YPF SOCIEDAD ANONIMA
Form F-3/A
March 10, 2008

As filed with the Securities and Exchange Commission on March 10 , 2008
Registration No. 333- 149313

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1 to
Form F-3
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

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

Argentina (State or other jurisdiction of incorporation or organization)	Not Applicable (I.R.S. Employer Identification No.)

Avenida Pte. R. Sáenz Peña 777
C1035AAC Ciudad Autónoma de Buenos Aires, Argentina
(011-5411) 4329-2000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

CT Corporation System
111 Eighth Avenue
New York, NY 10011
212-894-8940
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

Nicholas A. Kronfeld, Esq. Davis Polk & Wardwell 450 Lexington Avenue New York, NY 10017	Walter C. Forwood Alejandro D. Quiroga YPF Sociedad Anónima Avenida Pte. R. Sáenz Peña 777 C1035AAC Ciudad Autónoma de Buenos Aires, Argentina

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.
If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. [ ]
If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, please check the following box. [x]
If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration

statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. [x]

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. [ ]

CALCULATION OF REGISTRATION FEE

Title of Each Class Of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price per Unit(1)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Class D shares(1)(3)	98,328,198	$	$3,749,254,190	$147,345.69 (4)

(1) This registration statement on Form F-3 registers 98,328,198 shares of Class D common stock, par value Ps.10 per share, of YPF Sociedad Anónima, including in the form of American depositary shares (“ADSs”), that may be offered by certain selling shareholders.

(2) Estimated solely for purposes of calculating the amount of the registration fee pursuant to Rule 457(c) under the Securities Act based on the average of the high and low prices of the ADSs as reported by the New York Stock Exchange on February 15, 2008.

(3) A separate registration statement on Form F-6 was filed on June 17, 1993 for the registration of the ADSs issued upon deposit of the Class D shares registered hereby.

(4) Previously paid in connection with initial filing of registration statement on February 20, 2008.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS Subject to Completion

YPF Sociedad Anónima

American Depositary Shares, each representing one share of Class D Common Stock

This prospectus relates to up to 98,328,198 issued and outstanding shares of our Class D common stock (the "Class D shares"), including in the form of American depositary shares, or ADSs, that may be offered and sold from time to time by certain selling shareholders. Each ADS represents one Class D share. This prospectus describes the terms of these securities and the general manner in which these securities may be offered. Each time these securities are offered or sold using this prospectus, we will provide a supplement to this prospectus that contains more specific information about the offering, the number of securities being offered and the identities of the selling shareholders.

The ADSs trade on the New York Stock Exchange ("NYSE") under the symbol "YPF." Our Class D shares trade on the Buenos Aires Stock Exchange under the symbol "YPFD."

Investing in the ADSs involves significant risks. See "Risk Factors" on page 14 of this prospectus and any additional risk factors included in the applicable prospectus supplement under the heading "Risk Factors".

Neither the Securities and Exchange Commission nor any state securities regulators have approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Prospectus dated , 2008

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form F-3 that we filed with the Securities and Exchange Commission (the "SEC") utilizing a "shelf" registration process. As allowed by the SEC rules, this prospectus does not contain all of the information included in the registration statement. For further information, we refer you to the registration statement, including its exhibits. Statements contained in this prospectus about the provisions or contents of any agreement or other document are not necessarily complete. If the SEC's rules and regulations require that an agreement or document be filed as an exhibit to the registration statement, please see that agreement or document for a complete description of these matters.

This prospectus provides you with a general description of our Class D shares and ADSs. Each time such securities are offered and sold by selling shareholders, we will provide a prospectus supplement that will contain specific information about the terms of the offering and the identity of the selling shareholders. You should read both this prospectus and any prospectus supplement together with additional information described under the heading "Where You Can Find More Information" beginning on page 183 of this prospectus. Any information in a prospectus supplement or information incorporated by reference after the date of this prospectus is considered part of this prospectus and may add, update or change information contained in this prospectus. Any information in such subsequent filings that is inconsistent with this prospectus will supersede the information in this prospectus.

You should rely only on the information contained in this prospectus. Neither we nor the selling shareholders have authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither we nor the selling shareholders are making an offer to sell the Class D shares or ADSs in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

YPF Sociedad Anónima is a stock corporation organized under the laws of the Republic of Argentina ("Argentina"). As used in this prospectus, "YPF," "the company," "we," "our" and "us" refer to YPF Sociedad Anónima and its controlled and jointly controlled companies or, if the context requires, its predecessor companies. "YPF Sociedad Anónima" refers to YPF Sociedad Anónima only. "Repsol YPF" refers to Repsol YPF, S.A. and its consolidated companies, including YPF, unless otherwise specified. We maintain our financial books and records and publish our financial statements in Argentine pesos. In this prospectus, references to "pesos" or "Ps." are to Argentine pesos, and references to "dollars," "U.S. dollars" or "U.S.$" are to United States dollars.

SUMMARY

This summary highlights certain relevant information included elsewhere in this prospectus. This summary does not purport to be complete and may not contain all of the information that is important or relevant to you. Before investing in the Class D shares or ADSs, you should read this entire prospectus carefully for a more complete understanding of our business and the offering, including our audited and unaudited financial statements and related notes, the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus, and the information contained in the prospectus supplements and the documents incorporated by reference into this prospectus.

Overview

We are Argentina's leading energy company, operating a fully integrated oil and gas chain with leading market positions across the domestic upstream and downstream segments. Our upstream operations consist of the exploration, development and production of crude oil, natural gas and liquefied petroleum gas. Our downstream operations include the refining, marketing, transportation and distribution of oil and a wide range of petroleum products, petroleum derivatives, petrochemicals, liquid petroleum gas and bio-fuels. Additionally, we are active in the gas separation and natural gas distribution sectors both directly and through our investments in several affiliated companies. In 2006, we had consolidated net sales of Ps.25,635 million (U.S.$8,138 million) and consolidated net income of Ps.4,457 million (U.S.$1,415 million) and, in the nine months ended September 30, 2007, we had consolidated net sales of Ps.20,869 million (U.S.$6,625 million) and consolidated net income of Ps.2,980 million (U.S.$946 million).

Most of our predecessors were state-owned companies with operations dating back to the 1920s. In November 1992, the Argentine government enacted the Privatization Law (Law No. 24,145), which established the procedures for our privatization. In accordance with the Privatization Law, in July 1993, we completed a worldwide offering of 160 million Class D shares that had previously been owned by the Argentine government. As a result of that offering and other transactions, the Argentine government's ownership interest in our capital stock was reduced from 100% to approximately 20% by the end of 1993.

Since 1999, we have been controlled by Repsol YPF, an integrated oil and gas company headquartered in Spain with global operations. On February 21, 2008, Petersen Energía, S.A. ("Petersen Energía") purchased 58,603,606 of our ADSs, representing 14.9% of our capital stock, from Repsol YPF for U.S.$2,235 million (the "Petersen Transaction"). In addition, Repsol YPF also granted certain affiliates of Petersen Energía options to purchase up to an additional 10.1% of our outstanding capital stock within four years (the "Petersen Options"). See "Selling Shareholders." We believe that Petersen Energía's participation in our capital stock and management will strengthen our Argentine ties and expertise.

Upstream Operations

- We operate more than 70 oil and gas fields in Argentina, accounting for approximately 42% of the country's total production of crude oil, excluding natural gas liquids, and approximately 42% of its total natural gas production, including natural gas liquids, in 2007, according to the Argentine Secretariat of Energy.

- We had proved reserves, as estimated as of September 30, 2007, of approximately 646 mmbbl of oil and 3,728 bcf of gas, representing aggregate reserves of 1,311 mmboe.

- In 2006, we produced 126 mmbbl of oil (346 mbbl/d) and 651 bcf of gas (1,779 mmcf/d) and, in the nine months ended September 30, 2007, we produced 89 mmbbl of oil (327 mbbl/d) and 485 bcf of gas (1,778 mmcf/d).

2

Downstream Operations

- We are Argentina's leading refiner with operations conducted at three wholly owned refineries with combined annual refining capacity of approximately 116 mmbbl (319.5 mbbl/d). We also have a 50% interest in Refinería del Norte S.A. ("Refinor"), a jointly controlled entity operated by Petrobras Energía S.A., which has a refining capacity of 26.1 mbbl/d.

- Our retail distribution network for automotive petroleum products as of September 30, 2007 consisted of 1,698 YPF-branded service stations, which we believe represented approximately 30.9% of all service stations in Argentina.

- We are a leading petrochemical producer in Argentina and in the Southern Cone of Latin America, with operations conducted through our Ensenada plant. In addition, Profertil S.A. ("Profertil"), a company that we jointly control, is a leading producer of urea in the Southern Cone.

The Argentine Market

Argentina is the second largest producer of natural gas and the fourth largest producer of crude oil in Latin America based on 2006 production, according to the BP Statistical Review.

Beginning in 2002, in response to the economic crisis, the Argentine government, pursuant to the Public Emergency Law (Law No. 25,561), established export taxes on certain hydrocarbon products. In subsequent years, in order to satisfy growing domestic demand and abate inflationary pressures, this policy was supplemented by constraints on domestic prices, temporary export restrictions and subsidies on imports of natural gas and diesel. As a result, local prices for oil and natural gas products have remained significantly below those prevalent in neighboring countries and international commodity exchanges, heightening domestic demand for such products. For example, in January 2008, diesel import prices were approximately U.S.$700/cubic meter, while the average domestic sales prices were approximately U.S.$350/cubic meter before government subsidies. In addition, the price at which Bolivia exports natural gas to Argentina was approximately U.S.$6/mmBtu in December 2007, while our average sales price for such gas in Argentina was approximately U.S.$2.29/mmBtu.

Argentina's gross domestic product, or GDP, has grown at an average annual rate of approximately 9% from 2003 to 2006, after declines during the economic crisis of 2001 and 2002. Driven by this economic expansion and low domestic prices, energy demand has increased significantly during the same period, outpacing energy supply (which in the case of oil declined). For example, Argentine natural gas and diesel consumption grew at average annual rates of 6.5% and 6.9%, respectively, during this period, according to the BP Statistical Review and the Argentine Secretariat of Energy. As a result of this increasing demand and actions taken by the Argentine regulatory authorities to support domestic supply, exported volumes of hydrocarbon products, especially natural gas, declined steadily over this period. At the same time, Argentina has increased hydrocarbon imports, becoming a net importer of certain products, such as diesel, and increased imports of natural gas. In 2003, Argentina's net exports of diesel amounted to approximately 1,349 thousand cubic meters, while in 2006 its net imports of diesel amounted to approximately 533 thousand cubic meters, according to the Argentine Secretariat of Energy. Significant investments in the energy sector are expected to be required in order to support continued economic growth, as the industry is currently operating near capacity.

Demand for diesel in Argentina exceeds domestic production. In addition, the import prices of refined products substantially exceed the domestic sales prices of such products, rendering the import and resale of such products uneconomic. As a result, service stations experience temporary shortages and are required to suspend or curtail diesel sales. While we are operating our refineries at or above capacity, during peak demand periods we are forced to prorate supplies among our service stations according to historical sales levels.

As the largest integrated oil and gas company in Argentina, we believe that we are well positioned to benefit from potential reform in the energy sector, although we cannot assure that reforms will be implemented or, if implemented, that they will be advantageous to our business. We also believe that, as a result of limitations on the prices of our products, our margins should be less sensitive if international prices of oil and gas decline.

Competitive Strengths

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

Our upstream operations benefit from concessions providing access to 29% of the total proved crude oil reserves, excluding natural gas liquids, and 33% of total proved natural gas reserves, including natural gas liquids, in Argentina as of December 31, 2006, according to the Argentine Secretariat of Energy. In 2007, we had an attributable production share, which represents our share of the total production from the fields in which we have an interest, of approximately 42% of the total crude oil extracted, excluding natural gas liquids (more than the next seven largest producers combined), and approximately 42% of total natural gas extracted, including natural gas liquids (more than the next four largest producers combined), in Argentina, according to the Argentine Secretariat of Energy.

Our downstream operations refine and distribute more refined products than any other company in Argentina. In 2006, we estimate that we had over 50% of the country's refining capacity and distributed more diesel, gasoline, lubricants, asphalts and compressed natural gas than any other distributor. As of September 30, 2007, we had 1,698 YPF-branded service stations (including proprietary and franchised service stations), which we believe represented approximately 30.9% of the country's service stations. We are also a leading Argentine petrochemical company in terms of sales.

Favorably positioned as an integrated player

We participate in all phases of the oil and gas value chain, including production, refining, marketing and distribution, with the potential to capture margin at all levels. In 2006, we delivered approximately 90% of our crude oil production to our own refineries, corresponding to approximately 90% of the total crude oil processed by our refineries. In addition, in 2006, we directly marketed 62% of our refining production (including through YPF-branded service stations).

Substantial portfolio of operated oil and gas concessions

As of September 30, 2007, we held interests in 110 production concessions and exploration permits in Argentina, with 100% ownership interest in 60 of these. Many of our production concessions are among the most productive in Argentina, including concessions in the Neuquina and Golfo de San Jorge basins, which accounted for approximately 84% of our total production in 2006. Our concessions are not scheduled to expire until 2017, and in December 2000, we extended our concession to the Loma La Lata field, Argentina's largest natural gas deposit, through 2027. We have a portfolio of mature fields with geologic characteristics that are similar in many respects to those in other regions (such as those in the United States) which have been successfully rejuvenated through the use of advanced oil recovery technologies to increase field recovery factors. In addition, there is tight gas in place within our concession areas in Argentina.

A majority of our fields have been in operation for several years and, as a result, approximately 70% of our total proved reserves of 1,311 mmboe were categorized as developed as of September 30, 2007.

Extensive refining and logistics assets

We have extensive refining assets which we believe represent more than 50% of the country's refining capacity. Our refining assets operate at the highest utilization rates in Argentina (almost 100% in 2006). Our refining system has high complexity, giving us flexibility to shift some of our production resources toward higher value-added products.

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

We manage a large scale logistics network, consisting of 1,801 km of multi-product pipelines for the distribution of our refined products, connecting our two main refineries to our most important depots, of which we have 16 with a total storage capacity of approximately 983,620 cubic meters. We also have 53 airport facilities with a total storage capacity of 24,000 cubic meters and 27 company-owned tanker trucks.

All of our refineries are connected to pipelines that we own or in which we have a significant stake. Oil is piped to our Luján de Cuyo refinery from Puerto Hernández by a 528 km pipeline and to our La Plata refinery from Puerto Rosales by another 585 km pipeline. We also have a 37% stake in Oleoductos del Valle S.A. (the company operating the oil pipeline from the Neuquina basin to Puerto Rosales).

Strong marketing brand

The "YPF" brand is widely recognized in the Argentine consumer market. Our 1,698 YPF-branded service stations are located throughout Argentina's urban and suburban areas, and we have more than 1 million cardmembers in our marketing loyalty programs. We also leverage our marketing and branding power to sell industrial products, such as LPG, for which we held a 22% market share, and lubricants, for which we held a 37% market share in 2006.

Strong financial position

We have achieved a solid financial position through operating cash flow generation and effective financial management. We also have a history of returning value to shareholders through dividend payment. We have distributed over 85% of our net income attributable to the years 2001 through 2006 in dividends to our shareholders. In addition, we have the highest credit rating of any Argentine company and our senior corporate debt is currently rated slightly higher than the Argentine sovereign ceiling.

Experienced management team and access to Repsol YPF expertise

We are led by a highly regarded and experienced team of professionals. Most of the members of the senior management team have long tenures with us and significant experience in the Argentine energy sector.

We benefit from Repsol YPF's experience and know-how in the upstream and downstream businesses. Repsol YPF is an integrated international oil and gas company with significant activity along the hydrocarbon product value chain. It holds one of the largest refining and marketing asset portfolios in Europe and owns significant refining and marketing assets in other Latin American countries, including a market-leading position in Peru. Repsol YPF conducts exploration and production activities in more than 30 countries and has developed its offshore expertise through its participation in offshore areas and assets in the Gulf of Mexico, Brazil and West Africa.

Repsol YPF is responsible for group-wide research and development activities. We have a research and development facility in La Plata, Argentina, which works in cooperation with the research and development activities of Repsol YPF.

Business Strategy

As the largest integrated oil and gas company in Argentina, we seek to improve margins and to maximize profitability through the most efficient utilization of resources and assets along our entire value chain. Our key strategies are the following:

Upstream

Improve our field recovery factors. In 2006, we developed a new integrated strategy, known by its Spanish acronym "PLADA," aimed at rejuvenating mature fields through the use of advanced technologies. This strategy, which we began to implement in 2007, seeks to increase recovery factors in our mature fields through infill drilling and secondary and tertiary recovery, and is subject to prevailing economic and regulatory conditions. Many of the technologies to be implemented through PLADA have been successfully employed in large mature basins, such as those in the United States, although no assurances can be given that we will achieve recovery factors resembling those achieved in the United States. Additionally, we have planned several potential projects to develop unconventional resources, including tight gas and heavy oil, that may offer significant potential under favorable economic and regulatory conditions. As of September 30, 2007, we had a recovery factor of approximately 22% and 64% of oil and gas in place, respectively. We estimate, based on internal studies, that every one percentage point increase in our recovery factor of oil reserves may allow us to increase our reserves by up to 180 mmbbl of oil, although no assurance can be given that we will be able to achieve such reserve increases in practice. During the nine months ended September 30, 2007, we incorporated new proved reserves of 55 million barrels of oil and 198 bcf of gas through extensions, discoveries, improved recovery and revisions of previous estimates. As of September 30, 2007, 68.4% of our proved reserves had been audited by external auditors.

Improve the operational efficiency of our exploration and production. Our exploration and production business unit is carrying out a comprehensive operational improvement and cost reduction program with over 100 initiatives that we expect to have a positive impact on our business. These include initiatives seeking to improve well productivity through better water management, enhancing facilities maintenance, optimizing the fracturing process and reducing energy costs, among others.

Invest in onshore and offshore exploration in Argentina. Onshore, we plan to carry out targeted exploration for conventional and unconventional resources. For example, we intend to access new onshore exploratory properties in under-explored areas within currently producing basins. To support this initiative, in 2007 we began to add new drilling and fracturing equipment and hired additional technical personnel. We have entered into three agreements with ENARSA, the state-owned energy company, and other companies, for the joint exploration of Argentine offshore properties, which we believe positions us well to explore potentially lucrative offshore areas in Argentina. Offshore acreage is largely unexplored in Argentina and constitutes the largest area for green field developments in the country, and we intend to actively participate in the tender process for new offshore properties in Argentina.

Optimize value of non-core fields. We are seeking to optimize our portfolio of exploration and production assets through active management of various non-core fields, including through potential associations with smaller operators in certain fields in order to improve their operational effectiveness. Given the current demand for exploration and production assets in the Argentine market, we are also evaluating the possibility of selling certain non-core fields to third parties.

Downstream

Continue to improve production and cost efficiencies in downstream businesses. We are seeking to optimize our refining assets to increase their capacity (through de-bottlenecking and revamping of equipment), further improve their flexibility to shift capacity among certain categories of products, adapt our refineries to new low-sulfur regulations and develop our logistics network and assets to meet the continued growth in demand we expect. In addition, we are in the process of implementing various cost reduction programs throughout our refining and logistics assets (including internal consumption reduction and centralized purchasing), marketing network (including back-office integration, loyalty program reductions and selective expansion of our company-owned and operated service station network while continuing to eliminate dealer-operated service stations with lower operating efficiency) and chemical division (including the reduction of maintenance-related production stoppages).

Maximize production and marketing of high-value products. We plan to maximize the production and marketing of our highest margin products as well to gradually introduce new high-value products into the market. For example, we have recently commenced selling higher value fuels with bio-additives at a small number of our service stations in anticipation of Argentine regulatory measures that mandate a minimum bio-content by 2010.

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

Our principal executive offices are located at Avenida Pte. R. Sáenz Peña 777, (C1035AAC) Ciudad Autónoma de Buenos Aires, Argentina, and our general telephone number is (011-5411) 4329-2000. Our website address is www.repsolypf.com and our website is available in Spanish and English. Information contained on our website is not incorporated by reference in, and shall not be considered a part of, this prospectus.

SUMMARY FINANCIAL AND OPERATING DATA

The following tables present our summary financial and operating data. You should read this information in conjunction with our audited and unaudited financial statements and related notes, and the information under "Selected Financial and Operating Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. All financial data included in this prospectus as of September 30, 2007 and for the nine-month periods ended September 30, 2007 and 2006 is unaudited. Results for the nine-month period ended September 30, 2007 are not necessarily indicative of results to be expected for the full year 2007 or any other period.

The financial data as of December 31, 2006, 2005 and 2004 and for the years then ended is derived from our audited consolidated financial statements (the "Audited Consolidated Financial Statements"), which are included in our annual report on Form 20-F for the year ended December 31, 2006 incorporated by reference in this prospectus. The financial data as of September 30, 2007 and for the nine-month periods ended September 30, 2007 and 2006 is derived from our unaudited individual and consolidated interim financial statements (the "Unaudited Individual and Consolidated Interim Financial Statements") included elsewhere in this prospectus. The Unaudited Individual and Consolidated Interim Financial Statements reflect all adjustments which, in the opinion of our management, are necessary to present the financial statements for such periods on a consistent basis with the Audited Consolidated Financial Statements. Our audited and unaudited financial statements have been prepared in accordance with generally accepted accounting principles in Argentina, which we refer to as Argentine GAAP and which differ in certain significant respects from generally accepted accounting principles in the United States, which we refer to as U.S. GAAP. Notes 13, 14 and 15 to our Audited Consolidated Financial Statements provide a description of the significant differences between Argentine GAAP and U.S. GAAP, as they relate to us, and a reconciliation to U.S. GAAP of net income and shareholders' equity as of December 31, 2006, 2005 and 2004 and for the years then ended. Notes 5, 6 and 7 to our Unaudited Individual and Consolidated Interim Financial Statements included elsewhere in this prospectus provide a description of the significant differences between Argentine GAAP and U.S. GAAP, as they relate to us, and a reconciliation to U.S. GAAP of net income for the nine-month periods ended September 30, 2007 and 2006 and shareholders' equity as of September 30, 2007 and December 31, 2006.

In this prospectus, except as otherwise specified, references to "$," "U.S.$" and "dollars" are to U.S. dollars, and references to "Ps." and "pesos" are to Argentine pesos. Solely for the convenience of the reader, peso amounts as of and for the nine months ended September 30, 2007 and as of and for the year ended December 31, 2006 have been translated into U.S. dollars at the exchange rate quoted by Banco Central de la República Argentina (Banco Central) on September 28, 2007 of Ps.3.15 to U.S.$1.00 (the last rate quoted in September 2007), unless otherwise specified. The buying exchange rate quoted by Banco Central on March 6, 2008 was Ps. 3.15 to U.S.$1.00. The U.S. dollar equivalent information should not be construed to imply that the peso amounts represent, or could have been or could be converted into U.S. dollars at such rates or any other rate. See "Exchange Rates and Controls."

Certain figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals may not sum due to rounding.

	As of and for Nine-Month Period Ended September 30,		
	2007	2007	2006
	(in millions of U.S.$, except for per share and per ADS data)	(in millions of pesos, except for per share and per ADS data)	
Consolidated Income Statement Data:			
Argentine GAAP(1)			
Net sales(2)(3)	6,625	20,869	19,172
Gross profit	2,207	6,952	7,644
Administrative expenses	(178)	(561)	(490)
Selling expenses	(489)	(1,541)	(1,356)
Exploration expenses	(113)	(356)	(318)
Operating income	1,427	4,494	5,480
Income (Loss) on long-term investments	12	38	27
Other expenses, net	(54)	(171)	(33)
Interest expense	(69)	(216)	(151)
Other financial income (expenses) and holding gains (losses), net	195	615	676
Reversal of impairment of other current assets	22	69	—
Income before income tax	1,533	4,829	5,999
Income tax	(587)	(1,849)	(2,264)
Net income from continuing operations	946	2,980	3,735
Net income	946	2,980	3,735
Earnings per share and per ADS(4)	2.41	7.58	9.50
Dividends per share and per ADS(4) (in pesos)	n.a.	6.00	6.00
Dividends per share and per ADS(4)(5) (in U.S. dollars)	n.a.	1.93	1.97
U.S. GAAP			
Operating income	1,180	3,716	4,855
Net income	748	2,356	3,253
Earnings per share and per ADS(4)	1.90	5.99	8.27
Other Consolidated Financial Data:			
Argentine GAAP(1)			
Fixed assets depreciation	986	3,105	2,628
Cash used in fixed asset acquisitions	1,294	4,076	3,460
Non-GAAP			
EBITDA(6)	2,505	7,891	8,528
EBITDA margin(7)	n.a.	0.38	0.44

	As of September 30, 2007	
	(in millions of U.S.$)	(in millions of pesos)
Consolidated Balance Sheet Data:		
Argentine GAAP(1)		
Cash	34	106
Working capital	1,317	4,147

Total assets	11,475	36,146
Total debt(8)	341	1,074
Shareholders' equity(9)	7,922	24,955
U.S. GAAP		
Total assets	12,257	38,610
Shareholders' equity(9)	8,889	28,000

(1) The financial statements reflect the effect of changes in the purchasing power of money by the application of the method for restatement in constant Argentine pesos set forth in Technical Resolution No. 6 of the F.A.C.P.C.E. and taking into

consideration General Resolution No. 441 of the CNV, which established the discontinuation of the restatement of financial statements in constant Argentine pesos as from March 1, 2003. See Note 1 to YPF S.A.'s individual financial statements included in the Unaudited Individual and Consolidated Interim Financial Statements.

(2) Includes Ps.999 million for the nine-month period ended September 30, 2007 and Ps.1,053 million for the nine-month period ended September 30, 2006 corresponding to the proportional consolidation of the net sales of investees jointly controlled by us and third parties.

(3) Net sales are net to us after payment of a fuel transfer tax, turnover tax and customs duties on hydrocarbon exports. Royalties with respect to our production are accounted for as a cost of production and are not deducted in determining net sales (see Note 2(g) to YPF Sociedad Anónima's individual financial statements included in the Unaudited Individual and Consolidated Interim Financial Statements).

(4) Information has been calculated based on outstanding capital stock of 393,312,793 shares. Each ADS represents one Class D share. There were no differences between basic and diluted earnings per share and ADS for any of the periods disclosed.

(5) Amounts expressed in U.S. dollars are based on the exchange rate as of the date of payment. For periods in which more than one dividend payment was made, the amounts expressed in U.S. dollars are based on exchange rates at the date of each payment.

(6) EBITDA is calculated by excluding interest gains on assets, interest losses on liabilities, income tax and depreciation of fixed assets from our net income. For a reconciliation of EBITDA to net income, see "—EBITDA reconciliation."

(7) EBITDA margin is calculated by dividing EBITDA by our net sales.

(8) Total debt under Argentine GAAP includes nominal amounts of long-term debt of Ps.523 million as of September 30, 2007.

(9) Our subscribed capital as of September 30, 2007 is represented by 393,312,793 shares of common stock and divided into four classes of shares, with a par value of Ps.10 and one vote per share. These shares are fully subscribed, paid-in and authorized for stock exchange listing.

	As of and for Year Ended December 31,			
	2006	2006	2005(1)	2004(1)
	(in millions of U.S.$, except for per share and per ADS data)		(in millions of pesos, except for per share and per ADS data)	
Consolidated Income Statement Data:				
Argentine GAAP(2)				
Net sales(3)(4)	8,138	25,635	22,901	19,931
Gross profit	3,116	9,814	11,643	10,719
Administrative expenses	(214)	(674)	(552)	(463)
Selling expenses	(570)	(1,797)	(1,650)	(1,403)
Exploration expenses	(146)	(460)	(280)	(382)

Operating income	2,185	6,883	9,161	8,471
Income (Loss) on long-term investments	58	183	39	154
Other expenses, net	(65)	(204)	(545)	(981)
Interest expense	(68)	(213)	(459)	(221)
Other financial income (expenses) and holding gains (losses), net	212	667	561	359
Income (Loss) from sale of long-term investments	3	11	15	—
Impairment of other current assets	(22)	(69)	—	—
Income before income tax	2,304	7,258	8,772	7,782
Income tax	(889)	(2,801)	(3,410)	(3,017)
Net income from continuing operations	1,415	4,457	5,362	4,765
Income (Loss) on discontinued operations	—	—	—	3
Income from sale of discontinued operations	—	—	—	139
Net income	1,415	4,457	5,362	4,907
Earnings per share and per ADS(5)	3.60	11.33	13.63	12.48
Dividends per share and per ADS(5) (in pesos)	n.a.	6.00	12.40	13.50
Dividends per share and per ADS(5)(6) (in U.S. dollars)	n.a.	1.97	4.25	4.70

	As of and for Year Ended December 31,			
	2006	2006	2005(1)	2004(1)
	(in millions of U.S.$, except for per share and per ADS data)	(in millions of pesos, except for per share and per ADS data)		
U.S. GAAP				
Operating income	1,786	5,626	8,065	6,550
Net income	1,164	3,667	5,142	4,186
Earnings per share and per ADS(5) (in pesos)	n.a.	9.32	13.07	10.64
Consolidated Balance Sheet Data:				
Argentine GAAP				
Cash	37	118	122	492
Working capital	1,557	4,905	2,903	3,549
Total assets	11,236	35,394	32,224	30,922
Total debt(7)	452	1,425	1,453	1,930
Shareholders' equity(8)	7,729	24,345	22,249	21,769
U.S. GAAP				
Total assets	11,761	37,046	34,748	32,540
Shareholders' equity	8,330	26,241	24,254	23,506
Other Consolidated Financial Data:				
Argentine GAAP(2)				
Fixed assets depreciation	1,180	3,718	2,707	2,470
Cash used in fixed asset acquisitions	1,588	5,002	3,722	2,867
Non-GAAP				
EBITDA(9)	3,445	10,851	11,717	10,449
EBITDA margin(10)	n.a.	0.42	0.51	0.52

(1) Consolidated income and balance sheet data for the years ended December 31, 2005 and 2004 set forth above include the retroactive effect from the application of new accounting rules in Argentina (see Note 1(b) to the Audited Consolidated Financial Statements).

(2) The financial statements reflect the effect of changes in the purchasing power of money by the application of the method for restatement in constant Argentine pesos set forth in Technical Resolution No. 6 of the F.A.C.P.C.E. and taking into consideration General Resolution No. 441 of the CNV, which established the discontinuation of the restatement of financial statements in constant Argentine pesos as from March 1, 2003. See Note 1 to the Audited Consolidated Financial Statements.

(3) Includes Ps.1,451 million for the year ended December 31, 2006, Ps.1,216 million for the year ended December 31, 2005 and Ps.1,122 million for the year ended December 31, 2004 corresponding to the proportional consolidation of the net sales of investees in which we hold joint control with third parties (see Note 13 (b) to the Audited Consolidated Financial Statements).

(4) Net sales are net to us after payment of a fuel transfer tax, turnover tax and customs duties on hydrocarbon exports. Royalties with respect to our production are accounted for as a cost of production and are not deducted in

determining net sales (see Note 2(g) to the Audited Consolidated Financial Statements).

(5) Information has been calculated based on outstanding capital stock of 393,312,793 shares. Each ADS represents one Class D share. There were no differences between basic and diluted earnings per share and ADS for any of the years disclosed.

(6) Amounts expressed in U.S. dollars are based on the exchange rate as of the date of payment. For periods in which more than one dividend payment was made, the amounts expressed in U.S. dollars are based on exchange rates at the date of each payment.

(7) Total debt under Argentine GAAP includes nominal amounts of long-term debt of Ps.510 million as of December 31, 2006, Ps.1,107 million as of December 31, 2005 and Ps.1,684 million as of December 31, 2004.

(8) Our subscribed capital as of December 31, 2006 is represented by 393,312,793 shares of common stock and divided into four classes of shares, with a par value of Ps.10 and one vote per share. These shares are fully subscribed, paid-in and authorized for stock exchange listing.

(9) EBITDA is calculated by excluding interest gains on assets, interest losses on liabilities, income tax and depreciation of fixed assets from our net income. For a reconciliation of EBITDA to net income, see "—EBITDA reconciliation."

(10) EBITDA margin is calculated by dividing EBITDA by our net sales.

EBITDA reconciliation

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

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

	For the Nine-Month Period Ended September 30,		For the Year Ended December 31,		
	2007	2006	2006	2005	2004
	(in millions of pesos)				
Net income	2,980	3,735	4,457	5,362	4,907
Interest gains on assets	(259)	(250)	(338)	(221)	(166)
Interest losses on liabilities	216	151	213	459	221
Depreciation of fixed assets	3,105	2,628	3,718	2,707	2,470
Income tax	1,849	2,264	2,801	3,410	3,017
EBITDA	7,891	8,528	10,851	11,717	10,449

Proved reserves, production and other operating data

The following table presents certain of our reserves, production and other operating data as of or for the periods indicated.

	Nine-Month Period Ended September 30,	Year Ended December 31,		
	2007	2006	2005	2004
Revisions, extensions, discoveries and improved recovery of proved reserves as of period end(1)				
Oil (mmbbl)	55	29	(153)	13
Gas (bcf)	198	(17)	(325)	(22)
Total (mmboe)	91	27	(212)	10
Proved reserves as of period end				
Oil (mmbbl)	646	680	777	1,064(2)
Gas (bcf)	3,728	4,015	4,683	5,676(2)
Total (mmboe)	1,311	1,396	1,611	2,076(2)
Proved developed reserves as of period end				
Oil (mmbbl)	483	521	604	863(2)
Gas (bcf)	2,430	2,571	3,201	4,045(2)
Total (mmboe)	916	979	1,174	1,582(2)
Average daily production for the period				
Oil (mbbl)	327	346	366	399
Gas (mmcf)	1,778	1,779	1,827	1,926
Total (mboe)	644	663	691	742
Refining capacity				
Capacity (mbbl/d)(3)	320	320	320	320
Retail distribution network as of period end				
Service stations	1,698	1,731	1,794	1,832

(1) See “Business—Exploration and Production—Reserves” for more information about our reserves.

(2) As restated.

(3) Excluding Refinor, which has a refining capacity of 26 mbbl/d and in which we have a 50% interest.

13

RISK FACTORS

An investment in our Class D shares and the ADSs involves risk. You should carefully consider the risks described below and those described in the prospectus supplements and the documents incorporated by reference into this prospectus before making an investment decision. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. The trading price of our Class D shares or the ADSs could decline due to any of these risks, and you may lose all or part of your investment. The risks described below are those known to us and that we currently believe may materially affect us or investors in our Class D shares and the ADSs. Additional risks not presently known to us or that we currently consider immaterial may also impair our business.

Risks Relating to Argentina

Argentina's economy may not continue to grow at current rates or may contract in the future

The Argentine economy has experienced significant volatility in recent decades, including numerous periods of low or negative growth and high and variable levels of inflation and devaluation. Since the most recent crisis of 2001 and 2002, the Argentine economy has grown at a rapid pace during recent years, with GDP increasing by 8.7% in 2003, 9% in 2004, 9.2% in 2005, 8.5% in 2006 and 5.8% through September 30, 2007. However, no assurances can be given that current rates of growth will continue. The Argentine economy remains susceptible to, among other things, a decline in commodity prices, limited international financing and investment in infrastructure and an increase in inflation. Sustained inflation in Argentina could increase our costs of operation, in particular labor costs, and without a corresponding increase in the price of our products, may negatively impact our results of operations and financial condition. Substantially all of our operations, properties and customers are located in Argentina, and, as a result, our business is to a large extent dependent upon economic conditions prevailing in Argentina. If economic conditions in Argentina were to deteriorate, it would likely have an adverse effect on our financial condition and results of operations.

Political and regulatory developments in Argentina may affect our domestic operations

The Argentine government exercises significant influence over the economy. In particular, the oil and gas industry is subject to extensive government regulation and control. As a result, our business is to a large extent dependent upon regulatory and political conditions prevailing in Argentina and our results of operations may be materially and adversely affected by regulatory and political changes in Argentina. We currently face risks and challenges relating to government regulation and control of the energy sector, including those set forth below and elsewhere in these risk factors:

- limitations on our ability to pass increases in international prices of crude oil and other hydrocarbon fuels and exchange rate fluctuations through to domestic prices, or to increase local prices of natural gas (in particular for residential customers), gasoline and diesel;
- higher taxes on exports of hydrocarbons;
- restrictions on hydrocarbon export volumes driven mainly by the requirement to satisfy domestic demand;
- in connection with the Argentine government's policy to provide absolute priority to domestic demand, regulatory orders to supply natural gas and other hydrocarbon products to the domestic retail market in excess of previously contracted amounts;

- the import of certain hydrocarbon fuels at international market prices to satisfy domestic demand at significantly lower domestic prices;
- regulatory developments leading to the imposition of stricter supply requirements, fines or other actions by governmental authorities in response to fuel shortages at service stations;
- the implementation or imposition of stricter quality requirements for petroleum products in Argentina; and

- higher taxes on domestic fuel sales not compensated by price increases.

The Argentine government has made certain changes in regulations and policies governing the energy sector to give absolute priority to domestic supply at low, stable prices in order to sustain economic recovery. As a result of the above-mentioned changes, for example, on days during which a gas shortage occurs, exports of natural gas (which are also affected by other government curtailment orders) and the provision of gas supplies to industries, electricity generation plants and service stations selling compressed natural gas are interrupted for priority to be given to residential consumers at lower prices. We cannot assure you that changes in applicable laws and regulations, or adverse judicial or administrative interpretations of such laws and regulations, will not adversely affect our results of operations. See “Regulatory Framework and Relationship with the Argentine Government.” Similarly, we cannot assure you that future government policies aimed at sustaining economic recovery or in response to domestic needs will not adversely affect the oil and gas industry.

In January 2007, Law No. 26,197 was enacted, which, in accordance with Article 124 of the National Constitution, provided that Argentine provinces shall be the owners of the hydrocarbon reservoirs located within their territories. Pursuant to the law, the Argentine Congress is charged with enacting laws and regulations aimed at developing mineral resources within Argentina, while the provincial governments are responsible for enforcing these laws and administering hydrocarbon fields that fall within the territories of their respective provinces. Certain provincial governments, however, have construed the provisions of Law No. 26,197 and Article 124 to empower the provinces to enact their own regulations concerning exploration and production of oil and gas within their territories. There can be no assurance that regulations or taxes (including royalties) enacted or administered by the provinces will not conflict with federal law, and such taxes or regulations may adversely affect our operations and financial condition.

Limitations on local pricing in Argentina may adversely affect our results of operations

In recent years, due to regulatory, economic and government policy factors, our domestic gasoline, diesel and other fuel prices have lagged substantially behind prevailing international and regional market prices for such products, and our ability to increase prices has been limited. For example, in January 2008, diesel import prices were approximately U.S.$700/cubic meter, while the average domestic sales prices were approximately U.S.$350/cubic meter before government subsidies. Likewise, the prices at which we sell natural gas in Argentina (particularly to the residential sector) are subject to government regulations and currently are substantially below regional market prices for natural gas. For additional information on domestic pricing for our products, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Operations—Differences between Argentine and international prices for hydrocarbon products” and “Regulatory Framework and Relationship with the Argentine Government—Market Regulation.” We cannot assure you that we will be able to increase the prices of our products sufficiently in the future, and limitations in our doing so would adversely affect our financial condition and results of operations. Similarly, we cannot assure you that hydrocarbon prices in Argentina will reach prevailing international or regional levels.

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

The Argentine Hydrocarbons Law allows for hydrocarbon exports as long as they are not required for the domestic market and are sold at reasonable prices. In the case of natural gas, Law 24,076 and related regulations require that the needs of the domestic market be taken into account when authorizing long term natural gas exports.

During the last several years the Argentine authorities have adopted a number of measures that have resulted in the substantial restriction of exports of natural gas from Argentina, and the Argentine government’s current policy is not to allow any exports of natural gas other than to the residential sector in certain other countries.

Due to the foregoing, we have been obliged to sell a part of our natural gas production previously destined for the export market in the local Argentine market and have not been able to meet our contractual gas export commitments in whole or, in some cases, in part, leading to disputes with our export clients and forcing us to declare force majeure under our export sales agreements. We believe that the measures mentioned above constitute force majeure events that relieve us from any contingent liability for the failure to comply with our contractual obligations, although no assurance can be given that this position will prevail. See " Business—Exploration and Production—The Argentine natural gas market" and "Business—Legal Proceedings."

In addition, the effectiveness after certain specific dates of certain of our natural gas export authorizations is subject to an analysis by the Secretariat of Energy of natural gas reserves in the Noroeste basin. The result of such analysis is uncertain and may have an adverse impact upon our performance of the export gas sales agreements related to such export authorizations should the Secretariat determine that reserves are inadequate. See "Business—Legal Proceedings—Argentina."

Crude oil exports, as well as the export of most of our hydrocarbon products, currently require prior authorization from the Secretariat of Energy (pursuant to the regime established under Resolution S.E. No. 1679/04 as amended and supplemented by other regulation). Oil companies seeking to export crude oil or LPG must first demonstrate that the local demand for such product is satisfied or that an offer to sell the product to local purchasers has been made and rejected. Oil refineries seeking to export diesel fuel must also first demonstrate that the local demand of diesel is duly satisfied. Because domestic diesel production does not currently satisfy Argentine domestic consumption needs, we have been prevented since 2005 from selling diesel production in the export market, and thereby obliged to sell in the local market at significantly lower prices.

We are unable to predict how long these export restrictions will be in place, or whether any further measures will be adopted adversely affecting our ability to export gas, crude oil and diesel fuel or other products and, accordingly, our results of operations.

The imposition of new export duties and other taxes could adversely affect our results

In recent years, new duties have been imposed on exports. In March 2002, oil and gas companies were levied with a five-year, 20% tax on proceeds from the export of crude oil and a five-year, 5% tax on proceeds from the export of oil products. These duties on exports were increased on May 11, 2004 to the following taxation rates: 25% on exports of crude oil, 20% on exports of butane, methane and LPG, and 5% on exports of gasoline and diesel. On May 26, 2004, a 20% duty on natural gas and natural gas liquids exports was imposed. On August 4, 2004, the Ministry of Economy and Production issued a resolution establishing a progressive scheme of export duties for crude oil, with rates ranging from 25% to 45%, depending on the quotation of the WTI reference price at the time of export and thereby modifying the fixed 25% tax rate established in May of that year.

In July 2006, the Ministry of Economy and Production issued Resolution 534/06, which increased to 45% the export duty on natural gas. This resolution also required the Customs General Administration to apply the natural gas price set by the Framework Agreement between Argentina and Bolivia (approximately U.S.$6/mmBtu in December 2007) as the valuation basis for calculating export duties on natural gas sales, irrespective of the actual price of such sales. In 2006, exports from the Tierra del Fuego province, which were previously exempted from taxes, were made subject to export duties at the prevailing rates. Moreover, in May 2007 the Ministry of Economy and Production increased to 25% the export duty on exports of butane, propane and LPG.

Additionally, Resolution 394/2007 of the Ministry of Economy and Production, published on November 16, 2007, amends the export duties on crude oil and other crude derivative products. The new regime provides that when the WTI international price exceeds the reference price, which is fixed at U.S.$60.9/barrel, the producer shall be allowed to collect at U.S.$42/barrel, with the remainder being withheld by the Argentine government as an export tax. If the WTI international price is under the reference price but over U.S.$45/barrel, a 45% withholding rate will apply. If such price is under U.S.$45/barrel, the applicable export tax is to be determined within a term of 90 business days. The withholding rate determined as indicated above also currently applies to diesel, gasoline and other crude derivative products. In addition, the calculation procedure described above also applies to other petroleum products and lubricants based upon different withholding rates, reference prices and prices allowed to producers. See “Regulatory Framework and Relationship with the Argentine Government—Market Regulation.”

The imposition of these export taxes has adversely affected our results of operations. We cannot assure you that these taxes will not continue or be increased in the future or that other new taxes will not be imposed.

We may be exposed to fluctuations in foreign exchange rates

Our results of operations are exposed to currency fluctuation and any devaluation of the peso against the U.S. dollar and other hard currencies may adversely affect our business and results of operations. The value of the peso has fluctuated significantly in the past and may do so in the future. We are unable to predict whether, and to what extent, the value of the peso may further depreciate or appreciate against the U.S. dollar and how any such fluctuations would affect our business.

We may be subject to exchange and capital controls

In 2001 and 2002, as a result of the economic crisis, Argentina imposed exchange controls and transfer restrictions substantially limiting the ability of companies to retain foreign currency or make payments abroad. Under current Argentine law, exporters are required to convert proceeds from export operations into domestic currency, subject to certain exceptions applicable to the oil and gas industry that permit us to retain abroad 70% of export proceeds. See "Regulatory Framework and Relationship with the Argentine Government—Repatriation of Foreign Currency." There can be no assurances regarding future modifications to exchange and capital controls. The imposition of stricter exchange and capital controls could adversely affect our financial condition or results of operations and our ability to meet our foreign currency obligations and execute our financing plans.

Our access to international capital markets is influenced by the perception of risk in Argentina and other emerging economies, which may affect our ability to finance our operations and the trading values of our securities.

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

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

Oil and gas prices could affect our level of capital expenditures

The prices that we are able to obtain for our hydrocarbon products affect the viability of investments in new exploration, development and refining, and as a result the timing and amount of our projected capital expenditures for such purposes. We budget capital expenditures related to exploration, development, refining and distribution activities by taking into account, among other things, market prices for our hydrocarbon products. In the event that current domestic prices prevail or decrease, our ability to improve our hydrocarbon recovery rates, find new reserves and carry out certain of our other capital expenditure plans is likely to be adversely affected, which in turn would have an adverse effect on our results of operations.

Our reserves and production are likely to decline

Argentina's oil and gas fields are mature and our reserves and production are declining as reserves are depleted. In the last two years our proved reserves declined by approximately 33%, and we replaced 11% of our production with new proved reserves during 2006; average daily production in the nine-month period ended September 30, 2007 declined by approximately 2.9% from 2006. We are engaged in efforts to mitigate these declines by adding reserves through technological enhancements aimed at improving our recovery factors as well as through deepwater offshore exploration and development of tight gas. These efforts are subject to material risks and may prove unsuccessful due to risks inherent to the oil and gas industry.

Our oil and natural gas reserves are estimates, in accordance with the guidelines established by the Securities and Exchange Commission (SEC)

Our oil and gas proved reserves are estimated in accordance with the guidelines established by the SEC. Proved reserves are estimated using geological and engineering data to determine with reasonable certainty whether the crude oil or natural gas in known reservoirs is recoverable under existing economic and operating conditions.

The accuracy of proved reserve estimates depends on a number of factors, assumptions and variables, among which the most important are:

- the results of drilling, testing and production after the date of the estimates, which may require substantial revisions;
- the quality of available geological, technical and economic data and the interpretation and judgment of such data;
- the production performance of our reservoirs;
- developments such as acquisitions and dispositions, new discoveries and extensions of existing fields and the application of improved recovery techniques;
- changes in oil and natural gas prices, which could have an effect on the size of our proved reserves because the estimates of reserves are based on prices and costs at the date when such estimates are made, and a decline in the price of oil or gas could make reserves no longer economically viable to exploit and therefore not classifiable as proved; and
- whether the prevailing tax rules, other government regulations and contractual conditions will remain the same as on the date estimates are made (as changes in tax rules and other government regulations could make reserves no longer economically viable to exploit).

Many of the factors, assumptions and variables involved in estimating proved reserves are beyond our control and are subject to change over time. See “Business—Exploration and Production—Reserves.” Consequently, measures of reserves are not precise and are subject to revision. Any downward revision in our estimated quantities of proved reserves could adversely impact our financial results, leading to increased depreciation, depletion and amortization charges and/or impairment charges, which would reduce earnings and shareholders’ equity.

The oil and gas industry is subject to particular economic and operational risks

Oil and gas exploration and production activities are subject to particular economic and industry-specific operational risks, some of which are beyond our control, such as production, equipment and transportation risks, and natural hazards and other uncertainties, including those relating to the physical characteristics of onshore and offshore oil or natural gas fields. Our operations may be curtailed, delayed or cancelled due to bad weather conditions, mechanical difficulties, shortages or delays in the delivery of equipment, compliance with governmental requirements, fire, explosions, blow-outs, pipe failure, abnormally pressured formations, and environmental hazards, such as oil spills, gas leaks, ruptures or discharges of toxic gases. If these risks materialize, we may suffer substantial operational losses and disruptions. Drilling may be unprofitable, not only with respect to dry wells, but also with respect to wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs are taken into account.

Argentine oil and gas production concessions and exploration permits are subject to certain conditions and may not be renewed

The Federal Hydrocarbons Law provides for oil and gas concessions to remain in effect for 25 years as from the date of their award, and further provides for the concession term to be extended for up to 10 additional years, subject to terms and conditions approved by the grantor at the time of the extension. The expiration of a substantial part of our and other Argentine oil companies’ concessions occurs in 2017. The authority to extend the terms of current and new permits, concessions and contracts has been vested in the governments of the provinces in which the relevant area is located (and the federal government in respect of offshore areas beyond 12 nautical miles). In order to be eligible for the extension, any concessionaire and permit holder must have complied with its obligations under the Federal Hydrocarbons Law and the terms of the particular concession or permit, including evidence of payment of taxes and royalties, the supply of the necessary technology, equipment and labor force and compliance with various environmental, investment and development obligations. Under the Federal Hydrocarbons Law, non-compliance with these obligations and standards may also result in the imposition of fines and in the case of material breaches, following the expiration of applicable cure periods, the revocation of the concession or permit. We cannot provide assurances that our concessions will be extended or that additional investment, royalty payment or other requirements will not be imposed on us in order to obtain extensions. The termination of, or failure to obtain the extension of, a concession or permit could have a material adverse effect on our business and results of our operations.

Our acquisition of exploratory acreage and crude oil and natural gas reserves is subject to heavy competition

We face intense competition in bidding for crude oil and natural gas production areas, which are typically auctioned by governmental authorities, especially those areas with the most attractive crude oil and natural gas reserves. Some provinces of Argentina, including La Pampa, Neuquén and Chubut, have created provincial government-owned companies to develop activities in the oil and gas industry. Energía Argentina S.A. (ENARSA), the Argentine state-owned energy company, has also entered the market, particularly in the context of offshore exploration. Considering such competition and the entry of companies owned by the Argentine provinces, the conditions under which we are able to access new exploratory or productive areas could be adversely affected.

We may incur significant costs and liabilities related to environmental, health and safety matters

Our operations, like those of other companies in the oil and gas industry, are subject to a wide range of environmental, health and safety laws and regulations in the countries in which we operate. These laws and regulations have a substantial impact on our operations and those of our subsidiaries, and could result in material adverse effects on our financial position and results of operation. A number of events related to environmental, health and safety matters, including changes in applicable laws and regulations, adverse judicial or administrative interpretations of such laws and regulations, changes in enforcement policy, the occurrence of new litigation or development of pending litigation, and the development of information concerning these matters, could result in new or increased liabilities, capital expenditures, reserves, losses and other impacts that could have a material adverse effect on our financial condition and results of operations. See "Business Legal Proceedings," "Regulatory Framework and Relationship with the Argentine Government—Argentine Environmental Regulations" and "—U.S. Environmental Regulations." Environmental, health and safety regulation and jurisprudence in Argentina is developing at a rapid pace and no assurance can be provided that such developments will not increase our cost of doing business and liabilities.

The cessation of natural gas deliveries from Bolivia may have a material adverse effect on our long-term natural gas supply commitments

We rely on imports of natural gas from Bolivia pursuant to the framework agreement between the Bolivian and Argentine governments (the "Framework Agreement") . See "Business Production—Natural gas marketing." The current delivery capacity from Bolivia is 7.7mmcm/d, and the delivery of volumes exceeding 7.7mmcm/d is subject to the construction of the North East Pipeline, which has not yet commenced. Bolivian natural gas imports pursuant to the Framework Agreement are performed under a gas supply agreement between YPFB and ENARSA, which establishes a guaranteed delivery volume of 4.6mmcm/d. The price charged by Bolivia pursuant to the Framework Agreement was approximately U.S.$6/mmBtu in December 2007. We have entered into a gas supply contract with ENARSA to buy a portion of such gas (with a guaranteed volume of 2.6mmcm/d) through December 31, 2009 at a price of approximately U.S.$1.8/mmBtu. The difference between our contractual price and cost of the natural gas purchased pursuant to the Framework Agreement is currently absorbed by ENARSA and financed by the Argentine government with the collection of export duties on natural gas.

Any suspension of natural gas deliveries from Bolivia under these contracts, or an increase in the subsidized price of gas currently charged by ENARSA, could have a material adverse effect on our financial condition and results of operations, including our inability to provide gas to certain clients, since we plan to fulfill our supply contracts of natural gas in part through import volumes from Bolivia.

We are party to a number of legal proceedings

As described under “Business—Legal Proceedings,” we are party to a number of labor, commercial, civil, tax, criminal, environmental and administrative proceedings that, either alone or in combination with other proceedings, could, if resolved in whole or in part adversely to us, result in the imposition of material costs, fines, judgments or other losses. While we believe that we have provisioned such risks appropriately based on the opinions and advice of our external legal advisors and in accordance with applicable accounting rules, certain loss contingencies, particularly those relating to environmental matters, are subject to change as new information develops and it is possible that losses resulting from such risks, if proceedings are decided in whole or in part adversely to us, could significantly exceed any reserves we have established.

Our business depends to a significant extent on our production and refining facilities and logistics network

Our oil and natural gas field facilities, refineries and logistics network are our principal production facilities and distribution network on which a significant portion of our revenues depends. Although we insure our properties on terms we consider prudent and have adopted and maintain safety measures, any significant damage to, accident or other production stoppage at such facilities could materially and adversely affect our production capabilities, financial condition and results of operations.

We could be subject to organized labor action

Although we consider our current relations with our workforce to be good, we have experienced organized work disruptions and stoppages in the past and we cannot assure you that we will not experience them in the future, which could adversely affect our business and revenues.

Risks Relating to Our Class D Shares and ADSs

Repsol YPF controls a significant majority of our shares and voting rights

Subject to the terms of the shareholders' agreement and the option agreements (see "Selling Shareholders"), Repsol YPF will continue to control a significant majority of our capital stock and voting rights and Petersen Energía will continue to control approximately 15% of our shares and voting rights. Pursuant to a shareholders' agreement entered into between Repsol YPF, certain affiliates of Repsol YPF and Petersen Energía, such parties have agreed the way some decisions are going to be taken with respect to certain matters. Repsol YPF will be able to determine substantially all other matters requiring approval by a majority of our shareholders, including the election of a majority of our directors. Subject to the terms of the shareholders'agreement, Repsol YPF will also direct our operations and may be able to cause or prevent a change in our control. See "Selling Shareholders Shareholders' Agreement." Repsol YPF's and Petersen Energía's interests may differ from those of our other shareholders.

Certain strategic transactions require the approval of the holder of our Class A shares or may entail a cash tender offer for all of our outstanding capital stock

Under our bylaws, the approval of the holder of our Class A shares is required to undertake certain strategic transactions, including a merger, an acquisition that results in the purchaser holding 15% or more of our capital stock or an acquisition that results in the purchaser holding a majority of our capital stock. The interests of our Class A shareholder, the Argentine government, may differ from those of our other shareholders, and, as result, we may not be able to undertake certain transactions on terms that are advantageous to our other shareholders or at all.

In addition, under our bylaws, an acquisition that results in the purchaser holding 15% or more of our capital stock would require such purchaser to make a public cash tender offer for all of our outstanding shares and convertible securities, which could discourage certain investors from acquiring significant stakes in our capital stock. See "Description of Capital Stock—Certain Provisions Relating to Acquisitions of Shares."

Active markets may not develop for our Class D shares or the ADSs

As of the date of this prospectus, less than 1% of our capital stock is held by non-affiliates. As a result, the public markets for our Class D shares and ADSs have had limited trading volume. Although the ADSs will continue to be listed on the NYSE and the underlying Class D shares will continue to be listed on the BASE, we cannot assure you that more active and liquid markets will develop or of the price at which the Class D shares or the ADSs may be sold.

Restrictions on the movement of capital out of Argentina may impair your ability to receive dividends and distributions on, and the proceeds of any sale of, the Class D shares underlying the ADSs

Argentine law currently permits the government to impose temporary restrictions on capital movements in circumstances where a serious imbalance develops in Argentina's balance of payments or where there are reasons to foresee such an imbalance. Although the transfer of funds abroad in order to pay dividends currently does not require Central Bank approval, restrictions on the movement of capital to and from Argentina such as those that previously existed during the recent economic crisis could, if reinstated, impair or prevent the conversion of dividends, distributions, or the proceeds from any sale of Class D shares, as the case may be, from pesos into U.S. dollars and the remittance of the U.S. dollars abroad. We cannot assure you that the Argentine government will not take such measures in the future.

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

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

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

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

Repsol YPF owns Class D shares and ADSs representing a significant majority of our capital stock (which may be reduced by approximately 10% if the Petersen Options described under "Selling Shareholders" are exercised). Petersen Energía owns ADSs representing up to approximately 15% of our capital stock (which may be increased up to approximately 25% if the Petersen Options described under "Selling Shareholders" are exercised). In addition, as described in greater detail under "Selling Shareholders—Registration Rights and Related Agreements," we have undertaken to maintain this shelf registration statement effective for the benefit of the lenders under the senior secured term loan facility provided to Petersen Energía to enable it to enter into the Petersen Transaction. The lenders under the senior secured term loan facility, upon the acceleration of such facility following the occurrence and continuation of an event of default under such facility, will be able to freely sell up to approximately 15% of our outstanding capital stock (which may be increased to approximately 25% if the Petersen Options described under "Selling Shareholders" are exercised) under this shelf registration statement. In addition, under the shareholders' agreement, Repsol YPF and Petersen Energía have agreed that Repsol YPF may engage in a public stock offering of at least 10% of our outstanding capital stock and Repsol YPF has filed a registration statement covering 20% of our capital stock to be offered in such offering, which may occur before or after the sale of any securities covered by this registration statement. Sales of a substantial number of Class D shares or ADSs by Repsol YPF, Petersen Energía, such lenders or any other significant shareholder, or the anticipation of such sales, could decrease the trading price of our Class D shares and the ADSs. See "Selling Shareholders."

You may be unable to exercise preemptive, accretion or other rights with respect to the Class D shares underlying your ADSs

You may not be able to exercise the preemptive or accretion rights relating to the shares underlying your ADSs (see "Description of Capital Stock—Preemptive and Accretion Rights") unless a registration statement under the U.S. Securities Act of 1933 (the "Securities Act") is effective with respect to those rights or an exemption from the registration requirements of the Securities Act is available. We are not obligated to file a registration statement with respect to the shares relating to these preemptive rights, and we cannot assure you that we will file any such registration statement. Unless we file a registration statement or an exemption from registration is available, you may receive only the net proceeds from the sale of your preemptive rights by the depositary or, if the preemptive rights cannot be sold, they will be allowed to lapse. As a result, U.S. holders of Class D shares or ADSs may suffer dilution of their interest in our company upon future capital increases.

In addition, under the Argentine Corporations Law, foreign companies that own shares in an Argentine corporation are required to register with the Superintendency of Corporations (Inspección General de Justicia, or "IGJ") in order to exercise certain shareholder rights, including voting rights. If you own our Class D shares directly (rather than in the form of ADSs) and you are a non-Argentine company and you fail to register with IGJ, your ability to exercise your rights as a holder of our Class D shares may be limited.

You may be unable to exercise voting rights with respect to the Class D shares underlying your ADSs at our shareholders' meetings

The depositary will be treated by us for all purposes as the shareholder with respect to the shares underlying your ADSs. As a holder of ADRs representing the ADSs being held by the depositary in your name, you will not have direct shareholder rights and may exercise voting rights with respect to the Class D shares represented by the ADSs only in accordance with the deposit agreement relating to the ADSs. There are no provisions under Argentine law or under our bylaws that limit the exercise by ADS holders of their voting rights through the depositary with respect to the underlying Class D shares. However, there are practical limitations on the ability of ADS holders to exercise their voting rights due to the additional procedural steps involved in communicating with these holders. For example, holders of our shares will receive notice of shareholders' meetings through publication of a notice in an official gazette in Argentina, an Argentine newspaper of general circulation and the bulletin of the Buenos Aires Stock Exchange, and will be able to exercise their voting rights by either attending the meeting in person or voting by proxy. ADS holders, by comparison, will not receive notice directly from us. Instead, in accordance with the deposit agreement, we will provide the notice to the depositary. If we ask it to do so, the depositary will mail to holders of ADSs the notice of the meeting and a statement as to the manner in which instructions may be given by holders. To exercise their voting rights, ADS holders must then instruct the depositary as to voting the Class D shares represented by their ADSs. Due to these procedural steps involving the depositary, the process for exercising voting rights may take longer for ADS holders than for holders of Class D shares, and Class D shares represented by ADSs may not be voted as you desire. Class D shares represented by ADSs for which the depositary fails to receive timely voting instructions may, if requested by us, be voted as we instruct at the corresponding meeting.

Shareholders outside of Argentina may face additional investment risk from currency exchange rate fluctuations in connection with their holding of our Class D shares or the ADSs

We are an Argentine company and any future payments of dividends on our Class D shares will be denominated in pesos. The peso has historically fluctuated significantly against many major world currencies, including the U.S. dollar. A depreciation of the peso would likely adversely affect the U.S. dollar or other currency equivalent of any dividends paid on our Class D shares and could result in a decline in the value of our Class D shares and the ADSs as measured in U.S. dollars.

USE OF PROCEEDS

We will not receive any proceeds from the sale of any Class D shares or ADSs by the selling shareholders.

EXCHANGE RATES AND CONTROLS

Exchange Rates

From April 1, 1991 until the end of 2001, the Convertibility Law established a fixed exchange rate under which the Central Bank was obligated to sell U.S. dollars at one peso per U.S. dollar. On January 6, 2002, the Argentine Congress enacted the Public Emergency Law, formally putting an end to the Convertibility Law regime and abandoning over 10 years of U.S. dollar-peso parity. The Public Emergency Law, which has been extended until December 31, 2008, grants the executive branch of the Argentine government the power to set the exchange rate between the peso and foreign currencies and to issue regulations related to the foreign exchange market. Following a brief period during which the Argentine government established a temporary dual exchange rate system pursuant to the Public Emergency Law, the peso has been allowed to float freely against other currencies since February 2002 although the government has the power to intervene by buying and selling foreign currency for its own account, a practice in which it engages on a regular basis.

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

	Low	High	Average	Period End
		(pesos per U.S. dollar)		
Year ended December 31,				
2003	2.76	3.35	2.94(1)	2.93
2004	2.80	3.06	2.94(1)	2.98
2005	2.86	3.04	2.90(1)	3.03
2006	3.03	3.10	3.07(1)	3.06
2007	3.05	3.18	3.12(1)	3.15
Month				
September 2007	3.13	3.17	3.15	3.15
October 2007	3.15	3.18	3.16	3.15
November 2007	3.12	3.15	3.14	3.15
December 2007	3.13	3.15	3.14	3.15
January 2008	3.13	3.16	3.14	3.16
February 2008	3.15	3.17	3.16	3.16
March 2008(2)	3.15	3.16	3.16	3.15

Source: Banco Central de la República Argentina

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

(2) Through March 6, 2008.

No representation is made that peso amounts have been, could have been or could be converted into U.S. dollars at the foregoing rates on any of the dates indicated.

Exchange Controls

Prior to December 1989, the Argentine foreign exchange market was subject to exchange controls. From December 1989 until April 1991, Argentina had a freely floating exchange rate for all foreign currency transactions, and the transfer of dividend payments in foreign currency abroad and the repatriation of capital were permitted without prior approval of the Central Bank. From April 1, 1991, when the Convertibility Law became effective, until December 21, 2001, when the Central Bank closed the foreign exchange market, the Argentine currency was freely convertible into U.S. dollars.

On December 3, 2001, the Argentine government imposed a number of monetary and currency exchange control measures through Decree 1570/01, which included restrictions on the free disposition of funds deposited with banks and tight restrictions on transferring funds abroad (including the transfer of funds to pay dividends) without the Central Bank's prior authorization subject to specific exceptions for transfers related to foreign trade. Since January 2003, the Central Bank has gradually eased these restrictions and expanded the list of transfers of funds abroad that do not require its prior authorization (including the transfer of funds to pay dividends). In June 2003, the Argentine government set restrictions on capital flows into Argentina, which mainly consisted of a prohibition against the transfer abroad of any funds until 180 days after their entry into the country. In June 2005, the government established further restrictions on capital flows into Argentina, including increasing the period that certain incoming funds must remain in Argentina to 365 calendar days and requiring that 30% of incoming funds be deposited with a bank in Argentina in a non-assignable, non-interest-bearing account for 365 calendar days. Under the exchange regulations currently in force, restrictions exist in respect of the repatriation of funds or investments by non-Argentine residents. For instance, subject only to limited exceptions, the repatriation by non-Argentine residents of funds received as a result of the sale of the Class D shares in the secondary market is subject to a limit of U.S.$500,000 per person per calendar month. In order to repatriate such funds abroad, non-Argentine residents also are required to demonstrate that the funds used to make the investment in the Class D shares were transferred to Argentina at least 365 days before the proposed repatriation. The transfer abroad of dividend payments is currently authorized by applicable regulations to the extent that such dividend payments are made in connection with audited financial statements and are approved by a shareholders' meeting.

MARKET INFORMATION

Shares and ADSs

New York Stock Exchange

The ADSs, each representing one Class D Share, are listed on the NYSE under the trading symbol "YPF." The ADSs began trading on the NYSE on June 28, 1993, and were issued by The Bank of New York as depositary (the "Depositary").

The following table sets forth, for the five most recent full financial years and for the current financial year, the high and low closing prices in U.S. dollars of our ADSs on the NYSE:

	High	Low
2003	37.35	12.99
2004	44.00	35.95
2005	69.20	43.20
2006	57.38	37.00
2007	50.10	34.37
2008(1)	44.74	37.10

(1) Through March 6, 2008.

The following table sets forth, for each quarter of the most recent two financial years and the high and low closing prices in U.S. dollars of our ADSs on the NYSE.

	High	Low
2006:		
First Quarter	57.38	51.92
Second Quarter	55.00	37.00
Third Quarter	45.45	40.01
Fourth Quarter	51.49	42.75
2007:		
First Quarter	50.10	41.14
Second Quarter	46.41	41.42
Third Quarter	45.91	34.37
Fourth Quarter	44.97	37.02
2008:		
First Quarter(1)	44.74	37.10

(1) Through March 6, 2008.

The following table sets forth, for each of the most recent six months and for the current month, the high and low closing prices in U.S. dollars of our ADSs on the NYSE.

	High	Low
2007:		
September	39.54	36.60
October	44.97	38.70

November	43.88	37.32
December	43.15	37.02
2008:		
January	44.74	37.10
February	43.08	37.60
March(1)	40.25	39.00

(1) Through March 6, 2008.

As of December 31, 2007 there were approximately 224.7 million ADSs outstanding and approximately 93 holders of record of ADSs. Such ADSs represented approximately 57.10% of the total number of issued and outstanding Class D shares as of December 2007. Repsol YPF was the holder of 222.8 million of our ADSs at that date.

Buenos Aires Stock Market

The Buenos Aires Stock Market is the principal Argentine market for trading the ordinary shares.

The Buenos Aires Stock Market (Mercado de Valores de Buenos Aires, or "MERVAL") is the largest stock market in Argentina and is affiliated with the BASE. MERVAL is a corporation consisting of 133 shareholders who are the sole individuals or entities authorized to trade, either as principals or agents, in the securities listed on the BASE. Trading on the BASE is conducted either through the traditional auction system from 11 a.m. to 6 p.m. on trading days, or through the Computer-Assisted Integrated Negotiation System (Sistema Integrado de Negociación Asistida por Computación, or "SINAC"). SINAC is a computer trading system that permits trading in both debt and equity securities and is accessed by brokers directly from workstations located in their offices. Currently, all transactions relating to listed negotiable obligations and listed government securities can be effectuated through SINAC. In order to control price volatility, MERVAL imposes a 15-minute suspension on trading when the price of a security registers a variation in price between 10% and 15% and between 15% and 20%. Any additional 5% variation in the price of a security will result in an additional 10-minute successive suspension period.

Investors in the Argentine securities market are mostly individuals and companies. Institutional investors, which are responsible for a growing percentage of trading activity, consist mainly of institutional pension funds created under the amendments to the social security laws enacted in late 1993.

Certain information regarding the Argentine equities market is set forth in the table below.

	2006	2005	2004	2003
Market capitalization (in billions of pesos)(1)	1,229	771	690	542
As percent of GDP(1)	183.4%	163%	152%	205%
Volume (in millions of pesos)	131,984	145,535	82,099	84,496
Average daily trading volume (in millions of pesos)	574.83	577.52	376.26	339.34
Number of listed companies(1)	106	106	106	110

(1) End-of-period figures for trading on the BASE.

Source: CNV and Instituto Argentino de Mercado de Capitales.

The following table sets forth, for the five most recent full financial years and for the current financial year, the high and low prices in Argentine pesos of our Class D shares on the Buenos Aires Stock Market:

	High	Low
2003	110.00	43.75
2004	130.00	103.00
2005	205.00	128.00
2006	177.50	115.00
2007	153.00	110.90

2008(1)	140.00	118.00

(1) Through March 6, 2008.

The following table sets forth, for each quarter of the most recent two financial years, the high and low prices in Argentine pesos of our Class D shares on the Buenos Aires Stock Market.

	High	Low
2006:		
First Quarter	177.50	159.50
Second Quarter	168.00	115.00
Third Quarter	141.00	123.50
Fourth Quarter	152.95	131.00
2007:		
First Quarter	153.00	126.00
Second Quarter	143.50	127.00
Third Quarter	143.50	107.80
Fourth Quarter	142.00	118.00
2008:		
First Quarter(1)	140.00	118.00

(1) Through March 6, 2008.

The following table sets forth, for each of the most recent six months and for the current month, the high and low prices in Argentine pesos of our Class D shares on the Buenos Aires Stock Market.

	High	Low
2007:		
September	127.80	117.00
October	145.00	122.25
November	141.25	118.50
December	121.00	116.00
2008:		
January	140.00	118.00
February	137.00	120.00
March(1)	130.00	125.00

(1) Through March 6, 2008.

As of December 31, 2007, there were approximately 8,336 holders of Class D shares.

Stock Exchange Automated Quotations System International

The ADSs are also quoted on the Stock Exchange Automated Quotations System International.

Argentine Securities Market

The securities market in Argentina is composed of 10 stock exchanges, which are located in the City of Buenos Aires, Bahía Blanca, Corrientes, Córdoba, La Plata, La Rioja, Mendoza, Rosario, Santa Fe, and Tucumán. Five of these exchanges (the BASE, Rosario, Córdoba, Mendoza, and Santa Fe) have affiliated stock markets and, accordingly, are authorized to quote publicly offered securities. Securities listed on these exchanges include corporate equity and bonds and government securities.

The BASE is the principal and longest-established exchange in Argentina and is currently the fourth largest exchange in Latin America in terms of market capitalization. The BASE began operating in 1854 and accounts for approximately 95% of all equity trading in Argentina. Bonds listed on the BASE may simultaneously be listed on the

Argentine over-the-counter market (Mercado Abierto Electrónico, or "MAE"), pursuant to an agreement between BASE and MAE that stipulates that equity securities are to be traded exclusively on the BASE, while debt securities (both public and private) may be traded on both the MAE and the BASE. In addition, through separate agreements with the BASE, all of the securities listed on the BASE may be listed and subsequently traded on the Córdoba, Rosario, Mendoza, La Plata and Santa Fe exchanges, by virtue of which many transactions originating on these exchanges relate to BASE-listed companies and are subsequently settled in Buenos Aires. Although companies may list all of their capital stock on the BASE, controlling shareholders in Argentina typically retain the majority of a company's capital stock, resulting in a relatively small percentage of active trading of the companies' stock by the public on the BASE.

Argentina's equity markets have historically been composed of individual investors, though in recent years there has been an increase in the level of investment by banks and insurance companies in these markets. The participation of Argentine pension funds represents an increasing percentage of the BASE market; however, Argentine mutual funds (fondos comunes de inversión) continue to have very low participation. As of December 31, 2007, 109 companies had equity securities listed on the BASE, of which the 10 most traded companies accounted for approximately 78.1% of the total market capitalization during 2007.

Regulation of the Argentine securities market

The Argentine securities market is regulated and overseen by the CNV, pursuant to Law No. 17,811, as amended, which, in addition to having created the CNV, governs the regulation of security exchanges, as well as stockbroker transactions, market operations, the public offering of securities, corporate governance matters relating to public companies and the trading of futures and options. Argentine pension funds and insurance companies are regulated by separate government agencies, whereas financial institutions are regulated primarily by the Central Bank.

In Argentina, debt and equity securities traded on an exchange or the over-the-counter market must, unless otherwise instructed by their shareholders, be deposited with Stock Exchange Incorporated (Caja de Valores S.A.), a corporation owned by the BASE, MERVAL and certain provincial exchanges. Stock Exchange Incorporated is the central securities depositary of Argentina and provides central depositary facilities, as well as acting as a clearinghouse for securities trading and as a transfer and paying agent for securities transactions. Additionally, it handles the settlement of securities transactions carried out by the BASE and operates SINAC.

Despite a change in the legal framework of Argentine securities trading in the early 1990s, which permitted the issuance and trading of new financial products in the Argentine capital markets, including commercial paper, new types of corporate bonds and futures and options, there is still a relatively low level of regulation of the market for Argentine securities and investors' activities in such markets and enforcement of them has been extremely limited. Because of the limited exposure and regulation in these markets, there may be less publicly available information about Argentine companies than is regularly published by or about companies in the United States and certain other countries. However, the CNV has taken significant steps to strengthen disclosure and regulatory standards for the Argentine securities market, including the issuance of regulations prohibiting insider trading and requiring insiders to report on their ownership of securities, with associated penalties for noncompliance.

In order to improve Argentine securities market regulation, the Argentine government issued Decree No. 677/01 on June 1, 2001 (the "Transparency Decree"), which provided certain guidelines and provisions relating to capital markets transparency and best practices. The Transparency Decree applies to individuals and entities that participate in the public offering of securities, as well as to stock exchanges. Among its key provisions, the decree broadens the definition of a "security," governs the treatment of negotiable securities, obligates publicly listed companies to form audit committees composed of three or more members of the Board of Directors (the majority of whom must be independent under CNV regulations), authorizes market stabilization transactions under certain circumstances, governs insider trading, market manipulation and securities fraud and regulates going-private transactions and acquisitions of voting shares, including controlling stakes in public companies.

Before offering securities to the public in Argentina, an issuer must meet certain requirements established by the CNV with regard to the issuer's assets, operating history and management. Only securities approved for a public offering by the CNV may be listed on a stock exchange. However, CNV approval does not imply any kind of certification as to the quality of the securities or the solvency of the issuer, even though issuers of listed securities are required to file unaudited quarterly financial statements and audited annual financial statements and various other periodic reports with the CNV and the stock exchange on which their securities are listed, as well as to report to the CNV and the relevant stock exchange any event related to the issuer and its shareholders that may affect materially the value of the securities traded.

Money laundering regulations

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

Argentine Law No. 25,246 (as amended by Law No. 26,087 and Law 26,119) categorizes money laundering as a crime under the Argentine Criminal Code and created the Unidad de Información Financiera (“UIF”), an agency of the Ministry of Justice and Human Rights of Argentina responsible for investigating questionable transactions. The Argentine Criminal Code defines money laundering as the exchange, transfer, management, sale or any other use of money or other assets obtained through a crime, by a person who did not take part in such crime, with the possible result that such original assets (or new asset resulting from such original asset) have the appearance of having been obtained through legitimate sources, provided that the aggregate value of the assets exceeded Ps.50,000, whether such amount results from one or more connected transactions.

The money laundering legal framework assigns control and information reporting duties to certain private sector entities, including banks, broker-dealers, trading companies and insurance companies, in many cases according to highly general criteria. According to the rules of the Guide to Unusual or Questionable Financial and Foreign Exchange Transactions (Guía de Transacciones Inusuales o Sospechosas en la Órbita del Sistema Financiero y Cambiario) approved by Resolution No. 2/2002 of the UIF (as amended), such entities have an obligation to notify the UIF of transactions falling into the following general categories: (a) investments in securities in amounts significantly exceeding the amounts normally invested by a particular investor, taking the business of the investor into account; (b) deposits or back-to-back loans in jurisdictions known as tax havens; (c) requests for asset management services where the origin of funds is not certain, is unclear or does not relate to the business of the investor; (d) unusual transfers of large amounts of securities or interests; (e) unusual and frequent use of special investment accounts; and (f) frequent purchases and sales of securities during the same day for the same amount and volume, when such transactions seem unusual and inadequate considering the business of the investor.

CAPITALIZATION

The following table sets forth our indebtedness, shareholders' equity and total capitalization as of September 30, 2007. You should read this table in conjunction with the information under "Selected Financial and Operating Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the related notes included elsewhere in this prospectus.

	As of September 30, 2007	
	(in millions of U.S. dollars)(1)	(in millions of pesos)
Short-term indebtedness	175	551
Long-term indebtedness	166	523
Total shareholders' equity	7,922	24,955
Total capitalization	8,263	26,029

(1) U.S. dollar amounts are based on the exchange rate at September 28, 2007 of Ps.3.15 to U.S.$1.00 (the last rate quoted in September 2007).

SELECTED FINANCIAL AND OPERATING DATA

The following tables present our selected financial and operating data. You should read this information in conjunction with our audited and unaudited financial statements and related notes, and the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. All financial data included in this prospectus as of September 30, 2007 and for the nine-month periods ended September 30, 2007 and 2006 is unaudited. Results for the nine-month period ended September 30, 2007 are not necessarily indicative of results to be expected for the full year 2007 or any other period.

The financial data as of December 31, 2006, 2005 and 2004 and for the years then ended is derived from our audited consolidated financial statements (the "Audited Consolidated Financial Statements"), which are included in our annual report on Form 20-F for the year ended December 31, 2006 incorporated by reference in this prospectus. The financial data as of September 30, 2007 and for the nine-month periods ended September 30, 2007 and 2006 is derived from our unaudited individual and consolidated interim financial statements (the "Unaudited Individual and Consolidated Interim Financial Statements") included elsewhere in this prospectus. The Unaudited Individual and Consolidated Interim Financial Statements reflect all adjustments which, in the opinion of our management, are necessary to present the financial statements for such periods on a consistent basis with the Audited Consolidated Financial Statements. The financial data as of and for the years ended December 31, 2003 and 2002 is derived from our audited financial statements, which are neither included nor incorporated by reference in this prospectus. Our audited and unaudited financial statements have been prepared in accordance with generally accepted accounting principles in Argentina, which we refer to as Argentine GAAP and which differ in certain significant respects from generally accepted accounting principles in the United States, which we refer to as U.S. GAAP. Notes 13, 14 and 15 to our Audited Financial Statements provide a description of the significant differences between Argentine GAAP and U.S. GAAP, as they relate to us, and a reconciliation to U.S. GAAP of net income and shareholders' equity as of December 31, 2006, 2005 and 2004 and for the years then ended. Notes 5, 6 and 7 to our Unaudited Individual and Consolidated Interim Financial Statements included elsewhere in this prospectus provide a description of the significant differences between Argentine GAAP and U.S. GAAP, as they relate to us, and a reconciliation to U.S. GAAP of net income for the nine-month periods ended September 30, 2007 and 2006 and shareholders' equity as of September 30, 2007 and December 31, 2006.

In this prospectus, except as otherwise specified, references to "$," "U.S.$" and "dollars" are to U.S. dollars, and references to "Ps." and "pesos" are to Argentine pesos. Solely for the convenience of the reader, peso amounts as of and for the nine months ended September 30, 2007 and as of and for the year ended December 31, 2006 have been translated into U.S. dollars at the exchange rate quoted by Banco Central de la República Argentina (Banco Central) on September 28, 2007 of Ps.3.15 to U.S.$1.00 (the last quoted rate in September 2007), unless otherwise specified. The exchange rate quoted by Banco Central on March 6, 2008 was Ps. 3.15 to U.S.$1.00. The U.S. dollar equivalent information should not be construed to imply that the peso amounts represent, or could have been or could be converted into U.S. dollars at such rates or any other rate. See "Exchange Rates and Controls."

Certain figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals may not sum due to rounding.

	As of and for Nine-Month Period Ended September 30,		
	2007	2007	2006
	(in millions of U.S.$, except for per share and per ADS data)	(in millions of pesos, except for per share and per ADS data)	
Consolidated Income Statement Data:			
Argentine GAAP(1)			
Net sales(2)(3)	6,625	20,869	19,172
Gross profit	2,207	6,952	7,644
Administrative expenses	(178)	(561)	(490)
Selling expenses	(489)	(1,541)	(1,356)
Exploration expenses	(113)	(356)	(318)
Operating income	1,427	4,494	5,480
Income (Loss) on long-term investments	12	38	27
Other expenses, net	(54)	(171)	(33)
Interest expense	(69)	(216)	(151)
Other financial income (expenses) and holding gains (losses), net	195	615	676
Reversal of impairment of other current assets	22	69	—
Income before income tax	1,533	4,829	5,999
Income tax	(587)	(1,849)	(2,264)
Net income from continuing operations	946	2,980	3,735
Net income	946	2,980	3,735
Earnings per share and per ADS(4)	2.41	7.58	9.50
Dividends per share and per ADS(4) (in pesos)	n.a.	6.00	6.00
Dividends per share and per ADS(4)(5) (in U.S. dollars)	n.a.	1.93	1.97
U.S. GAAP			
Operating income	1,180	3,716	4,855
Net income	748	2,356	3,253
Earnings per share and per ADS(4) (in pesos)	1.90	5.99	8.27
Other Consolidated Financial Data:			
Argentine GAAP(1)			
Fixed assets depreciation	986	3,105	2,628
Cash used in fixed asset acquisitions	1,294	4,076	3,460
Non-GAAP			
EBITDA(6)	2,505	7,891	8,528
EBITDA margin(7)	n.a.	0.38	0.44

	As of September 30, 2007	
	(in millions of U.S.$)	(in millions of pesos)
Consolidated Balance Sheet Data:		
Argentine GAAP(1)		
Cash	34	106
Working capital	1,317	4,147
Total assets	11,475	36,146

Total debt(8)	341	1,074
Shareholders' equity(9)	7,922	24,955
U.S. GAAP		
Total assets	12,257	38,610
Shareholders' equity(9)	8,889	28,000

(1) The financial statements reflect the effect of changes in the purchasing power of money by the application of the method for restatement in constant Argentine pesos set forth in Technical Resolution No. 6 of the F.A.C.P.C.E. and taking into consideration General Resolution No. 441 of the CNV, which established the discontinuation of the restatement of financial statements in constant Argentine pesos as from March 1, 2003. See Note 1 to YPF S.A.'s individual financial statements included in the Unaudited Individual and Consolidated Interim Financial Statements.

(2) Includes Ps.999 million for the nine-month period ended September 30, 2007 and Ps.1,053 million for the nine-month period ended September 30, 2006 corresponding to the proportional consolidation of the net sales of investees controlled jointly by us and third parties.

(3) Net sales are net to us after payment of a fuel transfer tax, turnover tax and customs duties on hydrocarbon exports. Royalties with respect to our production are accounted for as a cost of production and are not deducted in determining net sales (see Note 2(g) to YPF Sociedad Anónima's individual financial statements included in the Unaudited Individual and Consolidated Interim Financial Statements).

(4) Information has been calculated based on outstanding capital stock of 393,312,793 shares. Each ADS represents one Class D share. There were no differences between basic and diluted earnings per share and ADS for any of the years disclosed.

(5) Amounts expressed in U.S. dollars are based on the exchange rate as of the date of payment. For periods in which more than one dividend payment was made, the amounts expressed in U.S. dollars are based on exchange rates at the date of each payment.

(6) EBITDA is calculated by excluding interest gains on assets, interest losses on liabilities, income tax and depreciation of fixed assets from our net income. For a reconciliation of EBITDA to net income, see "—EBITDA reconciliation."

(7) EBITDA margin is calculated by dividing EBITDA by our net sales.

(8) Total debt under Argentine GAAP includes nominal amounts of long-term debt of Ps.523 million as of September 30, 2007.

(9) Our subscribed capital as of September 30, 2007 is represented by 393,312,793 shares of common stock and divided into four classes of shares, with a par value of Ps.10 and one vote per share. These shares are fully subscribed, paid-in and authorized for stock exchange listing.

	As of and for Year Ended December 31,					
	2006	2006	2005(1)	2004(1)	2003(2)	2002(2)
	(in millions of U.S.$, except for per share and per ADS data)			(in millions of pesos, except for per share and per ADS data)		
Consolidated Income Statement Data:						
Argentine GAAP(3)						
Net sales(4)(5)	8,138	25,635	22,901	19,931	17,514	17,050
Gross profit	3,116	9,814	11,643	10,719	9,758	8,424
Administrative expenses	(214)	(674)	(552)	(463)	(378)	(411)
Selling expenses	(570)	(1,797)	(1,650)	(1,403)	(1,148)	(1,077)
Exploration expenses	(146)	(460)	(280)	(382)	(277)	(240)
Operating income	2,185	6,883	9,161	8,471	7,955	6,696

Income (Loss) on long-term investments	58	183	39	154	150	(450)
Amortization of goodwill	—	—	—	—	—	(13)
Other expenses, net	(65)	(204)	(545)	(981)	(152)	(245)
Interest expense	(68)	(213)	(459)	(221)	(252)	(679)
Other financial income (expenses) and holding gains (losses), net	212	667	561	359	202	(2,312)
Income (Loss) from sale of long-term investments	3	11	15	—	—	690
Impairment of other current assets	(22)	(69)	—	—	—	—
Income before income tax	2,304	7,258	8,772	7,782	7,903	3,687
Income tax	(889)	(2,801)	(3,410)	(3,017)	(3,290)	(58)
Net income from continuing operations	1,415	4,457	5,362	4,765	4,613	3,629
Income (Loss) on discontinued operations	—	—	—	3	15	(13)
Income from sale of discontinued operations	—	—	—	139	—	—
Net income	1,415	4,457	5,362	4,907	4,628	3,616
Earnings per share and per ADS(6)	3.60	11.33	13.63	12.48	11.77	9.19
Dividends per share and per ADS(6) (in pesos)	n.a.	6.00	12.40	13.50	7.60	4.00
Dividends per share and per ADS(6)(7) (in U.S. dollars)	n.a.	1.97	4.24	4.70	2.62	1.12
U.S. GAAP						
Operating income	1,786	5,626	8,065	6,550	7,567	5,173
Net income	1,164	3,667	5,142	4,186	4,435	3,498
Earnings per share and per ADS(6) (in pesos)	n.a.	9.32	13.07	10.64	11.28	8.89

	As of and for Year Ended December 31,					
	2006	2006	2005(1)	2004(1)	2003(2)	2002(2)
	(in millions of U.S.$, except for per share and per ADS data)			(in millions of pesos, except for per share and per ADS data)		
Consolidated Balance Sheet Data:						
Argentine GAAP(3)						
Cash	37	118	122	492	355	309
Working capital	1,557	4,905	2,903	3,549	4,001	4,063
Total assets	11,236	35,394	32,224	30,922	32,944	31,756
Total debt(8)	452	1,425	1,453	1,930	2,998	5,552
Shareholders' equity(9)	7,729	24,345	22,249	21,769	22,534	20,896
U.S. GAAP(3)						
Total assets	11,761	37,046	34,748	32,540	34,125	36,280
Shareholders' equity(2)	8,330	26,241	24,254	23,506	24,334	26,303
Other Consolidated Financial Data:						
Argentine GAAP						
Fixed assets depreciation	1,180	3,718	2,707	2,470	2,307	2,161
Cash used in fixed asset acquisitions	1,588	5,002	3,722	2,867	2,418	2,898
Non-GAAP						
EBITDA(10)	3,445	10,851	11,717	10,449	10,245	6,255
EBITDA margin(11)	n.a.	0.42	0.51	0.52	0.58	0.37

(1) Consolidated income and balance sheet data for the years ended December 31, 2005 and 2004 set forth above include the retroactive effect from the application of new accounting rules in Argentina (see Note 1(b) to the Audited Consolidated Financial Statements).

(2) Consolidated income and balance sheet data for the years ended December 31, 2003 and 2002 set forth above do not include the retroactive effect from the application of new accounting rules in Argentina (see Note 1(b) to the Audited Consolidated Financial Statements).

(3) The financial statements reflect the effect of changes in the purchasing power of money by the application of the method for restatement in constant Argentine pesos set forth in Technical Resolution No. 6 of the F.A.C.P.C.E. and taking into consideration General Resolution No. 441 of the CNV, which established the discontinuation of the restatement of financial statements in constant Argentine pesos as from March 1, 2003. See Note 1 to the Audited Consolidated Financial Statements.

(4) Includes Ps.1,451 million for the year ended December 31, 2006, Ps.1,216 million for the year ended December 31, 2005, Ps.1,122 million for the year ended December 31, 2004, Ps.760 million for the year ended December 31, 2003 and Ps.1,019 million for the year ended December 31, 2002 corresponding to the proportional consolidation of the net sales of investees in which we hold joint control with third parties (see Note 13(b) to the Audited

Consolidated Financial Statements).

(5) Net sales are net to us after payment of a fuel transfer tax, turnover tax and, from 2002, customs duties on hydrocarbon exports. Royalties with respect to our production are accounted for as a cost of production and are not deducted in determining net sales. See Note 2(g) to the Audited Consolidated Financial Statements.

(6) Information has been calculated based on outstanding capital stock of 393,312,793 shares. Each ADS represents one Class D share. There were no differences between basic and diluted earnings per share and ADS for any of the years disclosed.

(7) Amounts expressed in U.S. dollars are based on the exchange rate as of the date of payment. For periods in which more than one dividend payment was made, the amounts expressed in U.S. dollars are based on exchange rates at the date of each payment.

(8) Total debt under Argentine GAAP includes nominal amounts of long-term debt of Ps.510 million as of December 31, 2006, Ps.1,107 million as of December 31, 2005, Ps.1,684 million as of December 31, 2004, Ps.2,085 million as of December 31, 2003 and Ps.3,760 million as of December 31, 2002.

(9) Our subscribed capital as of December 31, 2006 is represented by 393,312,793 shares of common stock and divided into four classes of shares, with a par value of Ps.10 and one vote per share. These shares are fully subscribed, paid-in and authorized for stock exchange listing.

(10) EBITDA is calculated by excluding interest gains on assets, interest losses on liabilities, income tax and depreciation of fixed assets from our net income. For a reconciliation of EBITDA to net income, see "—EBITDA reconciliation."

(11) EBITDA margin is calculated by dividing EBITDA by our net sales.

EBITDA reconciliation

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

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

	For the Nine-Month Period Ended September 30,		For the Year Ended December 31,				
	2007	2006	2006	2005	2004	2003	2002
	(in millions of pesos)						
Net income	2,980	3,735	4,457	5,362	4,907	4,628	3,616
Interest gains on assets	(259)	(250)	(338)	(221)	(166)	(232)	(259)
Interest losses on liabilities	216	151	213	459	221	252	679
Depreciation of fixed assets	3,105	2,628	3,718	2,707	2,470	2,307	2,161
Income tax	1,849	2,264	2,801	3,410	3,017	3,290	58
EBITDA	7,891	8,528	10,851	11,717	10,449	10,245	6,255

Reserves, production and other operating data

The following table presents certain of our reserves, production and other operating data as of or for the periods indicated.

	Nine-Month Period Ended September 30, 2007	Year Ended December 31, 2006	2005	2004
Revisions, extensions, discoveries and improved recovery of proved reserves as of period end(1)				
Oil (mmbbl)	55	29	(153)	13
Gas (bcf)	198	(17)	(325)	(22)
Total (mmboe) expenses	91	27	(212)	10
Proved reserves as of period end				
Oil (mmbbl)	646	680	777	1,064(2)
Gas (bcf)	3,728	4,015	4,683	5,676(2)
Total (mmboe) expenses	1,311	1,396	1,611	2,076(2)
Proved developed reserves as of period end				
Oil (mmbbl)	483	521	604	863(2)
Gas (bcf)	2,430	2,571	3,201	4,045(2)
Total (mmboe) expenses	916	979	1,174	1,582(2)
Average daily production for the period				
Oil (mbbl)	327	346	366	399
Gas (mmcf)	1,778	1,779	1,827	1,926
Total (mboe) expenses	644	663	691	742
Refining capacity				
Capacity (mbbl/d)(3)	320	320	320	320
Retail distribution network as of period end				
Service stations	1,698	1,731	1,794	1,832

(1) See "Business—Exploration and Production—Reserves" for more information about our reserves.

(2) As restated.

(3) Excluding Refinor, which has a refining capacity of 26 mbbl/d and in which we have a 50% interest.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements as of December 31, 2006, 2005 and 2004 and for the years then ended (the "Audited Consolidated Financial Statements"), and our unaudited individual and consolidated interim financial statements as of September 30, 2007 and for the nine-month periods ended September 30, 2007 and 2006 (the "Unaudited Individual and Consolidated Interim Financial Statements").

Overview

We are Argentina's leading energy company, operating a fully integrated oil and gas chain with leading market positions across the domestic upstream and downstream segments. Our upstream operations consist of the exploration, development and production of crude oil, natural gas and liquefied petroleum gas. Our downstream operations include the refining, marketing, transportation and distribution of oil and a wide range of petroleum products, petroleum derivatives, petrochemicals, liquid petroleum gas and bio-fuels. Additionally, we are active in the gas separation and natural gas distribution sectors both directly and through our investments in several affiliated companies. In 2006, we had consolidated net sales of Ps.25,635 million (U.S.$8,138 million) and consolidated net income of Ps.4,457 million (U.S.$1,415 million) and, in the nine months ended September 30, 2007, we had consolidated net sales of Ps.20,869 million (U.S.$6,625 million) and consolidated net income of Ps.2,980 million (U.S.$946 million).

Most of our predecessors were state-owned companies with operations dating back to the 1920s. In November 1992, the Argentine government enacted the Privatization Law (Law No. 24,145), which established the procedures for our privatization. In accordance with the Privatization Law, in July 1993, we completed a worldwide offering of 160 million Class D shares that had previously been owned by the Argentine government. As a result of that offering and other transactions, the Argentine government's ownership interest in our capital stock was reduced from 100% to approximately 20% by the end of 1993.

Since 1999, we have been controlled by Repsol YPF, an integrated oil and gas company headquartered in Spain with global operations. On February 21, 2008, Petersen Energía purchased 58,603,606 of our ADSs, representing 14.9% of our capital stock, from Repsol YPF for U.S.$2,235 million. In addition, Repsol YPF also granted certain affiliates of Petersen Energía options to purchase up to an additional 10.1% of our outstanding capital stock within four years. See "Selling Shareholders." We believe that Petersen Energía's participation in our capital stock and management will strengthen our Argentine ties and expertise.

Upstream Operations

- We operate more than 70 oil and gas fields in Argentina, accounting for approximately 42% of the country's total production of crude oil, excluding natural gas liquids, and approximately 42% of its total natural gas production, including natural gas liquids, in 2007, according to the Argentine Secretariat of Energy.

- We had proved reserves, as estimated as of September 30, 2007, of approximately 646 mmbbl of oil and 3,728 bcf of gas, representing aggregate reserves of 1,311 mmboe.

- In 2006, we produced 126 mmbbl of oil (346 mbbl/d) and 651 bcf of gas (1,779 mmcf/d) and, in the nine months ended September 30, 2007, we produced 89 mmbbl of oil (327 mbbl/d) and 485 bcf of gas (1,778 mmcf/d).

Downstream Operations

- We are Argentina's leading refiner with operations conducted at three wholly owned refineries with combined annual refining capacity of approximately 116 mmbbl (319.5 mbbl/d). We also have a 50% interest in Refinor, a jointly controlled entity operated by Petrobras Energía S.A., which has a refining capacity of 26.1 mbbl/d.

- Our retail distribution network for automotive petroleum products as of September 30, 2007 consisted of 1,698 YPF-branded service stations, which we believe represented approximately 30.9% of all service stations in Argentina.
- We are a leading petrochemical producer in Argentina and in the Southern Cone of Latin America, with operations conducted through our Ensenada plant. In addition, Profertil, a company that we jointly control, is a leading producer of urea in the Southern Cone.

Presentation of Financial Information

We prepare our audited consolidated financial statements in accordance with Argentine GAAP, which differ in certain significant respects from U.S. GAAP. Notes 13, 14 and 15 to the Audited Consolidated Financial Statements and Notes 5, 6 and 7 to the Unaudited Individual and Consolidated Interim Financial Statements provide a summary of the effect of these significant differences on net income and shareholders' equity under Argentine GAAP and U.S. GAAP.

We fully consolidate the results of subsidiaries in which we have a sufficient number of voting shares to control corporate decisions and proportionally consolidate the results of companies that we control jointly. The financial information corresponding to Refinor and Profertil, both jointly controlled entities, includes the last financial information approved by those companies, which in each case corresponds to a date and period ending three months prior to the date of our consolidated financial statements; however, such information, if material, is adjusted according to applicable accounting principles to reflect these companies' results as of the date of the issuance of our consolidated financial statements.

Under Argentine GAAP, we currently are not required to record the effects of inflation in our financial statements. However, because Argentina experienced a high rate of inflation in 2002, with the wholesale price index increasing by approximately 118%, we were required by Decree No. 1269/2002 and CNV Resolution No. 415/2002 to restate our financial statements in constant pesos in accordance with Argentine GAAP. On March 25, 2003, Decree No. 664/2003 rescinded the requirement that financial statements be prepared in constant currency, effective for financial periods on or after March 1, 2003. According to the Argentine statistics and census agency (Instituto Nacional de Estadísticas y Censos, or "INDEC"), the wholesale price index increased 7.9% in 2004, 10.6% in 2005, 7.1% in 2006 and 11.7% during the first nine months of 2007. As a result, our results of operations and financial position may not be directly comparable from period to period. We cannot assure you that in the future we will not be again required to record the effects of inflation in our financial statements (including those covered by the financial statements included in this prospectus) in constant pesos, which may affect the comparability of our results of operations and financial position to those recorded in prior periods. See "—Critical Accounting Policies—U.S. GAAP Reconciliation" for an explanation of how the effect of inflation is treated under U.S. GAAP.

Additionally, certain oil and gas disclosures are included in the Audited Consolidated Financial Statements under the heading "Supplemental information on oil and gas producing activities (unaudited)."

Segment Reporting

We organize our business into the following four segments: (i) exploration and production, which includes exploration and production activities, natural gas and crude oil purchases and sales (including purchases from and sales to third parties and intersegment sales of crude oil, natural gas and its byproducts) and to a lesser extent electric power generation ("Exploration and Production"); (ii) the production, transport and marketing of refined products ("Refining and Marketing"); (iii) the production, transport and marketing of petrochemical products ("Chemical"); and (iv) other activities not falling into the previously described categories ("Corporate and other"), principally including corporate administration costs and assets, construction activities and environmental remediation activities related to YPF

Holdings Inc.

Sales between business segments are made at internal transfer prices established by us, which generally seek to approximate market prices.

Summarized Income Statement

	For the Nine-Month Period Ended September 30,		For the Year Ended December 31,		
	2007	2006	2006	2005	2004
	(in millions of pesos)				
Net sales	20,869	19,172	25,635	22,901	19,931
Cost of sales	(13,917)	(11,528)	(15,821)	(11,258)	(9,212)
Gross profit	6,952	7,644	9,814	11,643	10,719
Administrative expenses	(561)	(490)	(674)	(552)	(463)
Selling expenses	(1,541)	(1,356)	(1,797)	(1,650)	(1,403)
Exploration expenses	(356)	(318)	(460)	(280)	(382)
Operating income	4,494	5,480	6,883	9,161	8,471
Income on long-term investments	38	27	183	39	154
Other expenses, net	(171)	(33)	(204)	(545)	(981)
Financial income, net and holding gains	399	525	454	102	138
Income from sale of long-term investments	—	—	11	15	—
Impairment of other assets	69	—	(69)	—	—
Net income before income tax	4,829	5,999	7,258	8,772	7,782
Income tax	(1,849)	(2,264)	(2,801)	(3,410)	(3,017)
Net income from continuing operations	2,980	3,735	4,457	5,362	4,765
Income on discontinued operations	—	—	—	—	3
Income from sale of discontinued operations	—	—	—	—	139
Net income	2,980	3,735	4,457	5,362	4,907

Factors Affecting Our Operations

Our operations are affected by a number of factors, including:

- the volume of crude oil, oil byproducts and natural gas we produce and sell;
- domestic price limitations;
- export restrictions and domestic supply requirements;
- international prices of crude oil and oil products;
- our capital expenditures;
- inflation and cost increases;
- domestic market demand for hydrocarbon products;

- operational risks;
- taxes, including export taxes;
- capital controls;
- the Argentine peso/U.S. dollar exchange rate;
- dependence on the infrastructure and logistics network used to deliver our products;
- laws and regulations affecting our operations; and
- interest rates.

Our consolidated operating profits and margins have recently trended downwards. This has principally been the result of: production declines and increased asset depreciation principally due to the increasing maturity of our oil and gas fields; increases in other operating costs, due in part to higher domestic demand and local market supply obligations (which required us to purchase certain inputs from third parties); inflation and higher labor costs; and limitations on our ability to offset those increased costs due to, among other things, domestic limitations on the prices at which we sell gas and refined products.

Our operating profit in the nine-month period ended September 30, 2007 decreased 18.0% compared to the corresponding period in 2006 mainly as a result of: our continuing decline in production; increased export taxes; and increasing domestic fuel demand, which, as a result of regulatory requirements, obliged us to decrease exports and import certain products (such as diesel) in order to satisfy domestic demand at substantially lower prices. Domestic prices for diesel, for example, in January 2008, were approximately U.S.$250/cubic meter lower, after tax refunds, than international market prices, ensuring a loss on diesel imports that are used to satisfy domestic diesel demand.

Our operating profit in 2006 decreased 24.9% compared to 2005 mainly as a result of: our decline in production, which led us to purchase more crude oil from third parties in order to maintain our pace of refining activity; increased depreciation of fixed assets resulting from declines in our proved reserves; the imposition of higher export taxes on most refined products; significant increases in imports of diesel at international market prices in order to satisfy domestic demand at substantially lower prices; and limitations on the prices at which we sell gas and refined products in the domestic market.

Our operating profit in 2005 increased 8.1% compared to 2004 mainly because of an increase in domestic prices for our products.

Macroeconomic conditions

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

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

Strong economic growth in the world's developed economies and favorable raw material pricing from 2003 through 2007 paved the way for Argentina's economic recovery. GDP grew by 8.7% in 2003, 9.0% in 2004, 9.2% in 2005, 8.5% in 2006 and 5.8% through September 2007. Public finances both at national and provincial levels recorded a consolidated primary surplus of approximately 5.5% of GDP in 2004, 4.5% in 2005 and 3.5% in 2006. Argentina has also maintained a trade surplus, which from 2003 to 2007 averaged approximately 7% of GDP.

The annual wholesale price index, according to the INDEC, increased by 2% in 2003, 7.9% in 2004, 10.6% in 2005, 7.1% in 2006 and 11.7% through September 2007. The government's main strategy to fight increasing inflation has been the establishment of agreed price controls with private companies.

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

Global macroeconomic conditions have a direct effect on economic conditions in Argentina and, in particular, on Argentine domestic energy consumption trends. Global economic growth remained solid during the first half of 2007, but the downside risks and uncertainty surrounding growth prospects have recently increased. Latin America continued to expand vigorously, driven by strong commodity prices and growing domestic demand. However, there are some signs that the improved fundamentals may erode if certain regulatory policies are not strengthened. Fiscal and external surpluses are forecast to weaken in many countries, and inflation has been rising, exacerbated by rising international food prices, as output has come closer to potential.

According to the IMF, world output is expected to expand by 4.8% in 2008. The global economy is being supported by the expansion in emerging market countries. In particular, the economies of the leading emerging Asian countries, China and India, are expected to grow by approximately 10% and 8.5%, respectively, in 2008. United States growth is projected at 1.9% in 2008, reflecting the continuing housing correction and the negative impact on confidence of the recent financial turmoil. The rate of expansion is expected to slow to 2.1% and 1.7% in the euro area and Japan, respectively. The U.S. dollar has continued to depreciate against the euro and a broad range of other currencies, including those of emerging market countries. The exchange market pressures in emerging economies have generally been reflected in exchange rate appreciation, rapid accumulation of international reserves and strong domestic credit growth.

Worldwide oil prices continued to increase during 2007 and 2008 to date, reaching a maximum of almost U.S.$101 per barrel (WTI) in February 2008, driven by strong demand, the decrease in the United States' reserves, and social and political conflicts in producing areas.

Within the above-mentioned international and regional context, the economic growth rate of Argentina remained strong during the first nine months of 2007. GDP increased 8.4% compared with the same period of 2006, driven by fixed investment and private consumption.

Total exports from Argentina increased by 20% year over year (YoY) to U.S.$55,933 million in 2007, mainly driven by an increase in exports of agricultural products, while imports increased by 31% in the same period due to higher growth in consumption and investment. The trade surplus decreased by 9.4%, falling from U.S.$12,306 million in 2006 to U.S.$11,154 million in 2007.

The unemployment rate continued to fall, consistent with economic growth. The data corresponding to the third quarter of 2007 showed that 7.3% of the active population was unemployed, 1.1 percentage points lower than the 8.4% rate in the prior year. Average real wages of the economy increased by 12.6% (YoY) between December 2006 and November 2007, according to the INDEC's inflation rate (7.5%).

The Central Bank continued its policy of accumulating international reserves and maintaining a competitive exchange rate during 2007. Central Bank reserves were at U.S.$46 billion at the end of the year, and the peso/dollar buying exchange rate increased to Ps.3.15 per dollar, a 2.9% (YoY) nominal depreciation. The real exchange rate of the Argentine peso against a basket of currencies, measured using the official domestic inflation index, showed a 10% real depreciation throughout the year.

Fiscal revenues increased by 33% (YoY) in 2007, but an even higher rise in public expenditures (46%) led to a reduction in the national primary fiscal surplus from 3.5% of GDP in 2006 to 2.2% of GDP in 2007. In relation to public debt, two issues are still pending: (i) a portion of the defaulted debt that was not included in the 2005 debt swap (the so-called "Paris Club") has not yet been resolved and (ii) certain government bondholders have not accepted the government's debt restructuring proposal.

The Argentine economy has begun 2008 with favorable prospects in terms of economic growth, but with concerns over inflation, energy supply and the international economic context in the near future. However, we cannot predict the evolution of future macroeconomic events, or the effect that they are likely to have on our business, financial condition and results of operations. See “Risk Factors—Risks Relating to Argentina.”

Energy consumption in Argentina has increased significantly since 2003, driven in part by price limitations that have kept Argentine energy prices substantially below international prices. Continued growth in demand and a particularly harsh winter in 2007 have recently led to fuel shortages and power outages, prompting the Argentine government to take additional measures to assure domestic supply. At the same time, growth in the production of certain hydrocarbon products has slowed, and in the case of crude oil production has recently declined, due to Argentina’s maturing oil and gas fields. As a result of this increasing demand and actions taken by the Argentine regulatory authorities to prioritize domestic supply, exported volumes of hydrocarbon products, especially natural gas, declined steadily over this period. At the same time, Argentina has increased hydrocarbon imports.

The table below shows Argentina’s total sales, production, exports and imports of crude oil, natural gas, diesel and gasoline products for the periods indicated.

	Nine months ended September 30,	Year ended December 31,		
	2007	2006	2005	2004
Crude Oil in Argentina				
Production (mmbbl)	176.5	240.7	243.0	255.7
Exports (mmbbl)	15.2	32.0	54.6	64.4
Imports (mmbbl)	0.2	0.6	1.6	3.7
Natural Gas in Argentina				
Sales (mmcm)(1)	29,105.0	36,362.0	34,685.0	33,472.7
Production (mmcm)	38,523.1	51,779.0	51,573.0	52,385.0
Exports (mmcm)	1,128.2	2,487.0	6,600.1	7,348.1
Imports (mmcm)	1,088.8	1,428.5	1,610.5	804.1
Diesel in Argentina				
Sales (mcm)(2)	10,927.4	13,903.4	13,074.4	12,450.1
Production (mcm)	9,708.5	12,570.3	11,673.4	12,011.9
Exports (mcm)	37.9	108.8	276.4	1,067.5
Imports (mcm)	570.4	446.9	678.7	400.2
Gasoline in Argentina				
Sales (mcm)(2)	2,863.7	4,608.4	4,028.6	3,748.8
Production (mcm)	4,483.5	5,889.3	6,043.1	5,964.0
Exports (mcm)	884.7	1,732.0	2,955.2	2,740.9
Imports (mcm)	12.8	33.2	14.1	40.7

(1) Includes total domestic market deliveries.

(2) Includes domestic market sales.

Sources: Argentine Secretariat of Energy and ENARGAS

Policy and regulatory developments in Argentina

The Argentine oil and gas industry is currently subject to certain governmental policies and regulations that have resulted in: domestic prices that are substantially lower than prevailing international market prices; export restrictions; domestic supply requirements that oblige us from time to time to divert supplies from the export or industrial markets in order to meet domestic consumer demand; and increasingly higher export duties on the volumes of hydrocarbons allowed to be exported. See "Regulatory Framework and Relationship with the Argentine

Government.” These governmental pricing limitations, export controls and tax policies have been implemented in an effort to satisfy increasing domestic market demand at prices below international market prices. As discussed in “Risk Factors” and elsewhere in this prospectus, actions by the Argentine government have had and will continue to have a significant effect on Argentine companies, including us.

Policy and regulatory developments relating to the oil and gas industry in Argentina include, among others:

- Price limitations. In order to support economic growth, the Argentine government has sought to limit increases in hydrocarbons prices through a number of policies and measures. As a result, Argentina’s domestic hydrocarbon prices have not increased at the pace of international and regional prices, as described in “—Differences between Argentine and international prices for hydrocarbon products.”

- Export restrictions. Since 2004, the Argentine government has prioritized domestic demand and adopted policies and regulations restricting the export of certain hydrocarbon products. These restrictions have impacted our export sales as described in “—Declining export volumes.”

- Export duties. Since the economic crisis in 2002, the Argentine government has imposed export taxes on certain hydrocarbon products. These taxes have increased substantially in the following years as international prices have surged. For a description of the most recent export duties on hydrocarbon exports, see “—International oil and gas prices and Argentine export taxes.”

- Domestic supply requirements. The Argentine government has at times issued regulatory orders requiring producers to inject natural gas in excess of contractual commitments and supply other hydrocarbon products to the domestic market. As a result, we have had to limit our exports. In addition, we have imported diesel in order to satisfy domestic demand, which has increased our operating costs, as described in “—Increasing cost of sales.”

- Energy Substitution Program. The Argentine Secretariat of Energy, by Resolution SE No. 459/07 of July 12, 2007, created the “Energy Substitution Program” (Programa de Energía Total), which is designed to mitigate shortages of natural gas and electricity by encouraging industrial users to substitute natural gas and electricity during the Argentine winter with imported diesel, fuel oil and LPG subsidized by the government. See “Regulatory Framework and Relationship with the Argentine Government—Market Regulation—Refined Products.” Under this program, we and other companies import diesel, fuel oil and LPG that we then sell to industrial users in Argentina at the prevailing domestic natural gas prices, with the difference refunded to us by the Argentine government. As a result, this program has the effect of increasing our net sales and volumes sold, but is operating income-neutral since we do not earn any margin on products sold under this program.

Declining export volumes

The exported volumes of many of our hydrocarbon products have declined significantly in recent years, driven mainly by increasing domestic demand and export restrictions, as well as by declines in production. This shift from exports to domestic sales has impacted our results of operations as the prices for hydrocarbons in the domestic market have, due to price limitations, generally not kept pace with international and regional prices.

The table below presents, for the periods indicated, the exported volumes of certain of our principal hydrocarbon products.

	Nine-Month Period Ended September 30,		Year Ended December 31,		
	2007	2006	2006	2005	2004

Product	Units Sold				
Oil (mcm)	348	692	874	1,776	2,904
Natural gas (mmcm)	1,204	2,142	3,090	3,071	3,176
Diesel (mcm)	99	111	149	327	1,103
Gasoline (mcm)	1,084	1,288	1,695	2,385	2,408

	Nine-Month Period Ended September 30,		Year Ended December 31,		
	2007	2006	2006	2005	2004
Product			Units Sold		
Fuel oil (mtn)	833	679	903	696	650
Petrochemicals (mtn)	498	549	700	749	821

Due to the decreased export product volumes indicated above and increasing export duties, the portion of our net sales accounted for by exports decreased steadily between 2004 and the nine months ended September 30, 2007. Exports accounted for 29.6%, 35.0%, 33.7%, 37.7% and 39.5% of our consolidated net sales in the nine-month periods ended September 30, 2007 and 2006, and in 2006, 2005 and 2004, respectively.

The Argentine government's current policy is not to allow any exports of natural gas other than to the residential sector in certain other countries. In addition, the Argentine government requires companies intending to export crude oil, diesel and LPG to obtain prior authorization from the Secretariat of Energy by demonstrating that local demand for those products has been satisfied. Since 2005, because domestic diesel production has generally not been sufficient to satisfy Argentine consumption needs, exports of diesel have been substantially restricted.

International oil and gas prices and Argentine export taxes

Since the economic crisis in 2002, in order to prioritize domestic demand, the Argentine government has imposed export taxes on certain hydrocarbon products. These taxes have increased substantially in the following years as international prices have surged. For a description of these taxes, see "Regulatory Framework and Relationship with the Argentine Government—Taxation." These export taxes have significantly affected the profitability of hydrocarbon exportation. They have also contributed to a shift away from exports and towards domestic sales, as described in "—Declining export volumes," and reduced the export parity prices.

The average export sales price per barrel of oil realized by us from Argentina was U.S.$48.16 in the nine-month period ended September 30, 2007, U.S.$53.11 in 2006, U.S.$41.31 in 2005 and U.S.$33.65 in 2004.

On November 16, 2007, the Ministry of Economy and Production published Resolution 394/07, modifying the duties on exports of crude oil and other crude oil derivative products. The new regime provides that when the WTI international price exceeds the reference price, which is fixed at U.S.$60.9/barrel, the producer shall be allowed to collect U.S.$42/barrel, with the remainder being withheld by the Argentine government as an export tax. If the WTI international price is under the reference price but over U.S.$45/barrel, a 45% withholding rate will apply. If such price is under U.S.$45/barrel, the applicable export tax is to be determined within a term of 90 business days. The withholding rate determined as indicated above also currently applies to diesel, gasoline and other crude derivative products. In addition, the calculation procedure described above also applies to other petroleum products and lubricants based upon different withholding rates, reference prices and prices allowed to producers. See "Regulatory Framework and Relationship with the Argentine Government—Market Regulation."

In addition, Resolution 534/06 of the Ministry of Economy and Production increased the tax on natural gas export sales to 45% and required the Customs General Administration to apply this tax rate to the price for natural gas set by the Framework Agreement between Argentina and Bolivia (approximately U.S.$6/mmBtu in December 2007), irrespective of the actual price of such natural gas export sales. Because we entered into certain long-term natural gas supply contracts several years ago, our average natural gas export prices are generally substantially lower than the price set by the Framework Agreement between Argentina and Bolivia, although higher than the price at which we purchase gas from ENARSA (approximately U.S. $1.8/mmBtu in December 2007).

Taxes for a number of other hydrocarbon products have also increased in recent months. See “Regulatory Framework and Relationship with the Argentine Government—Taxation.”

Certain of these recent export tax increases, for example those pursuant to Resolution 394/07, which was passed in November 2007, were not yet in effect during the nine-month period ended September 30, 2007. While some parts of the Resolution have yet to be definitively interpreted, we expect these recent export tax increases to adversely affect our export net sales and margins in future financial periods, especially with respect to any exports of diesel, gasoline and petrochemical products. We exported 99 mcm of diesel, 1,084 mcm of gasoline and 498 mtn of petrochemical products in the nine months ended September 30, 2007, and our exports accounted for 29.6% of our consolidated net sales in this period.

Differences between Argentine and international prices for hydrocarbon products

Over the last five years, domestic prices for our products have fallen significantly below international prices as a result of regulatory policies that have resulted in limitations on our ability to increase domestic prices sufficiently to keep pace with international market prices. The following table sets forth the average prices at which we sold our principal products in the domestic market (net of taxes passed through to consumers, such as value added and fuel transfer taxes) for the periods indicated:

	For the Nine-Month Period Ended September 30,		For the Year Ended December 31,					
	2007		2006		2005		2004	
	Peso	U.S.$(1)	Peso	U.S.$(1)	Peso	U.S.$(1)	Peso	U.S.$(1)
Natural gas(2)(3)	150	49	156	51	127	44	99	34
Diesel(4)	974(5)	315	862	282	839	289	788	270
Gasoline products(6)	932	302	887	291	879	302	862	295

(1) Amounts translated from Argentine pesos at the average exchange rate for the period.

(2) Per thousand cubic meters.

(3) Reflects the average of residential prices (which are generally lower than prices to other segments) and industrial prices.

(4) Per cubic meter. Does not include sales by Refinor, in which we have a 50% interest and which is proportionally consolidated in our consolidated financial statements.

(5) Our average price for diesel for the nine-month period ended September 30, 2007 was positively affected by sales at import parity prices under the Energy Substitution Program. Such sales accounted for 53 mcm of our total of 6,185 mcm of diesel sold in the domestic market during this period.

(6) Per cubic meter. Does not include sales by Refinor, in which we have a 50% interest, and which is proportionally consolidated in our consolidated financial statements. The average price shown for each period is the volume-weighted average price of the various grades of gasoline products sold by us in the domestic market during such period.

For the year ended December 31, 2007, our average domestic prices for natural gas, diesel and gasoline were Ps.171/mcm, Ps.1,050/m3 and Ps.978/m3, respectively.

The disparity between the prices at which hydrocarbon products are sold in Argentina and the prevailing international prices for such products has been mainly due to limitations on our ability to pass increases in international prices of crude oil and hydrocarbon fuels and adverse exchange rate movements through to domestic prices or to increase local prices of natural gas (in particular for residential customers), gasoline and diesel. In a framework of increasing international prices, and notwithstanding our leading market position, domestic liquid fuel prices are still well below the level consistent with export/import parity prices.

For example, in January 2008, diesel import prices were approximately U.S.$700/cubic meter, while the average domestic sales prices were approximately U.S.$350/cubic meter before government subsidies. In addition, the price at which Bolivia exports natural gas to Argentina (which is purchased by ENARSA) was approximately U.S.$6/mmBtu in December 2007, while the price at which we purchase natural gas from ENARSA was approximately U.S.$1.8/mmBtu and our average sales price for such gas in Argentina was approximately U.S.$2.29/mmBtu.

In addition, pursuant to Resolution 599/2007 of the Secretariat of Energy dated June 14, 2007 (see "Regulatory Framework and Relationship with the Argentine Government—Market Regulation—Natural gas"), the Argentine government and gas producers, including us, entered into an agreement for the supply of certain volumes of gas to each segment of the domestic market during the period 2007 through 2011. Under this agreement, we have supplied a total volume of 2,674 million cubic meters of gas from August through December 2007 (representing 34% of our total gas volume sales for the same period) to domestic residential and small commercial consumers at a price of approximately Ps.0.50/mmBtu for that period.

Relative maturity of our oil and gas assets

Argentina's oil and gas fields are mature and, as a result, our reserves and production are declining as reserves are depleted. Because we mainly have concessions for mature oil and gas fields that are undergoing natural production declines, it is difficult to replace our proved reserves from other categories of reserves. In 2006, our estimated proved oil reserves and oil production declined by 12.5% and 6%, respectively, over the preceding year, while our estimated proved gas reserves and gas production declined by 14.3% and 2.5%, respectively, over the same period. As a result, in an effort to maintain our high refinery utilization rates and because of regulatory requirements to supply certain hydrocarbon products to the domestic market, we purchased crude oil and natural gas from third parties. In 2006, approximately 10% of crude oil supplied to our refineries, and approximately 7% of the natural gas we sold, came from third-party purchases. In 2005, our oil production satisfied substantially all the needs of our refineries, while approximately 8% of the natural gas we sold came from third-party purchases. We expect our oil and gas proved reserves and production rates to continue their decline. See "Business—Exploration and Production—Reserves" for more information on our proved reserves.

We are currently developing a plan to increase our recovery factors. This plan, known by its Spanish acronym "PLADA," includes comprehensive reviews of each field, including its development strategy, to identify opportunities in the light of new technologies. We have also become increasingly active in exploratory offshore drilling projects, as well as onshore fields through extended reach wells to find gas. We have budgeted approximately U.S.$2 billion in total capital expenditures for 2008, a significant portion of which will be dedicated to our exploration and production activities. While our oil and gas reserves have recently declined, we increased our investment in recovery technology and exploration in 2007 and, based on our current expectations of increased prices, expect to continue to do so in the future, with the goal of improving our recovery factors. Many of our fields have characteristics similar to mature fields in other regions (including the United States) that have achieved substantially higher reserve recovery factors through the application of new technologies similar to those we are currently studying. We cannot assure you, however, that we will be able to improve our recovery factors. In addition, the financial viability of these investments and reserve recovery efforts generally will depend on the prevailing economic and regulatory conditions in Argentina.

Increasing cost of sales

Our cost of sales accounted for 66.7% and 60.1% of our consolidated net sales in the nine-month periods ended September 30, 2007 and 2006, re