operating income or the financial position of the Company, implying only new revelations on the statement of comprehensive income.

As of the issuance date of these financial statements the Company is evaluating the impact that the adoption of the standards and interpretations or amendments mentioned in the previous paragraphs will have on the financial statements.

In addition to IFRS 9 Financial Instruments , IFRS 10 Consolidated Financial Statements , IFRS 11 Joint Arrangements , and IFRS 12 Disclosure of Interests in Other Entities , which have been early applied as of the date of transition, the Company has not applied early any other standard or interpretation permitted by the IASB.

1.d) Accounting Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires Management to make assumptions and estimates that affect the amounts of the assets and liabilities recognized, the presentation of contingent assets and liabilities at the end of each period and the income and expenses recognized during the period. Future results may differ depending on the estimates made by Management.

The items in the financial statements and areas which require the highest degree of judgment and estimates in the preparation of the financial statements are: (1) crude oil and natural gas reserves; (2) provisions for litigation and other contingencies; (3) impairment test of assets (see Note 1.c.9), (4) provisions for environmental liabilities and hydrocarbon wells abandonment obligations (see Note 1.c.6, paragraph iv), and (5) the calculation of income tax and deferred income tax.

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Crude oil and gas reserves

Estimating crude oil and gas reserves is an integral part of the Company s decision-making process. The volume of crude oil and gas reserves is used to calculate the depreciation using unit of production ratio and to assess the impairment of the capitalized costs related to the exploration and production assets (see Notes 1.c.8 and 1.c.9).

The Company prepares its estimates of crude oil and gas reserves in accordance with the rules and regulations established for the oil and gas industry by the U.S. Securities and Exchange Commission (SEC).

Provisions for litigation and other contingencies

The final costs arising from litigation and other contingencies may vary from Management´s estimates due to different interpretations of laws, opinions and final assessments of the amount of the claims. Changes in the facts or circumstances related to these types of contingencies can have, as a consequence, a significant effect on the amount of the provisions for litigation and other contingencies recorded.

Provisions for environmental costs

Given the nature of its operations, YPF is subject to various provincial and national laws and regulations relating to the protection of the environment. These laws and regulations may, among other things, impose liability on companies for the cost of pollution clean-up and environmental damages resulting from operations. YPF management believes that the Company s operations are in substantial compliance with Argentine laws and regulations currently in force relating to the protection of the environment as such laws have historically been interpreted and enforced.

The Company periodically conducts new studies to increase its knowledge of the environmental situation in certain geographic areas where it operates in order to establish the status, cause and remedy of a given environmental issue and, depending on its years of existence, analyze the Argentine Government s possible responsibility for any environmental issue existing prior to December 31, 1990. The Company cannot estimate what additional costs, if any, will be required until such studies are completed and evaluated; however, provisional remedial or other measures may be required.

In addition to the hydrocarbon wells abandonment legal obligation for 6,712 as of March 31, 2012, the Company has accrued 1,230 corresponding to environmental remediation which evaluations and/or remediation works are probable and can be reasonably estimated, based on the Company s existing remediation program. Legislative changes, on individual costs and/or technologies may cause a re-evaluation of the estimates. The Company cannot predict what environmental legislation or regulation will be enacted in the future or how future laws or regulations will be administered. In the long-term, these potential changes and ongoing studies could materially affect the Company s future results of operations.

Additionally, certain environmental contingencies in the United States of America were assumed by Tierra and Maxus, indirect controlled companies through YPF Holdings Inc. The detail of these contingencies is disclosed in Note 3.

Income tax and deferred income tax assets and liabilities

The proper assessment of income tax expenses depends on several factors, including interpretations related to tax treatment for transactions and/or events that are not expressly provided for by current tax law, as well as estimates of the timing and realization of deferred income taxes. The actual collection and payment of income tax expenses may differ from these estimates due to, among others, changes in applicable tax regulations and/or their interpretations, as well as unanticipated future transactions impacting the Company s tax balances.

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1.e) Financial Risk Management

The Company s activities involve various types of financial risks: market, liquidity and credit. The Company maintains an organizational structure and systems that allow the identification, measurement and control of the risks to which it is exposed.

In addition, the table below details the classes of financial instruments of the Company classified in accordance to IFRS 9:

	March 31, 2012	December 31, 2011	January 1, 2011
Financial Assets			
At amortized cost			
Cash and equivalents[(1)]	551	886	852
Other receivables and advances[(1)]	1,609	1,529	1,213
Trade receivables[(1)]	3,246	3,337	3,191
At fair value through profit or loss			
Cash and equivalents[(2)]	351	226	1,474

	March 31, 2012	December 31, 2011	January 1, 2011
Financial Liabilities			
At amortized cost			
Accounts payable[(1)]	9,586	11,256	7,065
Loans[(3)]	10,967	12,198	7,350
Provisions	534	500	655

(1) Fair value does not differ significantly from their book value.

(2) Corresponds to investments in mutual funds with price quotation. The fair value was determined based on unadjusted quoted prices (Level 1) in the markets where those financial instruments trade. The results for the three-month periods ended March 31, 2012 and 2011 for these instruments are shown in Interest on assets account in the Statements of Comprehensive Income.

(3) Their fair value, considering unadjusted quoted prices (Level 1) for Negotiable Obligations and interest rates offered to the Company (Level 3) for the other financial loans, at the end of period or year, as appropriate, amounted to 11,015, 12,264 and 7,423 as of March 31, 2012, December 31, 2011 and January 1, 2011, respectively.

Market Risk

The market risk to which the Company is exposed is the possibility that the valuation of the Company s financial assets or financial liabilities as well as certain expected cash flows may be adversely affected by changes in interest rates, exchange rates or certain other price variables.

The following is a description of these risks as well as a detail of the extent to which the Company is exposed and a sensitivity analysis of possible changes in each of the relevant market variables.

Exchange Rate Risk

The value of financial assets and liabilities denominated in a currency different from the Company s functional currency is subject to variations resulting from fluctuations in exchange rates. Since YPF s functional currency is the U.S. dollar, the currency that generates the greatest exposure is the Argentine peso, the Argentine legal currency. The Company does not use derivatives as a hedge against exchange rate fluctuations.

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The following table provides a breakdown of the effect a variation of 5% in the prevailing exchange rates on the Company s net income and equity, taking into consideration the exposure of financial assets and liabilities denominated in pesos as of March 31, 2012:

	Currency appreciation (+) / depreciation (-)	March 31, 2012
Impact on net income before income tax corresponding to financial assets and liabilities	+5%	214
	-5%	(214)
Impact on Shareholders and equity	+5%	(335)
	-5%	335

Interest Rate Risk
The Company is exposed to the risk associated with fluctuations in the interest rates which depend on the currency and maturity date of its loans or of the currency it has invested in financial assets.

The Company s short-term financial liabilities as of March 31, 2012 include negotiable obligations, pre-financing of exports and imports financing arrangements, local bank credit lines and financial loans with local and international financial institutions. As of March 31, 2012, approximately 63% (4,312) of such financial liabilities is denominated in U.S. dollars and the rest in Argentine pesos and other foreign currency. These loans are basically used for working capital and investments. Financial assets mainly include, in addition to trade receivable which have low exposure to interest rate risk, bank deposits, fixed-interest deposits and investments in mutual funds such as money market or short-term fixed interest rate instruments.

Long-term financial liabilities include negotiable obligations, imports financing arrangements and financial loans with local and international financial institutions.

Historically, the strategy for hedging interest rates is based on the fragmentation of financial counterparts, the diversification of the types of loans taken and, essentially, the maturities of such loans, taking into consideration the different levels of interest along the yield curve in pesos or U.S. dollars, and the amount of the loans based on future expectations and the timing of the future investment outlays to be financed. Consideration that, and after the process which concluded with the change of shareholders mentioned in Note 4, the Company is now focused in rebuilding the maturity of its debt, in order to facilitate the day to day operation and to allow the proper assumption of planned investments.

The Company does not use derivative financial instruments to hedge the risks associated with interest rates. Changes in interest rates may affect the interest income or expenses derived from financial assets and liabilities tied to a variable interest rate. Additionally, the fair value of financial assets and liabilities that accrue interests based on fixed interest rates may also be affected.

The table below provides information about the financial assets and liabilities as of March 31, 2012 that accrue interest considering the applicable rate:

	March 31, 2012	
	Financial Assets(1)	Financial Liabilities(2)
Fixed interest rate	97	7,101
Variable interest rate	325	3,866
Total	422	10,967

(1) Includes only short-term investments. Does not include trade receivables which book value does not differ significantly from fair value, and mostly do not accrue interest.

(2) Includes only financial loans. Does not include accounts payable which book value does not differ significantly from fair value, and mostly do not accrue interest.

The portion of liabilities which accrues variable interest rate is mainly exposed to the fluctuations in LIBOR and BADLAR. Approximately 303 accrue variable interest of BADLAR plus 2.60%, and 3,563 accrues variable interest of LIBOR plus a spread between 3.35% and 4.50%.

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In addition, as of March 31, 2012, approximately 36% of the Company s financial liabilities were agreed with local financial institutions subject, among others, to risk and regulations of the Argentine market, and approximately 64% were agreed with international financial institutions.

The table below shows the estimated impact on the consolidated comprehensive income that an increase or decrease of 100 basis points in the interest rate would have.

	Increase (+) / decrease (-) in the interest rates (basis points)	**March 31, 2012**
Impact on the net income after income tax	+100	(6)
	-100	6

Other Price Risks
The Company is not significantly exposed to commodity price risks, as a result, among other reasons, of the existing regulatory, economic and government policies, which determines that local prices charged for gasoline, diesel and other fuels are not affected in the short-term by fluctuations in the price of such products in international and regional markets.

Additionally, the Company is reached by certain regulations that affect the determination of export prices received by the Company, such as those mentioned in Note 1.c.16 and 11.b, which consequently limits the effects of short-term price volatility in the international market.

As of March 31, 2012 and December 31, 2011, the Company has not used derivative financial instruments to hedge risks related to fluctuations in commodity prices.

Liquidity Risk
Liquidity risk is associated with the possibility of a mismatch between the need of funds (related, for example, to operating and financing expenses, investments, debt payments and dividends) and the sources of funds (such as net income, disinvestments and credit line agreements by financial institutions).

As mentioned in previous paragraphs, YPF pretends to align the maturity profile of its financial debt to be related to its ability to generate enough cash flows for its payment, as well as to finance the projected expenditures for each period. As of March 31, 2012 the availability of liquidity reached 1,262, considering cash for 480, other liquid financial assets for 422 and bank financing and available credit lines for 360. Additionally, YPF has the ability to issue debt under the negotiable obligations global program approved by the Shareholders meeting in 2008 (see Note 2.i).

After the process which concluded with the change of shareholders mentioned in Note 4, the Company is focused in structuring more efficiently the maturity of its debt, in order to facilitate the day to day operations and to allow the proper assumption of planned investments.

The table below sets forth the maturity dates of the Company s financial liabilities as of March 31, 2012:

	March 31, 2012						
	Maturity date						
	Less than 1 year	**1 2 years**	**2 3 years**	**3 4 years**	**4 5 years**	**More than 5 years**	**Total**
Financial Liabilities							
Accounts payable(1)	9,527	36				23	9,586
Loans	6,853	2,166	572	497	434	445	10,967

Provisions	264	164	79	27		534

(1) The amounts shown are the contractual, undiscounted cash flows associated to the financial liabilities given that they do not differ significantly from their face values.

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The major part of the Company s financial debt contains usual covenants for contracts of this nature. With respect to a significant portion of it, which totaled 10,967 as of March 31, 2012, the Company has agreed, among other things and subject to certain exceptions, not to establish liens or charges on assets. Additionally, approximately 25% of the financial debt as of March 31, 2012 is subject to financial covenants related to the leverage ratio and debt service coverage ratio of the Company.

A portion of the Company s financial debt provides that certain changes in the Company s control and/or nationalization may constitute an event of default. Moreover, the Company s financial debt also contains cross-default provisions and/or cross acceleration provisions that could cause all of the financial debt to be accelerated if the debt having changes in control and/or nationalization events provisions is defaulted. Since the Expropriation Law was enacted, the Company has received a payment order by Repsol YPF Tesorería y Gestión Financiera S.A. (a company controlled by Repsol) in relation to a financial loan of US$ 125 million, which was duly settled and clarifying that YPF does not share the interpretation nor application of the provisions relied on by the creditor and that the payment was made giving priority to the global interests of YPF, although the lender has not complied with the formalities required for notices given under the agreement. In addition, the Company has recently repurchased, without being obliged to, approximately US$ 79 million corresponding to the bond with maturity in 2028. Moreover, the Company has obtained formal waivers by financial creditors totaling US$ 296 million. Consequently, approximately US$ 866 million of our debt is subject to acceleration clauses as of the date of issuance of these financial statements (US$ 1,680 million as of March 31, 2012). Regarding the amount above mentioned, as of the date of issuance of these financial statements, Management is actively pursuing formal waivers from the corresponding financial creditors. In case those waivers are not obtained and immediate repayment is required, the Company could face short-term liquidity problems. However Management expects that in such case it could obtain financing from several sources, including the Company s operating cash flows and available credit lines. In this way, the total debt subject to this type of clauses will be reclassified to current liabilities in the Company s next financial statements, if the Management does not obtain the waivers above mentioned.

Credit Risk

Credit risk is defined as the possibility of a third party not complying with its contractual obligations, thus negatively affecting results of operations of the Company.

Credit risk in the Company is measured and controlled on an individual customer basis. The Company has its own systems to conduct a permanent evaluation of credit performance of all of its debtors and customers, and the determination of risk limits with respect to customers, in line with best practices using for such end internal customer records and external data sources.

Financial instruments that potentially expose the Company to a concentration of credit risk consist primarily of cash and equivalents, trade receivables and other receivables and advances. The Company invests excess cash primarily in high liquid investments with financial institutions with a strong credit rating both in Argentina and abroad. In the normal course of business, the Company provides credit based on ongoing credit evaluations to its customers and certain related parties. Additionally, the Company accounts for credit losses based on specific information regarding its clients. As of the date of these financial statements, the Company s customer portfolio is diversified.

The allowances for doubtful accounts are measured by the following criteria:

- The aging of the receivable;
- The analysis of the customer s capacity to return the credit granted, also taking into consideration special situations such as the existence of a voluntary reorganization petition, bankruptcy and arrears, guarantees, among others.

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The maximum exposure to credit risk of the Company based on the type of its financial instruments and without excluding the amounts covered by guarantees and other arrangements mentioned below, as of March 31, 2012, is set forth below:

	Maximum exposure as of March 31, 2012
Cash and equivalents	902
Other financial assets	4,855

Following is the breakdown of the financial assets past due as of March 31, 2012. At such date, the provision for doubtful trade receivables amounted to 467 and the provisions for other doubtful receivables amounted to 24. These allowances are the Company s best estimate of the incurred losses in relation with accounts receivables.

	Current trade receivable	Other current receivables and advances
Less than three months past due	495	119
Between three and six months past due	9	40
More than six months past due	388	44
	892	203

Guarantee Policy

As collateral of the credit limits granted to customers, YPF has several types of guarantees received from them. In the service stations and distributors market, where generally long-term relationships with customers are established mortgages prevail. For foreign customers prevail the joint and several bonds from their parent companies. In the industry and transport market, bank guarantees prevail. With a lower presence, YPF also has other guarantees obtained as credit insurances, surety bonds, guarantee customer supplier, car pledges, etc.

The Company has effective guarantees granted by third parties for a total amount of 1,858 as of March 31, 2012.

During the three-month period ended March 31, 2012, YPF executed guarantees received for an amount of 1. During 2011, YPF executed guarantees received for an amount of 6.

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2. ANALYSIS OF THE MAIN ACCOUNTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
Details regarding the significant accounts included in the consolidated financial statements are as follows:

Consolidated Balance Sheet as of March 31, 2012 and Comparative Information

2.a) Cash and equivalents:

	March 31, 2012	December 31, 2011	January 1, 2011
Cash	480	777	518
Short-term investments	71	109	334
Financial assets at fair value through profit or loss	351	226	1,474
	902	1,112	2,326

2.b) Trade receivables:

	March 31, 2012		December 31, 2011		January 1, 2011	
	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current
Accounts receivable	27	2,979	22	3,046	28	3,135
Related parties (Note 6)		707		723		493
Provision for doubtful trade receivables		(467)		(454)		(465)
	27	3,219	22	3,315	28	3,163

Changes in the provision for doubtful trade receivables

	Current provision for doubtful trade receivables		
	For the three-month period ended March 31, 2012	For the three-month period ended March 31, 2011	For the year ended December 31, 2011
Amounts at beginning of year	454	465	465
Increases charged to expenses	13	33	63
Decreases charged to income	(4)	(7)	(73)
Amounts incurred			(6)
Traslation differences	4	2	5
Reclassifications and others			
Amounts at end of period/year	467	493	454

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2.c) Other receivables and advances:

	March 31, 2012		December 31, 2011		January 1, 2011	
	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current
Trade		187		227		178
Tax credit, export rebates and production incentives	14	834	9	1,022	813	1,582
Trust contributions Obra Sur	97	17	98	21	115	13
Related parties (Note 6)	299	322	291	185	256	163
Loans to clients	97	30	56	32	70	25
Collateral deposits	15	232	40	176	101	164
Prepaid expenses	26	274	22	274	27	161
Advances and loans to employees	1	112		104	-	50
Advances to suppliers		379		344		242
Receivables with partners in joint operations	263	64	278	56	94	
Miscellaneous	57	414	97	440	94	271
	869	2,865	891	2,881	1,570	2,849
Provision for other doubtful accounts		(95)		(93)		(93)
Provision for valuation of other receivables to their estimated realizable value	(8)		(9)		(16)	
	861	2,770	882	2,788	1,554	2,756

Changes in the provisions of other receivables and advances

	For the three-month period ended March 31, 2012		For the three-month period ended March 31, 2011		For the year ended December 31, 2011	
	Provision for valuation of other receivables to their estimated realizable value	Provision for other doubtful accounts	Provision for valuation of other receivables to their estimated realizable value	Provision for other doubtful accounts	Provision for valuation of other receivables to their estimated realizable value	Provision for other doubtful accounts
Amounts at beginning of year	9	93	16	93	16	93
Increases charged to expenses		2				
Decreases charged to income						
Amounts incurred	(1)				(7)	
Traslation differences						
Reclassifications and others						

Amounts at end of period/year	8	95	16	93	9	93

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2.d) Inventories

	Cost	Provision for reduction in value	Net
As of March 31, 2012			
Refined products	3,466		3,466
Crude oil and natural gas	2,006		2,006
Products in process	68		68
Construction works in progress	227		227
Raw materials and packaging materials	338		338
	6,105		6,105
As of December 31, 2011			
Refined products	3,608		3,608
Crude oil and natural gas	1,733		1,733
Products in process	68		68
Construction works in progress	256		256
Raw materials and packaging materials	341		341
	6,006		6,006
As of January 1, 2011			
Refined products	2,256		2,256
Crude oil and natural gas	1,112		1,112
Products in process	70		70
Construction works in progress	32		32
Raw materials and packaging materials	278		278
	3,748		3,748

2.e) Investments in companies:

	March 31, 2012	December 31, 2011	January 1, 2011
Investments in companies (Exhibit I)	1,934	2,070	1,919
Provision for reduction in value of investments in companies	(33)	(57)	(80)
	1,901	2,013	1,839

2.f) Composition and evolution of intangible assets

March 31, 2012	December 31, 2011	January 1, 2011

Net book value of intangible assets	1,345	1,300	927
	1,345	1,300	927

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	2012				
	Cost				
	Amounts at beginning of year	Increases	Traslation effect	Net decreases, reclassifications and transfers	Amounts at the end of period
Service concessions	2,344	7	45		2,396
Exploration rights	345	23	3	(4)	367
Other intangibles	1,035	10	130		1,175
Total 2012	3,724	40	178	(4)	3,938
Total 2011	3,128	38	57	(10)	3,213

	2012							2011		
	Amortization									
	Accumulated at beginning of year	Net decreases, reclassifications and transfers	Depreciation rate	Increases	Traslation effect	Accumulated at the end of year	Net book value 03-31	Net book value 03-31	Net book value 12-31	Net book value 01-01
Service concessions	1,540		4-5%	15	27	1,582	814	662	804	669
Exploration rights							367	195	345	154
Other intangibles	884		7-33%	16	111	1,011	164	101	151	104
Total 2012	2,424			31	138	2,593	1,345			
Total 2011	2,201			14	40	2,255		958	1,300	927

The Company does not have intangible assets with indefinite useful lives as of March 31, 2012, and March 31, December 31 and January 1, 2011.

2.g) Composition and evolution of fixed assets

	March 31, 2012	December 31, 2011	January 1, 2011
Net book value of fixed assets	44,938	43,911	34,893
Provision for obsolescence of materials and equipments	(124)	(123)	(115)
Provision for improductive exploratory drilling			(3)
	44,814	43,788	34,775

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Main account	2012 Cost: Amounts at beginning of year	Increases	Traslation effect	Net decreases, reclassifications and transfers	Amounts at the end of period
Land and buildings	4,275	10	70	30	4,385
Mineral property, wells and related equipment	99,032		1,893	678	101,603
Refinery equipment and petrochemical plants	13,864		244	121	14,229
Transportation equipment	769	4	13		786
Materials and equipment in warehouse	2,076	531	19	(341)	2,285
Drilling and work in progress	9,418	1,380	151	(578)	10,371
Exploratory drilling in progress[(4)]	419	198	8	(43)	582
Furniture, fixtures and installations	1,303	1	22	2	1,328
Selling equipment	2,227		39	13	2,279
Other property	2,501	8	42	(89)	2,462
Total 2012	135,884	2,132	2,501	(207)(1)	140,310
Total 2011	113,648	1,816	2,219	(152)(1)	117,531

Main account	2012 Depreciation: Accumulated at beginning of year	Net decreases, reclassifications and transfers	Depreciation rate	Increases	Traslation effect	Accumulated at the end of year	2012 Net book value 03-31	2011 Net book value 03-31	2011 Net book value 12-31	2011 Net book value 01-01
Land and buildings	1,729	1	2%	22	26	1,778	2,607	2,451	2,546	2,442
Mineral property, wells and related equipment	75,254		(2)	1,523	1.323	78,100	23,503(3)	20,195(3)	23,778(3)	20,114(3)
Refinery equipment and petrochemical plants	10,112		4-5%	170	177	10,459	3,770	3,624	3,752	3,563
Transportation equipment	574	(2)	4-5%	12	10	594	192	177	195	125
Materials and equipment in warehouse							2,285	1,537	2,076	1,412
Drilling and work in							10,371	5,763	9,418	5,510

progress										
Exploratory drilling in progress(4)							582	313	419	253
Furniture, fixtures and installations	1,104		10%	24	18	1,146	182	261	199	209
Selling equipment	1,766		10%	21	31	1,818	461	369	461	307
Other property	1,434		10%	18	25	1,477	985	909	1,067	958
Total 2012	91,973	(1)(1)		1,790	1,610	95,372	44,938			
Total 2011	78,755	(6)(1)		1,597	1,586	81,932		35,599	43,911	34,893

(1) Includes 1 and 5 of net book value charged to fixed assets provisions for the three-month periods ended March 31, 2012 and 2011, respectively.
(2) Depreciation has been calculated according to the unit of production method. (Note 1.c.6).
(3) Includes 1,569, 1,109, 1,601 and 1,129 of mineral property as of March 31, 2012, March 31, December 31 and January 1, 2011, respectively.
(4) As of March 31, 2012, there are 32 exploratory wells in progress. During the three-month period ended on such date, 5 wells were drilled, 2 wells were charged to exploratory expenses and none was transfer to proved properties which are included in the account Mineral property, wells and related equipment.

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As described in Note 1.c.6, YPF capitalizes the financial cost as a part of the cost of the assets. For the three-month periods ended as of March 31, 2012 and 2011 the annual average rate of capitalization were 7.16% and 6.07% and the capitalized amount were 61 and 24, respectively, for the periods mentioned above.

Set forth below is the evolution of the provision for obsolescence of materials and equipment for the three-month periods ended as of March 31, 2012 and 2011 and for the year ended as of December 31, 2011:

	For the three-month period ended March 31, 2012	For the three-month period ended March 31, 2011	For the year ended December 31, 2011
Amounts a beginning of year	123	115	115
Increases charged to expenses			21
Decreases charged to income			
Amounts incurred	(1)	(5)	(26)
Traslations differences	2	3	13
Reclassifications and others		3	
Amounts at end of period/year	124	116	123

2.h) Accounts payable:

	March 31, 2012		December 31, 2011		January 1, 2011	
	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current
Trade	33	7,593	33	9,064	33	5,996
Related parties (Note 6)		637		430		372
Investments in companies with negative shareholders equity						5
Extension of Concessions Province of Mendoza		341		451		
From joint ventures and other agreements		639		714		409
Miscellaneous	296	317	293	536	143	193
	329	9,527	326	11,195	176	6,975

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2.i) Loans:

	Interest rate(1)	Principal maturity	March 31, 2012 Noncurrent	March 31, 2012 Current	December 31, 2011 Noncurrent	December 31, 2011 Current	January 1, 2011 Noncurrent	January 1, 2011 Current
Negotiable Obligations	4.00-18.37%	2012-2028	384	627	678	313	626	361
Related parties (Note 6)	3.82%	2013	547		538		97	458
Other financial debts	1.40-27.00%	2012-2017	3,183(3)	6,226(3)	3,219(3)	7,450(3)	798(3)	5,010(3)
			4,114	6,853	4,435	7,763	1,521	5,829

(1) Annual interest rate as of March 31, 2012.
(2) Disclosed net of 55, 75 and 52, corresponding to YPF s outstanding Negotiable Obligations repurchased through open market transactions as of March 31, 2012, December 31 and January 1, 2011, respectively.
(3) Includes approximately 7,158 corresponding to loans agreed in U.S. dollars, which accrue interest at rates between 1.40% and 7.74%.

Details regarding the Negotiable Obligations of the Company are as follows:

(in million)						Book Value					
M.T.N. Program		Issuance				March 31, 2012		December 31, 2011		January 1, 2011	
Year	Amount	Year	Principal Value	Interest Rate(1)	Principal Maturity	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current
1997	US$ 1,000	1998	US$ 100	10.00%	2028	384	18	377	7	348	7
2008	US$ 1,000	2009	$ 205								205
2008	US$ 1,000	2010	$ 143								144
2008	US$ 1,000	2010	US$ 70	4.00%	2013		307	301	5	278	5
2008	US$ 1,000	2011	$ 300	18.37%(2)	2012		302		301		
						384	627	678	313	626	361

(1) Annual interest rate as of March 31, 2012.
(2) Accrues interest at a variable interest rate of BADLAR plus 2.60%.

For additional information about covenants assumed by the Company and maturity of loans see Note 1.e) Financial risk management.

The Shareholder s meeting held on January 8, 2008, approved a Notes Program for an amount up to US$ 1,000 million. Proceeds from this offering shall be used exclusively to invest in fixed assets and working capital in Argentina.

Under the mentioned program, on September 24, 2009, the Company issued the Negotiable Obligations Class I at variable interest, with final maturity in 2011, for an amount of 205 million of Argentine pesos. On March 4, 2010, the Company issued under the mentioned program the Negotiable Obligations Class II at variable interest, with final maturity in 2011, for an amount of 143 million of Argentine pesos and the Negotiable Obligations Class III at fixed interest, with final maturity in 2013, for an amount of US$ 70 million. As of March 31, 2012, the Company has fully complied with the use of proceeds disclosed in the pricing supplement relating to the classes of Negotiable Obligations previously mentioned, and Negotiable Obligations Class I and II have been fully paid. Additionally, within the previously mentioned program on June 21, 2011, the Company issued Negotiable Obligations Class V at variable rate, with final maturity in 2012, for an amount of 300 million of Argentine pesos. All the mentioned securities are authorized to be traded on the Buenos Aires Stock Exchange (Bolsa de Comercio de Buenos Aires) and the Electronic Open Market (Mercado Abierto Electrónico) in Argentina.

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2.j) Provisions:

	Provisions							
	Provision for pensions		Provision for pending lawsuits and contingencies		Provision for environmental liabilities		Provision for hydrocarbon wells abandonment obligations	
	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current
Amounts as of December 31, 2011	143	14	2,167	118	567	581	6,329	252
Increases charged to expenses	1		240	23	196		113	5
Decrease charged to income			(17)		(1)			
Decrease from payments	(3)		(3)	(61)	(55)	(68)		(47)
Traslations differences	3	1	30	1	5	5	60	
Reclassifications and others			(46)	46	(50)	50	(47)	47
Amounts as of March 31, 2012	144	15	2,371	127	662(2)	568(3)	6,455	257

	Provisions							
	Provision for pensions		Provision for pending lawsuits and contingencies		Provision for environmental liabilities		Provision for hydrocarbon wells abandonment obligations	
	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current
Amounts as of January 1, 2011	130	17	2,186	95	543	503	5,228	243
Increases charged to expenses	4		133	4	10	5	97	
Decrease charged to income			(77)					
Decrease from payments	(6)	(1)	(15)		(56)	(35)		(43)
Traslations differences	2	1	32	2	6	4	56	2
Reclassifications and others					(17)	17	29	(29)
Amounts as of March 31, 2011	130	17	2,259	101	486(2)	494(3)	5,410	173

	Provisions							
	Provision for pensions		Provision for pending lawsuits and contingencies		Provision for environmental liabilities		Provision for hydrocarbon wells abandonment obligations	
	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current
Amounts as of January 1, 2011	130	17	2,186	95	543	503	5,228	243
Increases charged to expenses	18		459	26	247	122	165	224
Decrease charged to income								
Decrease from payments	(18)	(5)	(579)	(3)	(175)	(122)		(224)
Traslations differences	13	2	101		29	1	241	9
Reclassifications and others					(77)	77	695(1)	
Amounts as of December 31, 2011	143	14	2,167	118	567(2)	581(3)	6,329	252

(1) Correspond to the annual revision of hydrocarbons well abandonment costs, which has counterpart in fixed assets.
(2) Include provisions for environmental liabilities of YPF Holdings Inc. for 341, 277 and 346, as of March 31, 2012, March 31, 2011 and December 31, 2011.
(3) Include provisions for environmental liabilities of YPF Holdings Inc. for 264, 222 and 278, as of March 31, 2012, March 31, 2011 and December 31, 2011.

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2.k) Revenues, cost of sales and expenses

For the three-month periods ended March 31, 2012 and 2011

Revenues

	Three-month periods ended March 31, 2012	2011
Sales	15,202	12,700
Revenues from construction contracts	163	279
Turnover tax	(515)	(363)
	14,850	12,616

Cost of sales

	2012	2011
Inventories at beginning of year	6,006	3,748
Purchases for the period	3,260	3,651
Production costs	7,153	5,572
Traslation effect	100	80
Inventories at end of period	(6,105)	(4,630)
Cost of sales	10,414	8,421

Expenses

	Three-month periods ended March 31, 2012					2011
	Production costs	Administrative expenses	Selling expenses	Exploration expenses	Total	Total
Salaries and social security taxes	695	162	98	14	969	744
Fees and compensation for services	77	160(2)	20	3	260	165
Other personnel expenses	182	30	9	4	225	177
Taxes, charges and contributions	127	9	416		552(1)	757(1)
Royalties and easements	1,044		3	7	1,054	845
Insurance	55	1	10		66	35
Rental of real estate and equipment	288	3	32		323	204
Survey expenses				14	14	4
Depreciation of fixed assets	1,732	24	33	1	1,790	1,597

Amortization of intangible assets	30		1		31	14
Industrial inputs, consumable materials and supplies	288	1	22	5	316	243
Operation services and other service contracts	650	25	60		735	665
Preservation, repair and maintenance	1,151	14	26	17	1,208	786
Contractual commitments	35				35	32
Unproductive exploratory drillings				18	18	19
Transportation, products and charges	419		430		849	620
Provision for doubtful trade receivables			9		9	19
Publicity and advertising expenses		22	22		44	49
Fuel, gas, energy and miscellaneous	380	28	37	31	476	335
Total 2012	7,153	479	1,228	114	8,974	
Total 2011	5,572	385	1,296	57		7,310

(1) Include approximately 292 and 491 corresponding to hydrocarbon export withholdings for the three- month periods ended March 31, 2012 and 2011, respectively.

(2) Includes 4 of Directors and Statutory Auditor s fees.

The expense recognized in the statement of income related to research and development activities during the three-month periods ended March 31, 2012 y 2011 amounted to 8 and 7, respectively.

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3. PROVISIONS FOR PENDING LAWSUITS, CLAMIS AND ENVIRONMENTAL LIABILITIES

The Company is 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 against it, result in the imposition of material costs, fines, judgments or other losses. While the Company believes that such risks have been provisioned appropriately based on the opinions and advice of our external legal advisors and in accordance with applicable accounting standards, certain loss contingencies, are subject to change as new information develops and results of the presented evidence is obtain, among others. It is possible that losses resulting from such risks, if proceedings are decided in whole or in part adversely to the Company, could significantly exceed the recorded provisions.

Additionally, the Company is subject to various provincial and national laws and regulations relating to the protection of the environment. These laws and regulations may, among other things, impose liability on companies for the cost of pollution clean-up and environmental damages resulting from operations. Management believes that the Company s operations are in substantial compliance with Argentine laws and regulations currently in force relating to the protection of the environment as such laws have historically been interpreted and enforced.

However, the Company is periodically conducting new studies to increase its knowledge concerning the environmental situation in certain geographic areas where the Company operates in order to establish their status, causes and necessary remediation and, based on the aging of the environmental issue, to analyze the possible responsibility of Argentine Government, in accordance with the contingencies assumed by the Argentine Government for liabilities existing as of December 31, 1990. Until these studies are completed and evaluated, the Company cannot estimate what additional costs, if any, will be required. However, it is possible that other works, including provisional remedial measures, may be required.

The most significant pending lawsuits and contingencies provisioned are described in the following paragraphs.

Pending lawsuits: In the normal course of its business, the Company has been sued in numerous labor, civil and commercial actions and lawsuits. Management, in consultation with the external counsels, has recorded a provision considering its best estimation, based on the information available as of the date of the issuance of these consolidated financial statements, including counsel fees and judicial expenses.

Liabilities and contingencies assumed by the Argentine Government: The YPF Privatization Law provided for the assumption by the Argentine Government of certain liabilities of the predecessor as of December 31, 1990. In certain lawsuits related to events or acts that took place before December 31, 1990, YPF has been required to advance the payment established in certain judicial decisions. YPF has the right to be reimbursed for these payments by the Argentine Government pursuant to the above-mentioned indemnity.

Natural gas market: Pursuant to Resolution No. 265/2004 of the Secretariat of Energy, the Argentine Government created a program of useful curtailment of natural gas exports and their associated transportation service. Such program was initially implemented by means of Regulation No. 27/2004 of the Under-Secretariat of Fuels, which was subsequently substituted by the Program of Rationalization of Gas Exports and Use of Transportation Capacity (the Program) approved by Resolution No. 659/2004 of the Secretariat of Energy. Additionally, Resolution No. 752/2005 of the Secretariat of Energy provided that industrial users and thermal generators (which according to this resolution will have to request volumes of gas directly from the producers) could also acquire the natural gas from the cutbacks on natural gas exports through the Permanent Additional Injections mechanism created by this Resolution. By means of the Program and/or the Permanent Additional Injection, the Argentine Government requires natural gas exporting producers to deliver additional volumes to the domestic market in order to satisfy natural gas demand of certain consumers of the Argentine market (Additional Injection Requirements). Such additional volumes are not contractually committed by YPF, who is thus forced to affect natural gas exports, which execution has been conditioned. The mechanisms established by the Resolutions No. 659/2004 and 752/2005 have been adapted by the Secretariat of Energy Resolution No. 599/2007, modifying the conditions for the imposition of the requirements, depending on whether the producers have signed or not the proposed agreement, ratified by such resolution, between the Secretariat of Energy and the Producers. Also, through Resolution No. 1410/2010 of the National Gas Regulatory Authority (ENARGAS) approved the procedure which sets new rules for natural gas dispatch applicable to all participants in the natural gas

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industry, imposing new and more severe regulations to the producers availability of natural gas (Procedimiento para Solicitudes, Confirmaciones y Control de Gas). Additionally, the Argentine Government, through instructions made using different procedures, has ordered limitations over natural gas exports (in conjunction with the Program and the Permanent Additional Injection, named the Restrictions). On January 5, 2012, the Official Gazette published Resolution of the Secretariat of Energy No. 172 which temporarily extends the rules and criteria established by Resolution No. 599/07 and the commitments undertaken by natural gas producers under the Agreement 2007-2011, until new legislation replaces the Resolution previously mentioned. This Resolution was appealed on February 17, 2012 by filing a motion for reconsideration with the Secretariat of Energy.

As a result of the Restrictions, in several occasions since 2004, YPF has been forced to suspend, either totally or partially, its natural gas deliveries to some of its export clients, with whom YPF has undertaken firm commitments to deliver natural gas.

YPF has challenged the Program, the Permanent Additional Injection and the Additional Injection Requirements, established by Resolution of the Secretariat of Energy No. 599/2007, 172/2011 and Resolution ENARGAS No. 1,410/2010, as arbitrary and illegitimate, and has invoked vis-à-vis the relevant clients that such measures of the Argentine Government constitute a fortuitous case or force majeure event (act of authority) that releases YPF from any liability and/or penalty for the failure to deliver the contractual volumes. These clients have rejected the force majeure argument invoked by YPF, and some of them have demanded the payment of indemnifications and/or penalties for the failure to comply with firm supply commitments, and/or reserved their rights to future claims in such respect (the Claims).

Among them, on June 25, 2008, AES Uruguaiana Emprendimientos S.A. (AESU) claimed damages in a total amount of US$ 28.1 million for natural gas deliver or pay penalties for cutbacks accumulated from September 16, 2007 through June 25, 2008, and also claimed an additional amount of US$ 2.7 million for natural gas deliver or pay penalties for cutbacks accumulated from January 18, 2006 until December 1, 2006. YPF has rejected both claims. On September 15, 2008, AESU notified YPF the interruption of the fulfillment of its commitments alleging delay and breach of YPF obligations. YPF has rejected this notification. On December 4, 2008, YPF notified that having ceased the force majeure conditions, pursuant to the contract in force, it would suspend its delivery commitments, due to the repeated breaches of AESU obligations. AESU has rejected this notification. On December 30, 2008, AESU rejected YPF s right to suspend its natural gas deliveries and on March 20, 2009, notified YPF the termination of the contract. Subsequently, AESU initiated an arbitration process in which it claims, among other matters that YPF considers inappropriate, the payment of the deliver or pay penalties mentioned above. YPF has also started an arbitration process against AESU claiming, among other matters, the declaration that the termination of the contract by AESU was unilateral and illegal under its responsibility. Both arbitral complaints had been answered by the parties by requesting their rejection. On April 6, 2011, the Arbitration Tribunal appointed in YPF vs. AESU arbitration decided to sustain YPF s motion, and determined the consolidation of all the related arbitrations (AESU vs. YPF , TGM vs. YPF and YPF vs. AESU) in YPF vs. AESU arbitration. Consequently, AESU and Transportadora de Gas del Mercosur S.A.(TGM) desisted from and abandoned their respective arbitrations, and all the matters claimed in the three proceedings are to be solved in YPF vs. AESU arbitration. During December 2011, evidence production hearings took place. On January 13, 2012 the parties submitted the corresponding arguments closing the evidence production period previously mentioned. The Arbitration Tribunal has indicated that it will reach a resolution by July 31, 2012. On April 29 and 24, 2012, AESU and Sulgas presented new evidence claiming their admission in the arbitration process. YPF and TGM made their observations about the evidence on April 27, 2012. On May 1, 2012, the Arbitration Tribunal denied the admission of such evidence and resolved that the evidence would be accepted if the Tribunal considered it necessary.

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Furthermore, there are certain claims in relation with payments of natural gas transportation contracts associated with exports of such hydrocarbon. Consequently, one of the parties, Transportadora de Gas del Norte S.A. (TGN), commenced mediation proceedings in order to determine the merits of such claims. The mediation proceedings did not result in an agreement and YPF was notified of the lawsuit filed against it, in which TGN is claiming the fulfillment of contractual obligations and the payment of unpaid invoices, according to their arguments, while reserving the right to claim for damages, which were claimed in a note addressed to YPF during November 2011. The total amount claimed by TGN amounts to approximately US$ 207 million as of the date of these consolidated financial statements. YPF has answered the mentioned claims, rejecting them based in the legal impossibility for TGN to render the transportation service and in the termination of the transportation contract determined by YPF and notified with a complaint initiated before ENARGAS. Additionally, the plaintiff notified YPF that it was terminating the contract invoking YPF s fault, basing its decision on the alleged lack of payment of transportation fees, reserving the right to claim for damages. During September 2011, YPF was notified of the resolution of the Court of Appeals rejecting YPF s claims and declaring that ENARGAS is not the appropriate forum to decide on the matter and giving jurisdiction to the Civil and Commercial Federal courts to decide on the claim for the payment of unpaid invoices mentioned above. In addition, Nación Fideicomisos S.A. had initiated a claim against YPF in relation to payments for natural gas transportation services. A mediation hearing finished without arriving to an agreement, concluding the pre-trial stage. Additionally, on January 12, 2012 and following a mediation process which ended without any agreement, Nación Fideicomisos S.A. filed a complaint against YPF, under art. 66 of Law No. 24,076, before ENARGAS, claiming the payment of certain transportation charges in an approximate amount of 339. YPF answered the claim raising ENARGAS lack of jurisdiction (as the Company did in the proceeding against TGN) and rejecting the claim based on the theory of legal impossibility. On April 12, 2012, ENARGAS resolved in favor of Nación Fideicomisos S.A. On May 12, 2012 YPF filed an appeal against such resolution to the National Court of Appeals in the Federal Contentious Administrative. In the opinion of YPF s Management, the matters referred to above, will not have a material adverse effect on the Company s results of operations.

Regarding this issue, on April 8, 2009, YPF had filed a complaint against TGN with ENARGAS, seeking the termination of the natural gas transportation contract with TGN in connection with the natural gas export contract entered with AESU and other parties. The termination of the contract with that company is based on: (a) the impossibility for YPF to receive the service and for TGN to render the transportation service, due to (i) the termination of the natural gas contract with Companhía de Gás do Estado do Río Grande do Sul (Sulgas)/AESU and (ii) the legal impossibility of assigning the transportation contract to other shippers because of the regulations in effect, (b) the legal impossibility for TGN to render the transportation service on a firm basis because of certain changes in law in effect since 2004, and (c) the Teoría de la Imprevisión available under Argentine law, when extraordinary events render a party s obligations excessively burdensome.

As of March 31, 2012, the Company has provisioned costs for penalties associated with the failure to deliver the contractual volumes of natural gas in the export and domestic markets which are probable and can be reasonably estimated.

La Plata and Quilmes environmental claims:
La Plata: In relation with the operation of the refinery that YPF has in La Plata, there are certain claims for compensation of individual damages purportedly caused by the operation of the La Plata refinery and the environmental remediation of the channels adjacent to the mentioned refinery. During 2006, YPF submitted a presentation before the Environmental Secretariat of the Province of Buenos Aires which put forward for consideration the performance of a study for the characterization of environmental associated risks. As previously mentioned, YPF has the right of indemnity for events and claims prior to January 1, 1991, according to Law No. 24,145 and Decree No. 546/1993. Besides, there are certain claims that could result in the requirement to make additional investments connected with the operations of La Plata refinery.

On January 25, 2011, YPF entered into an agreement with the environmental agency of the Government of the Province of Buenos Aires (Organismo Provincial para el Desarrollo Sostenible (OPDS)), within the

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scope of the Remediation, Liability and Environmental Risk Control Program, created by Resolution 88/10 of the OPDS. Pursuant to the agreement, the parties agreed to jointly perform an eight-year work program in the channels adjacent to the La Plata refinery, including characterization and risk assessment studies of the sediments. The agreement provides that, in the case that a required remediation action is identified as a result of the risk assessment studies, the different alternatives and available techniques will be considered, as well as the steps needed for the implementation. Dating studies will also be performed pursuant to the agreement, in order to determine responsibilities of the Argentine Government in accordance with its obligation to hold YPF harmless in accordance with the article 9 of the Privatization Law No. 24,145. YPF has provisioned the estimated cost of the characterization and risk assessment studies mentioned above. The cost of the remediation actions, if required, will be recorded in those situations where the loss is probable and can be reasonably estimated.

Quilmes: Citizens which allege to be residents of Quilmes, Province of Buenos Aires, have filed a lawsuit in which they have requested remediation of environmental damages and also the payment of 47 plus interests as a compensation for supposedly personal damages. They base their claim mainly on a fuel leak in the poliduct running from La Plata to Dock Sud, currently operated by YPF, which occurred in 1988 as a result of an illicit detected at that time, being at that moment YPF a state-owned company. Fuel would have emerged and became perceptible on November 2002, which resulted in remediation works that are being performed by the Company in the affected area, supervised by the environmental authority of the Province of Buenos Aires. The Argentine Government has denied any responsibility to indemnify YPF for this matter, and the Company has sued the Argentine Government to obtain a declaration of invalidity of such decision. The award is still pending. On November 25, 2009, the proceedings were transferred to the Federal Court on Civil and Commercial Matters No. 3, Secretariat No. 6 in Buenos Aires City and on March 4, 2010, YPF answered the complaint and requested the citation of the Argentine Government. In addition, other 36 judicial claims related to similar matters have been brought against YPF amounting to approximately 19. Additionally, YPF is aware of the existence of other out of court claims which are based on similar allegations.

In relation to environmental obligations, and in addition to the hydrocarbon wells abandonment legal obligations for 6,712 as of March 31, 2012, the Company has provisioned 1,230 corresponding to environmental remediation, which evaluations and/or remediation works are probable and can also be reasonably estimated, based on the Company s existing remediation program. Legislative changes, on individual costs and/or technologies may cause a re-evaluation of the estimates. The Company cannot predict what environmental legislation or regulation will be enacted in the future or how future laws or regulations will be administered. In the long-term, this potential changes and ongoing studies could materially affect future results of operations.

Within mentioned in the preceding paragraphs, laws and regulations relating to health and environmental quality in the United States of America affect nearly all the operations of YPF Holdings Inc. (hereinafter mentioned as YPF Holdings Inc. or YPF Holdings). These laws and regulations set various standards regulating certain aspects of health and environmental quality, provide for penalties and other liabilities for the violation of such standards and establish in certain circumstances remedial obligations.

YPF Holdings Inc. believes that its policies and procedures in the area of pollution control, product safety and occupational health are adequate to prevent reasonable risk of environmental and other damage, and of resulting financial liability, in connection with its business. Some risk of environmental and other damage is, however, inherent in particular operations of YPF Holdings Inc. and, as discussed below, Maxus Energy Corporation (Maxus) and Tierra Solutions Inc. (Tierra), both controlled by YPF Holdings Inc., could have certain potential liabilities associated with operations of Maxus former chemical subsidiary.

YPF Holdings Inc. cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered or enforced. Compliance with more stringent law regulations, as well as more vigorous enforcement policies of the regulatory agencies, could in the future require material expenditures by YPF Holdings Inc. for the installation and operation of systems and equipment for remedial measures, possible dredging requirements, among other things. Also, certain laws allow for recovery of natural resource damages from responsible parties and ordering the implementation of interim remedies to abate an imminent and substantial endangerment to the environment. Potential expenditures for any such actions cannot be reasonably estimated.

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In the following discussion, references to YPF Holdings Inc. include, as appropriate and solely for the purpose of this information, references to Maxus and Tierra.

In connection with the sale of Maxus former chemical subsidiary, Diamond Shamrock Chemicals Company (Chemicals) to Occidental Petroleum Corporation (Occidental) in 1986, Maxus agreed to indemnify Chemicals and Occidental from and against certain liabilities relating to the business or activities of Chemicals prior to the selling date, September 4, 1986 (the selling date), including environmental liabilities relating to chemical plants and waste disposal sites used by Chemicals prior to the selling date.

The most significant contingencies recorded by the controlled company YPF Holdings Inc. are described in the following paragraphs. YPF Holdings Inc. s Management believes it has adequately provisioned for all environmental contingencies, which are probable and can be reasonably estimated; however, changes in circumstances, including new information or new requirements of governmental entities, could result in changes, including additions, to such provisions in the future.

Newark, New Jersey. A consent decree, previously agreed upon by the U.S. Environmental Protection Agency (EPA), the New Jersey Department of Environmental Protection and Energy (DEP) and Occidental, as successor to Chemicals, was entered in 1990 by the United States District Court of New Jersey and requires implementation of a remedial action plan at Chemical s former Newark, New Jersey agricultural chemicals plant. The interim remedy has been completed and paid for by Tierra. This project is in the operation and maintenance phase. YPF Holdings Inc. has provisioned approximately 59 in connection with such activities.

Passaic River, New Jersey. Maxus, complying with its contractual obligation to act on behalf of Occidental, negotiated an agreement with the EPA (the 1994 AOC) under which Tierra has conducted testing and studies near the Newark plant site, adjacent to the Passaic River. While some work remains, the work under the 1994 AOC was substantially subsumed by the remedial investigation and feasibility study (RIFS) being performed and funded by Tierra and a number of other entities of the lower portion of the Passaic River pursuant to a 2007 administrative settlement agreement (the 2007 AOC). The parties to the 2007 AOC are discussing the possibility of further work with the EPA. The entities that have agreed to fund the RIFS have negotiated an interim allocation of RIFS costs among themselves based on a number of considerations. This group is called the Cooperative Parties Group (the CPG). The 2007 AOC is being coordinated with a joint federal, state, local and private sector cooperative effort designated as the Lower Passaic River Restoration Project (PRRP). As of March 31, 2012, approximately 70 entities, including Tierra, have agreed to participate in the RIFS in connection with the PRRP.

The EPA s findings of fact in the 2007 AOC (which amended the 1994 AOC) indicate that combined sewer overflow/storm water outfall discharges are an ongoing source of hazardous substances to the Lower Passaic River Study Area. For this reason, during the first semester of 2011, Maxus and Tierra signed with the EPA, on behalf of Occidental, an Administrative Settlement Agreement and Order on Consent for Combined Sewer Overflow/Storm Water Outfall Investigation (CSO AOC), which became effective in September 2011. Besides providing for a study of combined sewer overflows in the Passaic River, the CSO AOC confirms that there will be no further obligations to be performed under the 1994 AOC. Tierra estimates that the total cost to implement the CSO AOC is approximately US$ 5 million and will take approximately 2 years to complete.

In 2003, the DEP issued Directive No. 1 to Occidental and Maxus and certain of their respective related entities as well as other third parties. Directive No. 1 seeks to address natural resource damages allegedly resulting from almost 200 years of historic industrial and commercial development along a portion of the Passaic River and a part of its watershed. Directive No. 1 asserts that the named entities are jointly and severally liable for the alleged natural resource damages without regard to fault. The DEP has asserted jurisdiction in this matter even though all or part of the lower Passaic River is subject to the PRRP. Directive No. 1 calls for the following actions: interim compensatory restoration, injury identification, injury quantification and value determination. Maxus and Tierra responded to Directive No. 1 setting forth good faith defenses. Settlement discussions between the DEP and the named entities have been held; however, no agreement has been reached or is assured.

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In 2004, the EPA and Occidental entered into an administrative order on consent (the 2004 AOC) pursuant to which Tierra (on behalf of Occidental) has agreed to conduct testing and studies to characterize contaminated sediment and biota and evaluate remedial alternatives in the Newark Bay and a portion of the Hackensack, the Arthur Kill and Kill van Kull rivers. The initial field work on this study, which includes testing in the Newark Bay, has been substantially completed. Discussions with the EPA regarding additional work that might be required are underway. EPA has issued General Notice Letters to a series of additional parties concerning the contamination of Newark Bay and the work being performed by Tierra under the 2004 AOC. Tierra proposed to the other parties that, for the third stage of the RIFS undertaken in Newark Bay, the costs be allocated on a per capita basis. As of the date of issuance of these consolidated financial statements, the parties have not agreed to Tierra s proposal. However, YPF Holdings lacks sufficient information to determine additional costs, if any, it might have with respect to this matter once the final scope of the third stage is approved, as well as the proposed distribution mentioned above.

In December 2005, the DEP issued a directive to Tierra, Maxus and Occidental directing said parties to pay the State of New Jersey s cost of developing a Source Control Dredge Plan focused on allegedly dioxin-contaminated sediment in the lower six-mile portion of the Passaic River. The development of this plan was estimated by the DEP to cost approximately US$ 2 million. The DEP has advised the recipients that (a) it is engaged in discussions with the EPA regarding the subject matter of the directive, and (b) they are not required to respond to the directive until otherwise notified.

In June 2007, EPA released a draft Focused Feasibility Study (the FFS) that outlines several alternatives for remedial action in the lower eight miles of the Passaic River. These alternatives range from no action, which would result in comparatively little cost, to extensive dredging and capping, which according to the draft FFS, EPA estimated could cost from US$ 900 million to US$ 2,300 million and are all described by EPA as involving proven technologies that could be carried out in the near term, without extensive research. Tierra, in conjunction with the other parties working under the 2007 AOC, submitted comments on the legal and technical defects of the draft FFS to EPA. In light of these comments, EPA decided to initiate its review and informed that a revised remedy proposal will be forthcoming during the second semester of 2012. Tierra will respond to any further EPA proposal as may be appropriate at that time.

In August 2007, the National Oceanic Atmospheric Administration (NOAA) sent a letter to a number of entities it alleged have a liability for natural resources damages, including Tierra and Occidental, requesting that the group enters into an agreement to conduct a cooperative assessment of natural resources damages in the Passaic River and Newark Bay. In November 2008, Tierra and Occidental entered into an agreement with the NOAA to fund a portion of the costs it has incurred and to conduct certain assessment activities during 2009. Approximately 20 other PRRP members have also entered into similar agreements. In November 2009, Tierra declined to extend this agreement.

In June 2008, the EPA, Occidental, and Tierra entered into an AOC (Removal AOC), pursuant to which Tierra (on behalf of Occidental) will undertake a removal action of sediment from the Passaic River in the vicinity of the former Diamond Alkali facility. This action will result in the removal of approximately 200,000 cubic yards (153,000 cubic meters) of sediment, which will be carried out in two different phases. The first phase, which commenced in July 2011, encompasses the removal of 40,000 cubic yards (30,600 cubic meters) of sediments and is expected to be completed by the end of 2012. The second phase involves the removal of approximately 160,000 cubic yards (122,400 cubic meters) of sediment. This second phase will start after according with EPA certain development s aspects related to it. Pursuant to the Removal AOC, the EPA has required the provision of financial assurance in the amount of US$ 80 million for the performance of the removal work. The Removal AOC provides that the initial form of financial assurance is to be provided through a trust fund. YPF Holdings Inc. originally provisioned US$ 80 million with respect to this matter. As of March 31, 2012, US$ 52 million has been contributed to the fund. During 2010, the Company issued, with EPA approval, US$ 20 million in letters of credit to provide assurance, rather than paying additional funds into the trust. A final payment of US$ 8 million to the fund is expected to be made in September 2012 in order to complete the amount of US$ 80 million established by the signed agreement. The total amount of required financial assurance may be increased or decreased over time if the anticipated cost of completing the removal work contemplated by the Removal AOC changes. Tierra may request modification of the form and timing of financial assurance for the Removal AOC. Construction of the facilities required for the agreed

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works were completed in the first quarter of 2012, dredging and de-watering activities were completed in the second quarter of 2012. During the removal action, contaminants which may have come from sources other than the former Diamond Alkali plant will necessarily be removed. YPF Holdings Inc. and its subsidiaries may seek cost recovery from the parties responsible for such contamination, provided contaminants origins were not from the Diamond Alkali plant. The removal action is expected to be completed by the end of the third quarter of 2012. However, as of the date of issuance of these consolidated financial statements, it is not possible to make any prediction regarding the likelihood of success or the funds potentially recoverable in a cost-recovery action.

As of March 31, 2012, there is a total amount of 390 provisioned comprising the estimated costs for studies, the YPF Holdings Inc. s best estimate of the cash flows it could incur in connection with remediation activities considering the studies performed by Tierra, the estimated costs related to the Removal AOC agreement, and in addition certain other matters related to Passaic River and the Newark Bay. However, it is possible that other works, including interim remedial measures, may be ordered. In addition, the development of new information on the imposition of natural resource damages, or remedial actions differing from the scenarios that YPF Holdings Inc. has evaluated, could result in additional costs to the amount currently provisioned.

Passaic River Mile 10.9 Removal Action. In February 2012, the EPA issued to the CPG a draft Administrative Settlement Agreement and order on Consent (AOC RM 10.9) for Removal Action and Pilot Studies to address high levels of contamination of TCDD dioxin, PCBs, mercury and other contaminants of concern in the vicinity of the Passaic River s mile 10.9, comprised of a sediment formation (mud flat) of approximately 8.9 acres. In connection with this AOC RM 10.9, the EPA is asking the CPG that approximately 16,000 cubic yards of sediments be removed and that pilot scale studies be conducted to evaluate ex situ decontamination beneficial reuse technologies, innovative capping technologies, and in situ stabilization technologies for consideration and potential selection as components of the remedial action to be evaluated in the 2007 AOC and the FFS and selected in one or more subsequent records of decision. The CPG s technical consultants are negotiating a Scope of Work with the EPA and the CPG internally has retained an allocation consultant to assist in developing a proposed plan for allocation of the cost of the AOC RM 10.9. Tierra currently does not have sufficient information regarding either the Scope of Work or the cost allocation to estimate with any degree of certainty what would be Tierra s financial responsibility under the AOC RM 10.9. During april the CPG agreed that the costs of consultants previously mentioned will be distributed on per capita basis among the 72 parties of the CPG. On June 18, 2012, the EPA announced that it had signed an AOC RM 10.9 with 70 parties. Occidental, Maxus and Tierra declined to sign such AOC. After the parties of the CPG voted the amendment to the agreement, the parties gave to Maxus the choice of either: i) pariticipate in the removal action at an interim allocated share of 41.1%; ii) terminate his participation in the CPG. Maxus decided to terminate his participation in the CPG. The EPA has asked YPF Holdings to state its position regarding its involvement in the remediation (to cooperate in it). One cooperation alternative expected by EPA would be that Maxus affronts the cost of maintaining the dewatering facility currently in place in the remediation pursuant to the 2008 AOC. Occidental, Maxus and Tierra resigned to the CPG, effective May 29, 2012, under protest and subject to a reservation of rights. Based on the information available to the Company as of the issuance date of these financial statements, considering the results of the studies and discoveries to be produced, the existence of 72 parties involved in the matter, with its consequent potential allocation of removal costs, and also considering the opinion of external and internal counsels, it is not possible to reasonably estimate a loss or range of losses on these outstanding matters. Therefore, no amount has been accrued for this litigation by YPF Holdings Inc.

New Jersey Litigation with DEP. In December 2005, the DEP sued YPF Holdings Inc., Tierra, Maxus and several other companies, besides to Occidental, alleging a contamination supposedly related to dioxin and other hazardous substances discharged from Chemicals former Newark plant and the contamination of the lower portion of the Passaic River, Newark Bay, other nearby waterways and surrounding areas. The DEP seeks remediation of natural resources damaged and punitive damages and other matters. The defendants have made responsive pleadings and filings. In March 2008, the Court denied motions to dismiss by Occidental Chemical Corporation, Tierra and Maxus. The DEP filed its Second Amended Complaint in April 2008. YPF filed a motion to dismiss for lack of personal jurisdiction. The motion mentioned previously was denied in August 2008, and the denial was confirmed by the Court of Appeal. Notwithstanding, the Court denied to plaintiffs motion to bar third party practice and allowed defendants to file third-party complaints.

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Third-party claims against approximately 300 companies and governmental entities (including certain municipalities) which could have responsibility in connection with the claim were filed in February 2009. DEP filed its Third Amended Complaint in August 2010, adding Maxus International Energy Company and YPF International S.A. as additional named defendants. Anticipating this considerable expansion of the number of parties in the litigation, the Court appointed a Special Master to assist the court in the administration of discovery. In September 2010, Governmental entities of the State of New Jersey and a number of third-party defendants filed their dismissal motions and Maxus and Tierra filed their responses. In October 2010, a number of public third-party defendants filed a motion to sever and stay and the DEP joined their motion, which would allow the DEP to proceed against the direct defendants. However, the judge has ruled against this motion in November 2010. Third-party defendants have also brought motions to dismiss, which have been rejected by the assistant judge in January 2011. Some of the mentioned third-parties appealed the decision, but the judge denied such appeal in March 2011. In May 2011, the judge issued Case Management Order No. XVII (CMO XVII), which contains the Trial Plan for the case. This Trial Plan divides the case into two phases, each with its own mini-trials. Phase One will determine liability and Phase Two will determine damages. Following the issuance of CMO XVII, the State of New Jersey and Occidental filed motions for partial summary judgment. The State filed two motions: the first one against Occidental and Maxus on liability under the Spill Act, and against Tierra on liability under the Spill Act. In addition, Occidental filed a motion for partial summary judgment that Maxus owes a duty of contractual indemnity to Occidental for liabilities under the Spill Act. In July and August 2011, the judge ruled that, although the discharge of hazardous substances by Chemicals has been proved, liability allegation cannot be made if the nexus between any discharge and the alleged damage is not established. Additionally, the Court ruled that Tierra has Spill Act liability to the State based merely on its current ownership of the Lister Avenue site; and that Maxus has an obligation under the 1986 Stock Purchase Agreement to indemnify Occidental for any Spill Act liability arising from contaminants discharged on the Lister Avenue site. The Special Master called for and held a settlement conference in November 2011 between the State of New Jersey, on the one hand, and Repsol, YPF and Maxus, on the other hand to discuss the parties respective positions, but no agreement was reached.

In February 2012, plaintiffs and Occidental filed motions for partial summary judgment, seeking summary adjudication that Maxus has liability under the Spill Act of New Jersey. In the first quarter of 2012 Maxus, Occidental and plaintiffs submitted their respective briefs. Oral arguments were heard on May 15 and 16, 2012. The Judge held that Maxus and Tierra have direct liability for the contamination generated into the Passaic River. However, volume, toxicity and cost of the contamination were not verified (these issues will be determined in a later phase of the trial). Maxus and Tierra have the right to appeal such decision.

As of March 31, 2012, DEP has not placed dollar amounts on all its claims, but it has (a) contended that a US$ 50 million cap on damages under one of the New Jersey statutes should not be applicable, (b) alleged that it has incurred approximately US$ 118 million in past cleanup and removal costs , (c) is seeking an additional award between US$ 10 and US$ 20 million to fund a study to assess natural resource damages, (d) notified Maxus and Tierra s legal defense team that DEP is preparing financial models of costs and of other economic impacts and, (e) is seeking reimbursement for external legal fees paid.

Based on the information available to the Company, including the amount of time remaining before trial, the involvement of more than 300 parties, the results of discovery and the opinion of internal and external counsel, it is not possible to estimate a reasonable loss or range of losses on these outstanding matters. Therefore, no amounts have been provisioned for this litigation by YPF Holdings Inc.

Hudson County, New Jersey. Until 1972, Chemicals operated a chromite ore processing plant at Kearny, New Jersey (Kearny Plant). According to the DEP, wastes from these ore processing operations were used as fill material at a number of sites in and near Hudson County. DEP has identified over 200 sites in Hudson and Essex Counties alleged to contain chromite ore processing residue either from the Kearny Plant or from plants operated by two other chromium manufacturers.

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The DEP, Tierra and Occidental, as successor to Chemicals, signed an administrative consent order with the DEP in 1990 for investigation and remediation work at 40 chromite ore sites in Hudson and Essex Counties alleged to be impacted by the Kearny Plant operations.

Tierra, on behalf of Occidental, is presently performing the work and funding Occidental s share of the cost of investigation and remediation of these sites. In addition, financial assurance has been provided in the amount of US$ 20 million for performance of the work. The ultimate cost of remediation is uncertain. Tierra submitted its remedial investigation reports to the DEP in 2001, and the DEP continues to review the report.

Additionally, in May 2005, the DEP took two actions in connection with the chrome sites in Hudson and Essex Counties. First, the DEP issued a directive to Maxus, Occidental and two other chromium manufacturers directing them to arrange for the cleanup of chromite ore residue at three sites in New Jersey City and the conduct of a study by paying the DEP a total of US$ 20 million. While YPF Holdings Inc. believes that Maxus is improperly named and there is little or no evidence that Chemicals chromite ore residue was sent to any of these sites, the DEP claims these companies are jointly and severally liable without regard to fault. Second, the State of New Jersey filed a lawsuit against Occidental and two other entities seeking, among other things, cleanup of various sites where chromite ore processing residue is allegedly located, recovery of past costs incurred by the state at such sites (including in excess of US$ 2 million allegedly spent for investigations and studies) and, with respect to certain costs at 18 sites, treble damages. The DEP claims that the defendants are jointly and severally liable, without regard to fault, for much of the damages alleged. In February 2008, the parties reached an agreement in principle, for which Tierra, on behalf of Occidental, agreed to pay US$ 5 million and perform remediation works in three sites, with a total cost of approximately US$ 2 million, subject to the terms of a Consent Judgment between and among DEP, Occidental and two other parties, which was published in the New Jersey Register in June 2011, and became final and effective as of September 2011. Pursuant to the Consent Judgment, the US$ 5 million payment was made in October 2011 and a master schedule was delivered to DEP in February 2012 for the remediation during a ten-year period, of the three orphan sites plus the remaining chromite ore sites (approximately 28 sites) under the Kearny ACO. DEP indicated that it could not approve a ten-year term; consequently, Maxus submitted a revised eight-year schedule and is awaiting DEP s comments.

In November 2005, several environmental groups sent a notice of intent to sue the owners of the properties adjacent to the former Kearny Plant (the adjacent property), including among others Tierra, under the Resource Conservation and Recovery Act. The stated purpose of the lawsuit, if filed, would be to require the noticed parties to carry out measures to abate alleged endangerments to health and the environment emanating from the Adjacent Property. The parties have entered into an agreement that addresses the concerns of the environmental groups, and these groups have agreed, at least for now, not to file suit.

In March 2008, the DEP approved an interim response action plan for work to be performed at the Kearny Plant by Tierra and the adjacent property by Tierra in conjunction with other parties. As of the date of issuance of these consolidated financial statements, work on the interim response action has begun. This adjacent property was listed by EPA on the National Priority List in 2007. In July 2010, EPA notified Tierra, along with three other parties, which are considered potentially responsible for this adjacent property and requested to conduct a RIFS for the site. The parties have agreed to coordinate remedial efforts, forming the Peninsula Restoration Group or PRG. In the fourth quarter 2011, the PRG reached an agreement in principle with a new party, whereby would join the PRG at an allocated share of 16.6%. The PRG is in active negotiations with the EPA for an RIFS AOC for the Standard Chlorine Chemical Company site.

Pursuant to a request of the DEP, in the second half of 2006, the PRG tested the sediments in a portion of the Hackensack River near the former Kearny Plant. A report of those test results was submitted to the DEP. DEP requested additional sampling, and the PRG submitted to DEP work plans for additional sampling in January 2009. In March 2012, the PRG received a Notice of Deficiency (NOD) letter from DEP. In the NOD, DEP seeks to expand the scope of work that would be required in the Hackensack River under the SRIWP to add both additional sample locations/core segments and parameters. While the PRG acknowledg