

YPF SOCIEDAD ANONIMA

Form 6-K

March 04, 2011

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Report of Foreign Issuer

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

For the month of March, 2011

Commission File Number: 001-12102

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

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

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

Form Form
20-F 40-F

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

Yes No

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in paper as permitted by Regulation S-T Rule 101(b)(7):

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Indicate by check mark whether by furnishing the information
contained in this Form, the Registrant is also thereby furnishing the information to the Commission
pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant
in connection with Rule 12g3-2(b): N/A

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Information provided under Item 2 in this Form 6-K is incorporated by reference into the registration statements on Form F-3 filed by YPF Sociedad Anónima with the Securities and Exchange Commission (File Nos. 333-149313, 333-170848 and 333-172317)

YPF Sociedad Anónima

TABLE OF CONTENTS

Item

- 1 English translation of Management's Discussion and Analysis of Financial Condition and Results of Operations filed with the Argentine National Securities Commission on March 4, 2011.
 - 2 English translation of Financial Statements as of December 31, 2010 and Comparative Information filed with the Argentine National Securities Commission on March 4, 2011, prepared in accordance with generally accepted accounting standards in Argentina.
 - 3 English translation of Report of Independent Public Accountants filed with the Argentine National Securities Commission on March 4, 2011 and issued in connection with the audit performed under auditing standards generally accepted in Argentina on the financial statements as of December 31, 2010 (not audited under PCAOB standards).
 - 4 English translation of Statutory Audit Committee's Report filed with the Argentine National Securities Commission on March 4, 2011.
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[Back to Contents](#)

SOCIEDAD ANONIMA

Management's Discussion and Analysis of Financial
Condition and Results of Operations

Financial Statements as of December 31, 2010
and Comparative Information

Report of Independent Public Accountants

Statutory Audit Committee's Report

[Back to Contents](#)

Item 1.

Management's Discussion and Analysis of Financial Condition and Results of Operations

(Unaudited)

To the Shareholders,

According to existing laws and statutory regulations, we hereby submit the Annual Report and the Financial Statements for the year ended December 31, 2010 for your consideration.

The information included in this Management's Discussion and Analysis of Financial Condition and Results of Operations contains the Board analysis and explanation on the financial condition and consolidated statements of income, which should be read in conjunction with the Financial Statements of YPF S.A. (hereinafter "YPF", the Corporation or the Company indiscriminately) and their notes (hereinafter the Financial Statements). Such Financial Statements and notes have been prepared in accordance with generally accepted accounting principles in Argentina.

Macroeconomic conditions

The year 2010 could be considered a period of consolidation in terms of global economic growth, especially for emerging economies, after the transition period observed in 2009 considering the incipient recovery that appeared in that year, taking into account the crisis that broke out in early 2008 as a result of problems observed in the U.S. real estate market. However, some economies in the world, especially those related to certain countries of the European Union, were threatened, and some of them still continue to be threatened, as a consequence of uncertainty resulting from the risks of default by such countries, as a consequence of sizable fiscal and current account imbalances.

[Back to Contents](#)

Within the context mentioned above, some indicators show clearly the path that has begun to emerge from the end of 2009, owing mainly to cuts in interest rates, continued provision of ample liquidity by central banks, credit easing, public guarantees, and bank recapitalization, and thus slowly dissipating fears of a global Great Depression. However, it cannot be said that the recovery trend is fully consolidated mainly due to the uncertainty that persists as mentioned in the preceding paragraph. According to the Central Bank of Argentina (BCRA) estimates that economic growth reached 4% in 2010, with significant variation from region to region, following a contraction of 1.9% in 2009. The pace of recovery is expected to decrease slightly in 2011 due to the implementation of constraining policies aimed at controlling inflation. We anticipate that a key focal point in the economy in the near future will continue to be on how different governments administer previously-announced measures for avoiding economic depression particularly given the unusually high unemployment rates in some major world economies, on plans to relieve public finances, plans to avoid a new crisis, and policy re-adjustments aimed at stimulating demand, in some cases orientated towards the external market (i.e. the United States), and in others, the domestic market (i.e. China).

Following signs of recovery, oil prices have responded strongly to signs of a demand rebound, the price of crude oil has continued to show encouraging signs, ending this year at U.S. \$ 91.38 per barrel, representing an increase of approximately 15% compared to year-end 2009 (U.S. \$ 79.39).

As mentioned above, according to the BCRA, emerging economies have shown a year of sustained growth, although with significant variation from region to region, due to *inter alia*, recovery of world trade and the increase in prices of raw materials, also taking into account the presence of health financial systems that allowed to avoid the existence of consequences arising from the international financial crisis, as well as in the case of Argentina after the boost in domestic consumption and investment. Consequently, the BCRA estimated growth for Latin America of 6.1% for the year 2010 after a contraction of 1.8% in 2009, while in Argentina the same organization expected a growth above 9% for the year 2010, after an estimated growth of 0.9% in 2009.

According to the Instituto Nacional de Estadísticas y Censos (INDEC), the rate of retail inflation (IPC) for 2010 was 10.9%, showing price increases above those recorded in 2009 due mainly to the dynamics of food prices as a consequence of increases in international prices of agricultural commodities, according to the BCRA.

The exchange rate of the Argentine peso against the U.S dollar as of December 31, 2010 was Ps. 3.98/ US\$1.00, reflecting peso depreciation of 4.7% compared to December 31, 2009, despite the fact that the Central Bank was a net buyer of foreign exchange during the year, and the payments made to address the maturity of the public debt.

[Back to Contents](#)

In terms of local funding, the average December 2010 interest rate paid by private banks in the wholesale segment and for deposits of up to 35 days (BADLAR) was 11.1% versus 9.8 % in December 2009. Argentina, having recently completed the restructuring of a substantial part of its debt (taking into account the restructuring in 2005, approximately 91% of the original debt in default was finally restructured), also canceled all of its debt with the IMF. The Argentine government has expressed interest in liquidating the non-restructured foreign debt, as well as settling claims brought before international courts by foreign companies during the crisis, with the aim of normalizing relations with the international financial market after the crisis that took place in late 2001.

In line with the overall economic performance, taking into account the economy growth in 2010, the unemployment rate corresponding to the third quarter of 2010 showed that 7.5% of the active population was unemployed, 1.6 percentage points lower than in 2009.

Both exports and imports increased during 2010. Industrial goods exports (in particular, automotive industry), as well as agricultural exports boosted exports, while imports increased even further than exports, mainly because of the increased economic activity, which resulted in higher needs of fuel, consumer and intermediate goods, and capital assets, according to the BCRA.

Additionally, under the General Resolution 562/09 and its amendments, which was approved in 2009 by the National Securities Commission (CNV) and which set the adoption of International Financial Reporting Standards (IFRS) as rules for submitting required financial statements as from January 1, 2012, the Company has continued the process of analyzing the accounting effects and / or requirements that the application of these rules could have. Additionally, as mentioned in Note 1.b to the primary financial statements of YPF, for the year ended December 31, 2010 the Company has registered retroactively the effect of deferred tax liabilities related to inflation adjustment of fixed assets.

Considering the international economic situation, the outlook for Argentina s economy continues to show encouraging signs for the year 2011 which, however continue to be subject to the risk (even if considered to be low) of being affected by endogenous and exogenous factors, such as the consolidation of economic growth and financial stability in developing countries which may further affect the growth of world trade, and could have an impact on all macroeconomic variables such as tax revenues, unemployment and trade balance, among others.

[Back to Contents](#)

General Considerations

Financial Statements Reporting

The Financial Statements of YPF have been prepared in accordance with generally accepted accounting principles in Argentina and the regulations of the CNV.

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 issued by the Argentine Federation of Professional Councils in Economic Sciences (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.

As mentioned in Note 1.b to the YPF primary financial statements, as established by Resolution 576/2010 of the CNV, companies who exercised the option to report in a note to the financial statements the deferred tax liability related to inflation adjustment, should account this liability with effect in retained earnings. The rule states that this recognition may be made at any interim or closing year until the end of the transition period to IFRS, i.e. December 31, 2011. Consequently, the Company has decided to record deferred tax liability in the year ended December 31, 2010. Therefore, in accordance with the requirements of accounting rules, the effects of changes in accounting principles must be registered retroactively to the beginning of the first period presented. Consequently, the adoption of that Resolution has led to a retroactive adjustment of prior period results of (1,180) (1,383) and (1,644) as of December 31, 2009, 2008 and 2007, respectively.

Company Features

Average price quotations for crude WTI were US\$ 79.48, US\$ 61.81 and US\$ 99.67 in 2010, 2009 and 2008, respectively. Despite fluctuation of said quotations together with compliance with Resolution No 394/07 of the Ministry of Economy and Production in force as from November 2007, setting a new withholding regime on exports of certain hydrocarbon products, the impact of such variations was limited during 2008, 2009 and 2010 due to the margin cap that a company may get when marketing hydrocarbon products abroad, and consequently the actual prices were the result of negotiations between producers and refiners in the domestic market.

During 2010, YPF's operations were reported considering the following Business segments:

Exploration and Production: exploration and production, including natural gas purchases, crude oil purchases arising from service contracts and concessions obligations as well as crude oil intersegment sales and natural gas and derivatives, and power generation.

Refining and Marketing: refining, transport, purchase and marketing of crude oil to third parties and refined products.

[Back to Contents](#)

Chemicals: petrochemical operations.

Corporate and other: expenses and assets from general administration and construction activities.

Since 1999, YPF has been controlled by Repsol YPF, an integrated oil and gas company headquartered in Spain that runs operations worldwide. Repsol YPF owned approximately 99% of the capital stock of YPF from 2000 to 2008, when Petersen Energía acquired in different periods shares which accounts for 15.46% of our capital stock. Additionally, Repsol YPF granted options in favor of certain affiliates of Petersen Energía to acquire up to an additional 10% of the shareholders equity of the Company. These options expire on February 21, 2012. Additionally, Repsol YPF has recently sold shares of the Company to third parties and, consequently, as of the date of issuance of this financial statements Repsol YPF owned approximately 79.81% of our capital stock.

Oil and Gas production

Consolidated Production

The following table provides information about oil and gas production on a consolidated basis for the years ended December 31, 2010, 2009 and 2008.

For the Year Ended December 31,

2010	2009	2008
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(millions of barrels)

Oil, condensed and liquids production

107 111 115

For the Year Ended December 31,

2010	2009	2008
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(billions of cubic feet)

Natural gas production

491 533 607

[Back to Contents](#)**Results of operations**

The following table presents financial information as a percentage of net sales for the years indicated:

For the year ended December 31,			
	2010	2009	2008
	(percentage of net sales)		
Net sales	100.0	100.0	100.0
Cost of sales	(67.7)	(67.5)	(68.9)
Gross profit	32.3	32.5	31.1
Administrative expenses	(3.2)	(3.2)	(3.0)
Selling expenses	(6.8)	(7.3)	(7.1)
Exploration expenses	(0.8)	(1.6)	(2.0)
Operating income	21.5	20.4	19.1

2010 compared to 2009*The Company*

Net sales in 2010 were Ps.44,162 million, representing a 28.7% increase compared to Ps.34,320 million in 2009. This increase was attributable, among other, to the increases in the volumes sold of premium gasoline and premium diesel, to the adequacy of sale prices in the domestic market, as well as a result of the increase in the average international market price of WTI (approximately a 29% increase in the average market price in 2010 compared to 2009), with the corresponding effect in certain products sold in the domestic market which track international prices, such as LPG, jet fuel and petrochemicals. During 2010 we have continued to make efforts within the scope of the Petroleum Plus Program, and reinforced our commitment towards the exploitation and development of available energetic resources, allowing the fulfillment of domestic demand, which have permitted us to record the income associated with the Program during this year.

[Back to Contents](#)

Cost of sales in 2010 was Ps.29,899 million compared to Ps.23,177 million in 2009, representing a 29.0% increase. The increase is partly attributable to the higher price of crude oil purchased from third parties (approximately 25% measured in pesos), whereas the volumes bought remained almost unchanged; as well as an increase in the imported volumes of our new low-sulfur diesel, gasoline and fertilizers in order to fulfill the higher demand of these products in the domestic market and to provide it with higher quality products. In 2010, we have also incorporated purchases of biofuels (biodiesel and bioethanol) in order to comply with present regulations. Additionally, within the production expenses, there was an increase in royalties, driven mainly by the abovementioned higher crude oil prices, as well as general increase in costs, mainly in operation services and other service contracts, salaries and social security taxes and fixed assets depreciation caused mainly by upward price pressure, and also in charges related to contractual commitments.

Our exploration expenses in 2010 were Ps.344 million. They have been lower to those recorded in 2009 mainly due to the fact that in 2009, we recognized a higher amount of exploration costs related to the exploration campaign in the San Jorge Marina basin (started in 2008) which had a higher negative impact on results than the exploration activity in the Neuquina and Noroeste basins in 2010. Notwithstanding this situation previously mentioned, our exploration activities continued to be one of our strategic objectives, and our expenditures on them amounted to approximately Ps. 610 million.

Our administrative expenses increased by Ps.327 million (29.7%) in 2010 compared to 2009 particularly due to increases in wages and social security costs, driven mainly by a centralization process of tasks in the corporate departments that previously were carried out in the other business units, as well as by increases in fees and compensation for services, mainly related to technology information service contracts and licenses expenses and institutional publicity expenses, all these in accordance with the general cost increases due to the evolution and growth of the economy.

Our selling expenses were Ps.3,015 million in 2010, compared to Ps. 2,490 million in 2009, representing an increase of 21.1%, resulting from increases in transportation expenses, due to higher sales of gasoline and diesel in the domestic market and to increases in the corresponding fees paid for these services, in accordance with general cost increases in the economy, as previously mentioned.

Operating income in 2010 was Ps.9,475 million, compared to Ps.6,999 million in 2009, due to the factors described above.

Our operating margins (operating income divided by net sales) were 21.5% and 20.4% in 2010 and 2009, respectively.

[Back to Contents](#)

In 2010, financial expense, net and holding gains, were an expense of Ps.379 million, compared to financial expense of Ps.1,242 million in 2009. This decrease is mainly attributable to holding gains on inventories, compared to holding losses in 2009, mainly due to higher production costs which had an impact on stocks value (and consequently, in cost of sales), as well as lower net negative exchange rate differences, according to our net liabilities denominated in U.S. dollars, in 2010 resulting from the lower depreciation of the Argentine peso against the U.S. dollar in 2010 compared to 2009.

Income tax expense in 2010 increased to Ps.3,230 million from Ps.2,218 million in 2009 mainly as a result of a higher net income before income tax, as explained in previous paragraphs. The recording of deferred tax liabilities arising in the inflation adjustment, which has caused the change in retained earnings as mentioned in Note 1.b to the primary financial statements of YPF, determines that the effective rate of income tax (income tax divided by income before income tax) approximates to the nominal rate (35%), despite being the actual payments higher than the latter as a consequence of the legal impossibility of making a tax depreciation deduction of amounts corresponding to the inflation adjustment of assets.

Considering the above, net income for 2010 was Ps.5,790 million, compared to Ps.3,689 million in 2009, an increase of 57.0%.

Exploration and Production

Exploration and Production sales increased to Ps.23,020 million in 2010 from Ps. 19,981 million in 2009, representing an increase of 15.2%. Intersegment net sales (substantially all of which relate to intersegment sales of crude oil) increased by Ps.2,955 million during 2010 compared to the prior year mainly as a result of an approximately 20% increase in the average intersegment price in pesos of a barrel of oil (15% increase in U.S. dollars), which was partially offset by an approximately 2.5% decrease in the volume transferred. These positive effects were reinforced by the income recorded under the Petroleum Plus Program, as was previously mentioned. The average price of natural gas sold in the domestic market increased 18% in 2010 and was driven mainly by price increases in the power generation and industry segments of the Argentine market, especially with respect to sales to our subsidiary company MEGA, whose contractual prices track international prices, which increased along with the WTI price, as previously mentioned.

[Back to Contents](#)

Exploration and Production operating income reached Ps.6,210 million in 2010, a 15.4% increase from Ps.5,379 million in 2009, due to the aforementioned increases in crude oil sales, but was partially offset by an increase in operating expenses. Segment operating expenses increased by approximately 15.1% due mainly to (i) increases in operation services and other service contracts undertaken in order to increase and improve our reserves replacement ratio, which reached remarkable values in 2010 for YPF, (ii) generalized cost increases and higher contractual commitments costs required under present agreements and the Management estimations, and (iii) a Ps.395 million increase in royalties paid due mainly to the higher value, expressed in pesos at the wellhead (used as the basis for calculation of such royalties), of hydrocarbons produced (mainly as a result of higher product prices in 2010), as previously mentioned.

Exploration expenses decreased by Ps.208 million in 2010 compared to 2009, mainly as a result of the higher costs of the offshore dry wells recognized during 2009 (Golfo San Jorge Marina and Austral basins), compared to the exploration activities which have been developed during 2010 (mainly in the Neuquen and Noroeste basins). However, our exploration activities continued to be one of our strategic objectives, with our expenditures on such activities reaching approximately Ps. 610 million.

Average oil production during 2010 reached 293 thousand barrels per day, remaining mostly unchanged from the level registered in 2009. Natural gas production in 2010 decreased 7.8% to 1,346 mmcf/d from 1,460 mmcf/d in 2009. This decline was mainly attributable to the natural decline in the production curve resulting from the continuing overall maturity of our fields, and the decline in natural gas demand from thermal power plants.

Refining and Marketing

Refining and Marketing net sales in 2010 were Ps.36,794 million, 33.5% higher than the Ps.27,562 million in net sales recorded in 2009. This increase was attributable, among other factors, to higher volumes sold in the domestic market, especially in the premium lines of diesel and gasoline, as well as a consequence of the adequacy of prices of gasoline and diesel sold in the domestic market in 2010, (the most important products in this business segment). Notwithstanding the increase in the average domestic prices of diesel and gasoline, domestic prices for our refined products remained below average international prices. In addition, the domestic prices of certain refined products that tend to track international prices, such as aviation fuel and LPG, increased in 2010.

[Back to Contents](#)

Refining and Marketing operating profit increased to Ps.3,313 million in 2010 from Ps. 1,896 million in 2009. This increase was mainly due to the increases in prices and volume sold in the domestic market and to the adequacy of prices of products commercialized, as previously mentioned. In addition, purchases of crude oil, which account for approximately 90% of the segment's operating costs, were made at a price paid to the Exploration and Production business unit which was on average 20% higher in Argentine pesos than the previous year. This increase reflected the adjustments in crude oil prices registered in the domestic market among local producers, according to market evolution and the differences in crude oil qualities. This fact also affected the crude oil purchase prices paid to third parties. Further, refining costs (excluding crude oil purchase and transport costs) increased by approximately 20%, mainly due to the higher costs of energy, increases in operation services and service contract costs, as well as salary increases and adjustments paid in 2010. Refining costs per barrel, which we calculate as the segment's production costs for the period less crude oil purchase costs, divided by the number of barrels produced during the period, was Ps.17.8 in 2010, compared to Ps.14.8 in 2009.

Refinery output in 2010, including 50% of Refinor's output (we own 50% of Refinor), reached 304 thousand barrels per day, representing a 1.9% decrease compared to 310 thousand barrels per day processed in 2009.

Chemicals

Net sales increased 42.1% to Ps.4,316 million in 2010 compared to Ps.3,037 million in 2009. This increase was attributable mainly to higher sales prices in the domestic market, particularly with respect to methanol and aromatic products lines, and to higher volumes of fertilizers sold in the domestic market as well. Additionally, higher volumes were sold and higher prices were received from the sales of aromatic additives, such as toluene and xylene, which are used in the elaboration of liquid fuels, to the Refining and Marketing business unit. In the international market, net sales rose in 2010, both in terms of volume (of, essentially, parafinic refined) and in average price for exported petrochemical products as a consequence of an upward trend in reference prices in 2010 compared to those seen in 2009, consistent with the upward trend in reference prices experienced in other segments.

Operating income on this segment increased by 56.4% to Ps.874 million in 2010 compared to Ps.559 million in 2009 due mainly to higher margins in various aromatics product lines processed at Ensenada Industrial Complex. The results obtained from our interest in Profertil S.A. remained stable compared to 2009, as the higher urea and other fertilizer volumes sold in the domestic market and higher prices of these products both at domestic and international market were offset by a sharp diminution in volume of urea sold in the international market.

[Back to Contents](#)

Corporate and others

In fiscal year 2010, operating loss for administrative cost and others reached Ps.952 million, a 16.1% increase over the previous year. The main reasons for the increase were higher salaries and related charges, increases in fees and compensation for services, higher technology information services contracts and licenses expenses and institutional publicity expenses. This increase was, however, partially offset by the slight increase in operating income of our controlled company A- Evangelista S.A., and by earnings related to support services, mainly IT services, provided to related parties.

2009 compared to 2008

The Company

Net sales in 2009 were Ps.34,320 million, representing a 1.6% decrease compared to Ps.34,875 million in 2008. This decrease was primarily attributable to a decline in the average prices and volumes of exported products which resulted from the negative economic trend that affected global trading starting in the second half of 2008; as well as the decrease in the volume of diesel sold in the domestic market due to lower demand during 2009 resulting from the economic slowdown. Commodity prices in general were strongly affected in 2009, and the average price per barrel of WTI decreased by approximately 38% compared to 2008. As a result, the price of certain products sold in the domestic market, which track international prices (such as LPG, aviation fuel, and certain petrochemicals), also decreased. In addition, demand for fertilizers in the domestic market decreased, particularly in the first half of 2009. These decreases were mostly offset by increases in the average domestic prices of diesel and gasoline, the higher volume of gasoline sold in the domestic market and income recorded under the Petroleum Plus Program, resulting from the efforts we have made within the scope of the program and which allowed us to maintain our commitment towards the fulfillment of domestic demand.

Cost of sales in 2009 was Ps.23,177 million, compared to Ps.24.013 million in 2008, representing a 3.5% decrease, due mainly to a decrease in the volume of products purchased, particularly diesel, on account of weaker demand, and crude, which had experienced a rise in demand in the second quarter of 2008 as a consequence of strikes in the southern region of Argentina in that period with the subsequent impact on the Company's margins. However, when similar conflicts took place during the third quarter of 2009, the slowdown in production was practically covered by resorting to our own inventory. Fertilizers purchases also dropped due to lower demand, as did diesel purchases, which had been essential to meet domestic demand back in 2008.

Administrative expenses increased Ps.49 million in 2009 compared to 2008, due to increases in substantially all components of such expenses; however, those related to depreciation of fixed assets and payroll and related charges stood out from the rest.

[Back to Contents](#)

Selling expenses were Ps.2,490 million in 2009 and Ps.2,460 million in 2008, representing an increase of 1.2% from 2008 to 2009, due to increases in substantially all components of such expenses, in a similar way to the administrative expenses described above. However, we can highlight increases in operation services and other service contracts, preservation, repair and maintenance, including the refurbishing of our service stations to fit them for the sale of our new low-sulfur diesel (Euro Diesel).

Operating income in 2009 was Ps.6,999 million, compared to Ps.6,665 million in 2008, representing a 5% increase, due to the factors described above. Operating margins (operating income divided by net sales) were 20.4% and 19.1% in 2009 and 2008, respectively.

Other Income (Expense) Net showed an increase of Ps.535 million compared to 2008. This was a consequence, among other things, of lower expenditures on environmental obligations of our wholly controlled company YPF Holdings Inc, which in 2008 signed a remediation agreement regarding the Passaic river in response to certain past obligations and as mentioned in note 3 to the Consolidated Financial Statements, the recovery of accrued liabilities relating to certain claims as a result of their reassessment in light of certain new developments concerning our legal proceedings, the recognition of income relating to insurance, which allowed a partial recovery of some operating losses generated by factors exogenous to the Company; and certain recoveries from insurance claims related to Profertil, our jointly controlled company.

In 2009, financial expense, net and holding losses, increased to Ps.1,242 million, from Ps.174 million in 2008. The increase was mainly due to higher interest expense from loans attributable to our increased indebtedness and a slight decline in the value of our inventories in 2009 (whereas the value of our inventories increased in 2008). In addition, we suffered from higher net negative exchange rate differences resulting from the depreciation of the Argentine peso against the U.S. dollar, as our outstanding liabilities denominated in U.S. dollars exceeded our assets denominated in U.S. dollars.

Income tax expense in 2009 was Ps.2,218 million, compared to Ps.2,311 million in 2008, basically as a result of a lower income before tax given the facts referred to above.

Consequently, net income in 2009 was Ps.3,689 million, compared to Ps.3,901 million in 2008, which represents a 5.4% decrease.

[Back to Contents](#)

Exploration and Production

Exploration and Production net sales in 2009 were Ps.19,981 million, representing a 13.4% increase from Ps.17,618 million in 2008. Intersegment net sales (substantially all of which relate to intersegment sales of crude oil) increased by Ps.1,810 million in 2009, mainly as a result of a 19% increase in the average intersegment price in pesos of a barrel of oil (1% increase in U.S. dollars), but was partially offset by a 1.7% decrease in the volumes transferred. Net sales in 2009 were also strengthened by the income recorded pursuant to the Petroleum Plus Program implemented by the National Government as mentioned above. As to the average price of natural gas sold in the domestic market, there was no material change compared to 2008 since the price adjustment in the industrial and power plants segment was neutralized by the low price paid by our jointly controlled company MEGA, which, being governed by international standards, followed a downward trend similar to the WTI price. Natural gas exported volumes remained low in 2009 due to the restrictions we are subject to. Export taxes remained relatively stable in 2009 compared with 2008.

Exploration and Production operating income increased 62% to Ps.5,379 million in 2009 from Ps.3,315 million in 2008, as a result of the increase in crude oil sales, and the income recorded pursuant to the Petroleum Plus Program, as explained above. This was partially offset by a 2.1% increase in segment operating expenses due mainly to increases in the prices of service contracts resulting from general cost increases, and an increase in royalties paid of Ps.121 million, due to the higher value, expressed in pesos at the wellhead (used as the basis for calculation of such royalties), of hydrocarbons produced.

In 2009, exploration expenses also went down by Ps.132 million compared to 2008 since exploration expenses related to unsuccessful drilling in the western region of Argentina and Golfo de San Jorge offshore basin were greater in 2008 than in 2009 as well as in the Austral basin. These exploration efforts relate to the Company's compliance with its commitment to the search for new resources in Argentina.

Average oil production during 2009 decreased 3.5% to 302 thousand barrels per day from 313 thousand barrels per day in 2008. Natural gas production in 2009 decreased 11.9% to 1,460 mmcf/d from 1,658 mmcf/d in 2008. These declines were mainly attributable to the natural decline in the production curve resulting from the continuing overall maturity of our fields and the decline in natural gas demand from industrial customers and thermal power plants.

[Back to Contents](#)

Refining and Marketing

Refining and Marketing net sales in 2009 were Ps.27,562 million, 1.6% lower than the Ps.28,017 million in net sales recorded in 2008. This decrease was mainly attributable to the sharp decreases in international prices for substantially all of our exported refined products, a decrease in the volumes of gasoline sold by us in the export market, and a decline in the volumes of diesel sold in the domestic market, partially offset by lower purchases due to reduced demand during 2009 as explained in previous paragraphs. These decreases were partially offset by an increase in the average domestic prices of diesel and gasoline (the two main products of the segment), as well as a 10.7% increase in the volume of gasoline sold domestically. Notwithstanding the increase in the average domestic prices of diesel and gasoline, domestic prices for our products remained below average international prices. In addition, the domestic prices of certain refined products that tend to track international prices, such as aviation fuel and LPG, decreased in 2009.

Refining and Marketing operating profit decreased to Ps.1,896 million in 2009 from Ps.3,089 million in 2008. This decrease was mainly due to the aforementioned decline in international prices. In addition, purchases of crude oil, which account for approximately 90% of the segment's operating costs, were made at a price which was on average 19% higher in Argentine pesos than the previous year (although it was less than 1% higher when measured in U.S. dollars mainly due to the depreciation of the Argentine peso against the U.S dollar). Further, refining costs (excluding crude oil purchase and transport costs) increased by approximately 17%, mainly due to the higher costs of energy and increases in operation services and service contract costs, as well as higher depreciation costs arising from an increase in assets that commenced operations. Refining cost per barrel, which we calculate as the segment's production costs for the period less crude oil purchase costs, divided by the number of barrels produced during the period, was Ps.14.8 in 2009, compared to Ps.12.7 in 2008.

Refinery output in 2009, including 50% of Refinor's output (we own 50% of Refinor), reached 310 thousand barrels per day, representing a 5.4% decrease compared to 328 thousand barrels per day processed in 2008. The decrease is mainly a result of planned overhauls in our refineries, as well as external factors which affected our operations.

Chemicals

Net sales decreased 22.6% to Ps.3,037 million in 2009 compared to Ps.3,923 million in 2008. This decrease was attributable mainly to lower sales prices in the domestic market, particularly with respect to methanol and fertilizers lines. In the international market, net sales fell in 2009, both in volume (particularly of methanol) and in average price for exported petrochemical products as a consequence of a downward trend in reference prices in 2009 compared to those seen in 2008, consistent with the downward trend experienced in other segments.

[Back to Contents](#)

Operating income for this segment decreased by 52.5% to Ps.559 million in 2009 compared to Ps.1,178 million in 2008 due mainly to lower margins in different aromatics product lines processed at the Ensenada Industrial Complex and the lower results from our interest in Profertil S.A. compared to 2008, the latter being the result of lower urea and other fertilizers volumes sold in the domestic market and lower prices of these products both in the domestic and international market.

Corporate and others

In fiscal year 2009, operating loss for administrative cost and others reached Ps.820 million, just 0.6% over the previous year. This slight increase was mainly attributable to higher salaries and related charges compared to the previous year as well as fixed assets depreciation, and was partially offset by a slightly higher operating income achieved by our controlled company A- Evangelista S.A.

Liquidity and Capital Resources

Net cash flow provided from operating activities was Ps.12,726 million in 2010, compared to Ps.9,414 million in 2009. The 35% increase was mainly attributable to higher operating income in 2010 compared to 2009, as was explained previously.

The main uses of cash in investing and financing activities in 2010 involved Ps.8,729 million in fixed asset acquisitions corresponding substantially to the Exploration & Production business segment, our refineries, as mentioned previously, and dividend payments amounting to Ps.4,444 million. These uses of cash were afforded by a Ps.724 million net cash flow corresponding to proceeds from loans. The main uses of cash in investment and financing activities in 2009 involved Ps.5,636 million in fixed assets acquisitions relating substantially to our Exploration & Production business segment and dividend payments amounting to Ps.4,897 million. Net proceeds from loans reached approximately Ps.2,016 million in 2009.

Capital and Exploration expenditures during 2010 were Ps.8,961 million, compared to Ps.5,832 million in 2009. Out of the total amount corresponding to 2010, approximately 70% relates to Exploration and Production, 20% to Refining and Marketing, 8% to Chemicals and 2% to Corporate and others.

Capital and Exploration expenditures during 2009 have been Ps.5,832 million, compared to Ps.7,368 million in 2008. Out of the total amount corresponding to 2009, approximately 74% relates to Exploration and Production, 20% to Refining and Marketing, 3% to Chemicals and 3% to Corporate and others.

[Back to Contents](#)

As a result of the Agreement entered into between Repsol YPF and the Petersen Group, the parties have agreed on a dividend policy that proved to be satisfactory to the parties and contributed to positioning the Company's shares as especially attractive in the markets, achieving an adequate relation between dividend and earnings of the company (pay out). Accordingly, the parties agreed to pay in the form of dividend 90% (ninety per cent) of the Company's net income, to be distributed in two payments every year.

Total debt outstanding as of December 31, 2010 was Ps.7,789 million, consisting of short term debt of Ps.6,176 million and long term debt of Ps.1,613 million. Approximately 85% of total debt outstanding as of December 31, 2010 was denominated in U.S. dollars.

As of December 31, 2010 our shareholders equity amounted to Ps.19,040 million, which includes a legal reserve of Ps.2,243 million. By virtue of Law No 19,550 of Sociedades Comerciales (Corporations Act), 5% of fiscal year net income must be assigned to the legal reserve until such reserve reaches 20% of the Company's capital. As of December 31, 2010 the legal reserve had been fully integrated in the 20% of the social capital for Ps.2,243 million.

Related party transactions

During 2010 there were purchase/sale and financing operations with affiliates, which are detailed in Note 7 to the primary financial statements.

Compensation Policy on Directors and bonus and incentive plans

Board compensation

Current legislation sets forth that the annual compensation paid to Board members (including those performing executive activities) cannot exceed 5% of the Company's net income in the case of YPF not paying dividends for that period; said percentage may increase up to 25% of net income in the case the Company is paying dividends. The compensation of the President and other Directors acting in an executive capacity in conjunction with all other Directors must be ratified in an Ordinary General Shareholders Meeting. In compliance with these guidelines, an Ordinary General Shareholders Meeting held on April 14, 2010 approved a total compensation to the Board members of Ps.11,200,055 for the year ended December 31, 2009. Furthermore, it approved making advance compensation payments for fiscal year 2010 to Directors and members of the Statutory Audit Committee (or Supervisory Committee) for an amount up to Ps.17,000,000. The total compensation for the year ended December 31, 2010 will be set in the Ordinary Shareholders Meeting that approves the Directors' performance.

[Back to Contents](#)

Bonus and incentive plans

The bonus plan provides for cash to be paid to its members based on a set of measurable and specific objectives under the program Management by Commitments and the results of individual performance reviews. This program applies to all YPF employees. The additional variable bonus payable to each employee, if commitments and objectives are achieved, ranges between 10% and 45% of the applicable annual base salary.

Internal Control System

Regarding the Internal Control System, the Company has developed several functions and responsibilities, which together contribute to ensure adequate enforcement of current laws and regulations, reliability of financial reporting and efficiency and effectiveness of operations. The interrelation of the functions of the Corporate Audit Department (which includes operational audit procedures, management, compliance of procedures and information security, and testing to evaluate the performance of the financial reporting controls), the Administrative and Tax Department (which not only monitors the reliability of the information received from the financial reporting system, but also controls its levels of access, maintains and reviews the compliance with virtual security procedures and the standards for approval of economic-financial operations and sets standardized procedures and administrative accounting policies applicable to the Company) and the Business Units (which provide, among other things guidance on authority limitation and the investment policy), acting in coordination and supported by a fully integrated information system such as SAP, provide an effective internal control system.

The legislation on corporate governance, in Argentina by virtue of Decree No. 677/01 and CNV Resolutions No. 400/02 and 402/02, as well as in the United States by virtue of the Sarbanes - Oxley Act and its related regulations, requires an examination, documentation and an efficiency test on the Internal Control model. The Company has established the Internal Committee on Transparency or Disclosure Committee, made up of officers of the higher responsibility from each corporate and business area whose main objective is to manage and coordinate the establishment and maintenance of: procedures for the preparation of accounting and financial information that the Company must approve and file in accordance with applicable standards or that the Company communicates, in general, to the markets, as well as appropriate and effective internal control systems to ensure the accuracy, reliability, sufficiency and clarity of the financial statements of the Company included in its annual and quarterly reports, as well as accounting and financial information that must be approved and filed by the Company.

[Back to Contents](#)

Additionally, the Audit Committee of the Board of Directors, which was created on May 6, 2004, assumes the obligations assigned by the aforementioned law, among which are to: monitor the operation of internal control system and administrative-accounting system, as well as the reliability of the latter and all financial information or other significant events to be reported to the comptroller authorities and markets, give an opinion on the proposal of the Board of Directors for the appointment of external auditors to be hired by the Company and ensure the independence of such external auditors, verify compliance with applicable regulations, national or international, in matters relating to securities markets requirements and ensure that the Code of Ethics and Conduct in stock markets, applicable to personnel of the Company and its subsidiaries, meet regulatory requirements and are suitable for the Company.

Company Management

As a result of the Agreement between Repsol YPF and the Petersen Group signed on February 21, 2008, through which shares of the Company were sold to Petersen, the parties agreed on the assignment of certain functions in the Company, and also on the number of members from each party in the Management bodies, all of which is effective as of the Company Shareholders Meeting held on March 7, 2008.

Report on Corporate Governance Code - National Securities Commission General Resolution No. 516/07

Exhibit I includes the Report on Corporate Governance Code (the Report) for the purpose of compliance with the provisions of General Resolution of CNV No. 516.

Additional information on Oil and Gas reserves (Argentine Securities Commission General Resolution No. 541)

The following information is presented in accordance with the requirements of CNV General Resolution No. 541 Disclosure on oil and gas reserves, YPF SA (YPF) and its subsidiaries .

Proved oil and gas reserves are the estimated quantities of crude oil (including condensates and natural gas liquids) and natural gas which geological and engineering available data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made. Prices include consideration of changes in existing prices provided by contractual arrangements, but not increases based upon future conditions. Proved developed oil and gas reserves are reserves that can reasonably be expected to be recovered through existing wells with existing equipment and operating methods.

[Back to Contents](#)

Estimates of reserves were prepared using standard geological and engineering methods generally accepted by the petroleum industry and in accordance with the rules and regulations of the SEC. The choice of method or combination of methods employed in the analysis of each reservoir was determined by experience in the area, stage of development, quality and completeness of basic data, and production history. There are numerous uncertainties inherent in estimating quantities of proved reserves and in projecting future rates of production and timing of development expenditures, including many factors beyond the control of the producer. Reserve engineering is a subjective process of estimating underground accumulations of crude oil and natural gas that cannot be measured in an exact manner and the accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. As a result, estimates of different engineers often vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revision of such estimate. Accordingly, reserve estimates are often different from the quantities of crude oil and natural gas that are ultimately recovered. The meaningfulness of such estimates is highly dependent upon the accuracy of the assumption upon which they were based. The reserve estimates were subjected to economic tests to determine economic limits.

In determining net reserves, we exclude from our reported reserves royalties due to others, whether payable in cash or in kind, where the royalty owner has a direct interest in the underlying production and is able to make lifting and sales arrangements independently. By contrast, to the extent that royalty payments required to be made to a third party, whether payable in cash or in kind, are a financial obligation, or are substantially equivalent to a production or severance tax, the related reserves are not excluded from our reported reserves despite the fact that such payments are referred to as royalties under local rules. We follow the same methodology in reporting our production amounts.

The following tables reflect the estimated reserves of crude oil, condensate, natural gas liquids and natural gas as of December 31, 2010 and the changes therein.

Crude oil, condensate and natural gas liquids
(Millions of barrels)

	2010		
	Argentina	United States	Worldwide
Proved developed and undeveloped reserves			
Beginning of year	537	1	538
Revisions of previous estimates	44	1	45
Extensions, discoveries and improved recovery	55		55
Production for the year ⁽²⁾	(106)	(1)	(107)
End of year ⁽²⁾	530 ⁽¹⁾	1	531

[Back to Contents](#)

Proved developed reserves			
Beginning of year	428	1	429
End of year	403	1	404
Proved undeveloped reserves			
Beginning of year	109		109
End of year	127		127
Company's share in equity method investees' proved developed and undeveloped reserves (at the end of the year)	1		1

(1) Includes 76 million of natural gas liquids as of December 31, 2010.

(2) Proved reserves of crude oil, condensate and natural gas liquids as of December 31, 2010 include an estimated approximately 66, in respect of royalty payments which, as described above, are a financial obligation, or are substantially equivalent to a production or similar tax. Crude oil, condensate and natural gas liquids production for the year 2010 includes an estimated approximately 13 in respect of such types of payments.

Natural gas
(Billions of standard cubic feet)

	2010		
	Argentina	United States	Worldwide
Proved developed and undeveloped reserves			
Beginning of year	2,670	2	2,672
Revisions of previous estimates	300	1	301
Extensions, discoveries and improved recovery	51		51
Production for the year ⁽¹⁾	(490)	(1)	(491)
End of year ⁽¹⁾	<u>2,531</u>	<u>2</u>	<u>2,533</u>
Proved developed reserves			
Beginning of year	2,100	2	2,102
End of year	1,946	2	1,948
Proved undeveloped reserves			
Beginning of year	570		570
End of year	585		585
Company's share in equity method investees' proved developed and undeveloped reserves (at the end of the year)	48		48

(1) Proved reserves of natural gas as of December 31, 2010 include an estimated approximately 257, in respect of royalty payments which, as described above, are a financial obligation, or are substantially equivalent to a production or similar tax. Natural gas production for the year 2010 includes an estimated approximately 50 in respect of such types of payments.

[Back to Contents](#)

Outlook

The year 2010 is over, and despite the news concerning the signs of steadiness and overall invigoration shown by the macroeconomic variables during the world economic recovery, the year 2011 remains a period of unique challenges, taking mainly into account the expectations of the behavior of international macroeconomic conditions, the continuity and/or tightening of the measures that should appease the existing uncertainties on the sovereign risks in some countries of the euro zone that appeared in recent months, as well as the permanency of the public policies adopted during 2009 and 2010 in the main economies of the world to offset the negative effects of the crisis unleashed during the year 2008 and the need for a new commercial balance in light of the deep transformation in demand, both locally and internationally, as mentioned previously. Within this context, we have continued with the process of streamlining our activities, aiming at contributing to, and supporting, in the best possible way, the growth of the national economy, which showed overwhelming signs in this respect throughout last year as did the growth in the demand for fuels that the Company had during 2010, and facilitating the development of the Company within a robust international trade revealed by recently published indicators, but cannot ensure, conclusively and irreversibly, that this tendency will consolidate, bearing in mind previous comments.

During the year we have successfully issued two new series of negotiable obligations for Ps.143 million and US\$70 million, respectively, which reasserts the trust that the market continues vesting in the Company. In this respect, and as mentioned previously, part of our efforts remain focused on streamlining our financing structure, considering our present current liquidity. We also remain focused on the opportunities the domestic financial market may offer in light of the soundness shown during the international economic crisis, and also bear in mind the perspective of stabilization of the international financial market, as these stand to ease the management of the Company, especially as to the execution of its strategic plan, allowing us to maintain our contributions to meet the growing demand in the power sector of Argentina.

With respect to Exploration and Production, as highlighted below, the Company still pursues an increase of the recovery factors in mature fields by means of infill drilling (i.e., search of remaining oil in the reservoir through the drilling of new wells in between existing ones) and secondary and tertiary recovery; the goal of the latter and some other initiatives is to achieve better results as to the objectives abovementioned; nevertheless, and given the inherent characteristics of the activity and its related risk, success cannot be assured.

Within the target mentioned previously, YPF has started a development project in Llancañelo field, in Malargüe (Mendoza province), which will demand investments of approximately US\$55 million in the next triennium. The Llancañelo field was discovered in 1937 when two wells were drilled resulting in the find of heavy oil of high viscosity (fluid of high viscosity and difficult to move).

[Back to Contents](#)

This is the reason YPF will apply all available technological resources in order to develop the activity, while minimizing the impact on the environment in a protected natural area of high environmental sensibility.

Consistent with the work carried out so far that has led us to obtain the approval for certain projects such as the Lajas Formation Tight Gas and Piedras Negras, among others, within the incentive program Gas Plus, which encourages the search of gas under non conventional conditions and in turn allows us to agree on higher prices for this gas than the average current price, the Company focuses its efforts on identifying further opportunities that meet the requirements of the program and, consequently, the needs of domestic demand.

During the year we have entered into agreements with several provinces to carry out works as part of our commitment towards the search of new reserves to contribute to the energy needs of the country. We launched this initiative in December, 2009, under the program A Project to the Future - Exploration and Development Program 2010/2014 (the Program), which aims at identifying potential oil and gas reserves in the country and to verify the likelihood of finding hydrocarbons in Mar Argentino.

Within the abovementioned Program and after having drilled four tight gas exploratory wells to the south of the area Loma La Lata in the province of Neuquén, we have visualized non conventional gas for a volume of approximately 4.5 TCF s (trillion cubic feet); although this find does not qualify as reserves under the regulatory requirements in this matter, it represents hydrocarbon resources that may let us hold and raise expectations over the Program, highlighting the forefront position of the Company in South America as to the use of the technology required in such activity and the commitment towards the economic development of Argentina.*

Additionally, as part of the exploratory activities carried out in the province of Neuquén, we have discovered, after drilling two wells, that the formation Vaca Muerta presents similar conditions to productive basins of Shale gas and Shale oil in the United States. The existing volume of non conventional gas and oil in our mining property will be defined after carrying out and completing the stages of outlining the discoveries and exploring the same geologic concept in the rest of the Neuquina basin. Since these projects are in their initial stages there is still not enough data to quantify these resources.

Finally, it is worth mentioning that in the year 2010 we were able to reach a coefficient of replacement of crude oil reserves of extraordinary characteristic, which provides further evidence of the Company's hard work.

* [This information was provided to the Argentine National Securities Commission pursuant to Argentine regulation. No proved reserves have been recognized in connection with this discovery and until further work is completed, there remains significant risk that this discovery will not lead to material proved reserves.]

[Back to Contents](#)

Following our objective of satisfying the domestic demand of fuels to the fullest extent possible, it is our intention to continue improving both production and cost efficiency, in a constant search for the optimization of our refining assets in order to increase capacity, to raise flexibility regarding the output of products coming from the refining process, to continue overhauling our refineries to the new standards involving low sulphur content, and to develop our assets and logistics networks to satisfy the prospective growing demand. After the investments made during the year 2009 that allowed the revamping of plants for the incorporation of FAME and Ethanol to fuels in compliance with the requirements of Law 26,093, during the current year we have begun supplying the market with products under such specifications. We are determined to continue investing, as in the case abovementioned (as well as in projects of particular investments such as the construction of the Plant of Continuous Catalytic Reforming (CCR) in our Industrial Complex La Plata, still in progress, which is expected to imply a total investment of over US\$340 million; which will allow new chemical processes to reform naphthas with the help of catalysts and represents improvements in terms of productivity, industrial safety and care for the environment, or the investment of approximately US\$396 million to further improve the quality of the gasolines and diesel produced in our Luján de Cuyo refinery), which allows us to achieve the objectives already mentioned, gradually providing high end products to the market in line with the related technological evolution, also contributing to the employment of personnel to fit the requirements of the projects under way.

During December 2010 the project of gas flare recovery at the Industrial Complex La Plata was qualified as a Clean Development Mechanism (CDM) of the United Nations, which will allow us to obtain 190,000 emission reduction certificates, equivalent to approximately 1.9 million Euros per year. It is the first CDM project in the world involving the recovery of gas flare at a refinery. The approval and setup of two systems for the recovery of gas flare to burners have already been completed at La Plata Refinery to take advantage of the gas flare to feed ovens and boilers. The aim of this investment is to save fuel in the refinery and to reduce the greenhouse gas emissions into the atmosphere, foreseen in the Kyoto Protocol, as well as to improve the image of the industrial complex. The development of this new technology began in 2006, and the first stage started in January 2011, and has recently been fully implemented.

Likewise, and within the scope of the Company's commitments towards safety and the environment, in October, 2010, we developed a Seminar called Management of Emergencies in the Oil and Gas Industry organized by the Company together with ARPEL (Regional Association of Petroleum and Natural Gas Companies in Latin America and the Caribbean) at our headquarters. This seminar arises from the need to keep continuously updated in terms of prevention mechanisms and actions to face emergencies, which is reinforced after the incident that affected the Gulf of Mexico, involving one of the biggest companies in the oil and gas industry worldwide, which signaled a turning point for prevention activities. During the seminar, we discussed the global impact of these incidents and analyzed the issue of joint prevention of emergencies in our industry.

[Back to Contents](#)

According to the Financial Statements of the Company as of December 31, 2010, the balance of unappropriated retained earnings as of that date was Ps.4.610 million, including the income for the year 2010. Additionally, after the payment of dividends approved by the Board of Directors meeting dated April 14 and November 5, 2010, there is a remaining balance as reserve for future dividends of Ps.596 million. Legal regulations in force establish that at least 5% of the earnings of each fiscal year is to be assigned to the Legal Reserve until it reaches an amount equivalent to 20% of the capital (art. 70, Law 19550); such threshold was surpassed during the fiscal year ended December 31, 2009. Consequently the Company intends: a) to classify as unappropriated retained earnings the amount of Ps.596 million corresponding to the balance of the reserve for future dividends that was not used; b) to compensate against adjustment to contributions the effect corresponding to the deferred tax liabilities for an amount of Ps.1,180 million resulting from the application of the inflation adjustment, recorded as unappropriated retained earnings during the fiscal year ended December 31, 2010, all of which complied with Resolution 576/2010; c) to transfer to unappropriated retained earnings an amount of Ps.236 million corresponding to the surplus of the Legal Reserve after compensating the amount mentioned in point b) above; d) to constitute a reserve for future dividends for the sum of Ps.6,622 million, authorizing the Board of Directors to set the timing for its distribution until the next ordinary shareholders meeting, keeping in mind financial conditions and availability of funds as well as operating results, investments and other relevant aspects to the development of the Company or its application according to the provisions foreseen in the second paragraph of Section 224 of the Corporation Law.

Among other purposes, the present Annual Report, Management's Discussion and Analysis is intended to comply with the disclosure required by the Corporation Law (Section 66 of Law No 19550).

THE BOARD OF DIRECTORS

Buenos Aires, March 2, 2011

[Back to Contents](#)

EXHIBIT I

YPF S.A.

Report on 2010 Corporate Governance Code

National Securities Commission General Resolution No. 516/07

I. Introduction

The Report herein on Corporate Governance Code (the Report) is issued in compliance with the provisions of National Securities Commission (CNV) General Resolution No. 516 (the Resolution) and in this sense, discloses the implementation status of the recommendations set out therein.

YPF believes in the importance of companies having a corporate governance system to guide the structure and performance of their bodies in the interest of the company and its shareholders. YPF pillars of the corporate governance system, gathered mainly in the Bylaws, Board Regulations, the Disclosure Committee Regulations, YPF Employee Ethics and Conduct Regulations and YPF Internal Conduct Regulations in the context of securities markets, are transparency, shareholders participation, best performance of the Board and the external auditors independence.

These regulations and standards, together with other documents and instruments, highlight the firm commitment that the Company has made for good corporate governance, transparency and social responsibility.

II. Company Background

YPF S.A. is a stock company incorporated under the laws of the Argentine Republic, established in Macacha Güemes 515, Ciudad Autónoma de Buenos Aires, Argentina. Our Bylaws were approved by National Executive Decree No. 1106 of May 31, 1993, elevated to public deed No. 175 of June 15, 1993 in the National Government General Notary on page 801 of the National Protocol, and registered at the Superintendence of Corporations (Inspección General de Justicia) on the same date, i.e June 15, 1993, under number 5109 of the 113th Company book, volume A of Corporations. Our term of duration is 100 years from the registration of the Bylaws with the Superintendence of Corporations.

III. Code of Corporate Governance Contents

Below are reports on the status of implementation of each of the points listed in Exhibit I to the Resolution for the purpose of better identification of each item.

[Back to Contents](#)

SCOPE OF THE CODE.

1. Relation issuer Economic Group.

For significant transactions with related parties, the Company follows the procedure set forth in Section 73 of Law 17.811, as amended by Decree 677/01 on Public Offering Transparency Regime. Under those rules, before the Company holds acts or signs contracts that involve a significant amount with one or more related parties, prior to the approval of the Board, the approval of the Audit Committee or of two independent auditing firms must be obtained. It must be stated that the terms of the transaction are consistent with those that could have been obtained in an operation in normal conditions and usual market conditions (arm's length).

For the purpose of Section 73 referred to above, and amended by Decree No. 1.020/03, relevant amount means an amount exceeding 1% of shareholders' equity of the issuing company as measured by the last approved financial statement, provided that such amount exceeds the amount of Ps.300,000. For the purpose of the Regime of Transparency, related party means: (i) the directors, members of the supervisory board and managers, (ii) natural or legal persons having the control, or holding a significant stake in the company or its controlling shareholder (at least 35% of its capital stock, or a lesser amount when they are entitled to appoint one or more directors, or have other agreements related to the management of the company or its controlling shareholder), (iii) any other company which is under common control, (iv) the first-degree relatives of the persons mentioned in paragraphs (i) to (iv) above, holding, directly or indirectly, significant stakes.

The acts or contracts referred to above, immediately after being approved by the Board, should be reported to the CNV, with express reference to the existence of opinion from the Audit Committee or, where appropriate, of the independent auditing firms. Also, as from the business day immediately following the day on which the transaction is approved by the Board, reports from the Audit Committee or the independent auditing firms will be available to shareholders at the registered office.

If the Audit Committee or the two independent auditing firms judge that the contract is not a proper operation in standard and usual market conditions, prior approval must be obtained at the Shareholders Meeting.

The Company has reported transactions with related parties in previous years in accordance with the regulation referenced above.

Additionally, in the corresponding Note 7 to the quarterly and annual financial statements, all transactions with related companies are reported, in accordance with current accounting standards.

2. Inclusion in the Company's Bylaws

YPF Bylaws include all provisions required by the laws currently in force.

In addition, the Company carries out policies and procedures to ensure its officers and employees duty of loyalty and diligence as described throughout the report herein. Accordingly, the Board of the Company does not consider it necessary to amend the text of the Bylaws.

[Back to Contents](#)

FROM THE BOARD IN GENERAL

3. Responsible for the Company Strategy

The Board assumes management of the Company in a diligent and prudent way, in accordance with good business practice under the Argentine Corporations Law (LSC). As such, it approves general policies and strategies according to different moments in the life of the Company.

a) The strategic or business plan as well as the management objectives and annual budget, and b) The Investment and funding policy.

In particular, the Board approves the strategic or business plan as well as management objectives and annual budgets, for which it analyzes investment and financial policies when considering and approving the Annual Budget, taking into account the circumstances of the period concerned.

c) Corporate Governance Policy.

The basic pillars of the system of corporate or company governance have been listed in the introduction to the report herein.

In line with the practices of good corporate governance, the Board adopted the measures for their effective implementation. In this respect, it has adopted and implemented a Rule of Ethics and Conduct applicable to the Board and all employees, in order to establish general guidelines that should govern the conduct of the Company and all its employees in compliance with their positions and commercial and professional relations, acting in accordance with the laws of each country and respecting the principles and ethical values of their corresponding cultures. Any amendment to the Rule of Ethics and Conduct, as any waiver or exception to the enforcement of its provisions, must be approved by the Board.

Also as part of corporate governance policies, the Board has adopted and implemented a Regulation of conduct in the context of the Securities Market to define the principles and framework for action within the context of the Securities Market for the board and all YPF staff to whom it concerns. In this regard, said regulation also incorporates the best practices in order to help promote transparency and smooth operation of the markets and protect the legitimate interests of the investment community.

d) Policy on Corporate Social Responsibility.

Since 2007, the Company has been implementing a Plan of Corporate Social Responsibility, being the plan corresponding to the period 2010-2012 currently in force.

The main objective of this plan is to create permanently coordinated action of the Company in the field of corporate responsibility. YPF believes that responsible behavior creates value for the Company, specifically resulting in reduced risks, identification of new opportunities, increased confidence and attractiveness of the Company; it strengthens its intangible assets and contributes to a better community.

[Back to Contents](#)

The plan comprises 61 actions created to conduct the business of the Company according to ethics, with respect for human rights and diminishing our environmental footprint. The aforementioned actions are included in 9 programs related to: i) ethical behavior and the fight against corruption; ii) promoting and respecting human rights; iii) commitment to our people, iv) increased security; v) community integration; vi) sustainable energy and climate change; vii) control and minimization of environmental impact; viii) influence to our suppliers, contractors, subcontractors, suppliers, partners and customers, incorporating them in the sustainable value chain and ix) social and environmental performance.

e) Policies on risk control and management and any other policies intended to regulate the monitoring of internal information and control systems.

The Board implements its policies of risk control and management through its Audit Committee and Internal Audit Department.

Additionally, the corporate responsibility plan referred to in the preceding paragraph considers a plan for monitoring and control, which is crucial to assess the effectiveness of the implemented strategy and the degree of compliance with the proposed objectives.

f) Development of continuous training programs for Directors and officers.

The Company is constantly developing continuous training programs for its executives in general, who participate in programs according to their respective roles within the Company.

Also, as mentioned in item 11 below, training is conducted annually for Directors who are members of the Audit Committee. The Action Plan of this Committee includes specific activities for its members.

4. Management control, and 5. Information and Internal Control. Risk Management.

The Board of Directors verifies the implementation of the Company's strategies and policies, compliance with the annual budget and operating plan, and control of management performance.

The Board also has policies on risk control and management, which are regularly updated in accordance with best practices in the field.

In addition, policies aimed at carrying out periodic supervision of internal information and control systems have been defined.

In connection with the internal control system, YPF has developed various roles and responsibilities, which together help to ensure an adequate compliance with the laws and regulations, the reliability of financial reporting and the efficiency and effectiveness of operations. The interrelation of the functions of the Corporate Audit Department (including operational audit procedures, management, compliance of procedures and information security, and evaluation tests on the performance of financial reporting controls), the Administration and Tax area (which also monitors the reliability of information received through the financial reporting system, controls its levels of access, maintains and reviews the compliance with security procedures on information systems and levels of approval for

[Back to Contents](#)

financial and economic operations and, homogeneously sets procedures and administrative and accounting policies applicable to the Company); and operating Units, acting in coordination and supported by an integrated information system such as SAP, comprise the system of internal control.

In fulfilling its basic function which is to support the Board in its control and supervision duties, the Audit Committee periodically reviews our economic and financial information and supervises financial internal control systems and the independence of external auditors.

With the support of the Administration and Tax Director and considering the work done by our external and internal auditors, the Audit Committee reviews the annual and quarterly consolidated statements before they are submitted to the Board.

Since our shares are traded on the New York Stock Exchange (NYSE) under U.S. law, we must prepare an annual financial report on Form 20-F, which must be filed with the Securities and Exchange Commission (SEC). The Audit Committee reviews the report before its filed with the SEC.

In order to monitor internal financial control systems and ensure they are adequate, appropriate and efficient, the Audit Committee monitors the progress of the annual audit to identify our critical risks. During each fiscal year, the Audit Committee receives information from our internal audit department on the relevant facts and recommendations arising from their work and the status of recommendations issued in previous years.

We have aligned the system of internal control for financial reporting, following the criteria established in Internal Control Framework issued by the COSO committee (Committee of Sponsoring Organizations of the Treadway Commission), with the requirements established by Section 404 of the Sarbanes - Oxley Act of the United States, a process that is supervised by the Audit Committee. These regulations require the submission, together with the annual audit, of a report from the Company Management with respect to the design and maintenance and a periodic assessment of internal control systems for the financial disclosure filing together with a report of our external auditor. Several of our departments deal with this activity, including the internal audit department. Our external auditor reported to the Audit Committee meeting of March 1, 2011 on the revisions made to that date to a system of internal controls for financial reporting as of December 31, 2010.

The Audit Committee maintains a close relationship with external auditors, allowing them to carry out a detailed analysis of the relevant aspects of the audit of financial statements and have detailed information on the planning and progress of work.

Additionally, the Audit Committee evaluates the services provided by our external auditors, determines whether they comply with the condition of their independence in accordance with applicable laws, and monitors their performance to ensure it is satisfactory.

In accordance with the applicable rules on audit committees, the Audit Committee's task, among others, is to oversee the implementation of policies regarding risk management of the Company, for which it performs the following actions in accordance with the Annual

[Back to Contents](#)

Action Plan: (i) supervise with the External Auditor the methodology to identify risks that should affect the information and assets of the Company and (ii) monitor with the Internal Auditor the methodology to identify and assess criticality of auditable units according to the processes involved.

6. Audit Committee

The Audit Committee provided for in Section 15 of the Transparency Rules of the Public Offering of Decree 677/01 and CNV General Resolutions Nos. 400/02 and 402/02 was created on May 6, 2004 and is in permanent activity, as has been described in the preceding paragraph. It is currently made up of five regular members and one alternate member. All regular members are independent directors.

The members of the Audit Committee may be proposed by any member of the Board.

The primary function of the Audit Committee is to provide support to the Board in its supervisory duties, through regular review of the process of economic and financial disclosure, its internal controls and external Auditor's independence.

The powers and responsibilities of the Audit Committee under Section 15 of the Transparency Rules of the Public Offering of Decree 677/01 and CNV General Resolution Nos. 400/02 and 402/02, and all those powers and duties established in the future, especially those set by the Board of Directors.

The main powers and duties include:

- a) Comment on the proposal of the Board for the appointment of external auditors to be hired by the Company and ensure their independence.
- b) Supervise the operation of the internal control system and administrative accounting system and its reliability and all financial information, hydrocarbon reserves or other relevant facts to be submitted to the National Securities Commission and self-regulated entities in compliance with applicable disclosure system or other regulatory agencies.
- c) Supervise the implementation of disclosure policies on the Company risk management.
- d) Provide full disclosure on market operations in which there should be conflict of interest with members of corporate bodies or controlling shareholders.
- e) Comment on the rationality of fees and stock option plans for directors and officers of the Company suggested by the board of administration.
- f) Comment on compliance with legal requirements and the rationality of the conditions for issuance of shares or convertible bonds, in case of capital increase with exclusion of, or limitation to, first right of refusal.
- g) Verify compliance with applicable regulations, at national or international level, in matters related to conduct on the securities markets.

[Back to Contents](#)

- h) Ensure that the internal Codes of Ethics and Conduct before the stock markets, applicable to staff of the Company and its subsidiaries, meet regulatory requirements and are suitable for the Company.
- i) Give well founded opinion on transactions with related parties in those cases established by Decree 677/01. Give well founded opinion and communicate it to self-regulatory bodies as determined by the National Securities Commission in case there should be or might be an alleged conflict of interest in the Company.
- j) The directors, members of the supervisory body, managers and external auditors are obligated, upon request from the Audit Committee, to attend its meetings and provide assistance and access to the information available.
- k) The Audit Committee shall have access to all information and documentation it deems necessary for the fulfillment of its obligations.
- l) It should also review the plans of the internal and external auditors and assess their performance, and issue an opinion upon presentation and publication of annual financial statements.
- m) Issue a report for publication, with the frequency to be determined, but at least upon presentation and publication of annual financial statements. This report must account for the treatment given to matters within its jurisdiction, during the fiscal year by virtue of Section 15 Transparency Regime of the Public Offering of Decree No. 677/01.
- n) Make public, in the periods specified in these Rules, or immediately after produced in the absence of such specification, the opinions mentioned in subparagraphs a), d), e), f) and h) of Section 15 of the Transparency Rules of Public Offering of Decree No. 677/01.
- o) Within sixty (60) calendar days after starting the fiscal year, submit the action plan under Section 15 of the Transparency Rules of the Public Offering of Decree No. 677/01 to the board and the issuer supervisory board.
- p) In the case set out in paragraph h) of Section 15 of the Transparency Rules of the Public Offering of Decree No. 677/01 with respect to transactions with related parties habitually engaged in, a generic opinion may be issued, but limited to a period of time which will not exceed one (1) year or the starting of a new fiscal year or other predetermined economic condition.
- q) Comply with all the resulting obligations imposed by the Bylaws as well as laws and regulations applicable to the issuer by its position as such or by the business carried out. In particular, it must strictly comply with the Sarbanes Oxley Act from the United Financial States of America, as it should be applicable to the company on account of its listing of securities on the New York Stock Exchange.

7. Number of Board members.

YPF currently has seventeen (17) regular directors, five of whom (5) are of independent status, and thirteen (13) alternate directors. This number of directors is considered

[Back to Contents](#)

adequate and proportionate to the scope of the Company and their appointment was made within the limitations established in the Bylaws.

It should be noted that according to our Bylaws, the Argentine National State, only holders of Class A shares are entitled to elect a regular director and an alternate director.

The Board has a number of committees necessary to carry out its mission effectively and efficiently, to ensure greater efficiency and transparency in developing its functions, such as the:

- a) *Executive Committee.* The Board appoints the Executive Committee members from among Board members. It consists of up to six members, in addition to the Executive Vice Chairman chairing the Committee. It is currently composed of four members. It holds meetings to make decisions that require their participation in case the Board should not be able to meet.
- b) *Audit Committee.* The Audit Committee is the committee provided for by Decree 677 of 2001 and the CNV General Resolutions Nos. 400 and 402 of 2002, which has already been referred to.
- c) *Transparency Committee.* The Transparency Committee is an internal committee, also known as the Disclosure Committee in the terminology of the Securities and Exchange Commission (SEC), established by the Board in the context of promoting and reinforcing the Company's policy that disclosures, to its shareholders, to the markets where its shares are listed and to the regulating entities of these markets, should be accurate and complete, should properly represent its financial situation and the results of operations and should be communicated in compliance with the terms and other requirements of the rules and general principles regarding markets operation and good governance the Company has assumed. This is a measure recommended by the SEC under the Sarbanes Oxley Act.

The Company Committee is made up of Executive Directors, some of whom are also members of our Board. They are the Chief Executive Officer (CEO), the General Director Repsol Argentina, the Assistant Director to the CEO, the Chief Operating Officer (COO), the Assistant Director to the COO, the Financial and Economic Director, the General Counsel, the Upstream Executive Director, the Commercial Executive Director, the Downstream Executive Director, the Director of Industrial Subsidiaries, the Director of Management Control, Director of Administration and Tax, the Director of Communication, the Director of Human Resources, Media Director, the Director of Internal Audit, the Director of Reserves Control and the Director of Institutional Affairs.

The Company has deemed it appropriate to create a Steering Committee, which is an internal committee composed of the Chief Executive Officer and Chief Operating Officer and managers of the key corporate and business areas jointly appointed by both. The main function of this committee is to support the CEO and COO in the administration and management of the Company's ordinary business.

[Back to Contents](#)

8. Board Integration.

The appointment of Board members is the exclusive power of the Shareholders Meeting. Consequently, the Board did not consider it necessary, in 2010, to adopt a policy aimed at including former executives in the board of administration.

9. Membership to different organizations.

The Company Board of Directors does not consider it inconvenient for directors and statutory auditors to perform the same function in other companies, insofar as this does not affect compliance with responsibilities inherent to their positions in the Company bodies.

Likewise, the Board believes that the experience provided by its members is extremely positive for the management of the Company. In this regard, shareholders seek that the appointment of Board members is bestowed on individuals of recognized local, national and international solvency, know-how and expertise from the most varied corporate fields.

10. Evaluation on Board Performance.

The evaluation of the performance of the Board of Directors is exclusive function of the Ordinary Shareholders Meeting in accordance with the provisions of the Company Bylaws and Corporations Act. Therefore, the Board considers that the evaluation of its own management is implied in the Company management evaluation and the results for the corresponding fiscal year.

Furthermore, all resolutions of the Board are reflected in the minutes book of that body and account for their administration and management performance.

The Board deems this practice appropriate.

The Audit Committee conducts an annual self-assessment of its performance, whose result is submitted to the Board for consideration.

11. Directors Training and Development.

Currently the Company executives participate in programs and training activities according to the needs in each position and/or function they are involved in.

Directors who are members of the Audit Committee receive annual training. The Committee Action Plan includes specific activities for its members.

In addition, executives of the Company actively take part in interdisciplinary meetings within the Company in which they address different issues relating to the economy, politics, regulation and other current issues as well as various activities in the Chambers and professional boards they belong to.

[Back to Contents](#)

DIRECTORS INDEPENDENCE

12. Independent Directors.

YPF currently has five (5) regular directors who are independent. The Board believes that this number is adequate for the purpose of meeting the independence criteria set forth under the CNV Rules.

The Board understands it is sufficient that those who propose the appointment of directors should indicate the condition of independence of the nominees in accordance with specific provisions in the CNV Rules on the subject, and that it is not necessary to express an additional reason.

13. Appointment of Management Officers.

YPF top executives are appointed by resolution of the Board taking into consideration their professional and technical background. Upon appointment, the Company complies with the notification to the CNV and investors in accordance with the provisions of the CNV Rules.

14. Independent Directors ratio.

The Shareholders Meeting follows the policy to determine the ratio of independent directors required by Decree 677/01 on the Regime of Transparency in Public Offering.

The Board regards this power as corresponding to the Shareholders Meeting pursuant to the provisions of the Argentine Corporations Law.

15. Independent Directors Meeting.

According to the provisions of the Corporations Act it is appropriate for meetings of independent directors to be exclusively restricted to those the members of the Audit Committee are supposed to have insofar as they qualify as independent members.

SHAREHOLDERS RELATIONS

16. Disclosure to Shareholders.

The Company Board of Directors complies with regular disclosure regimes defined by the CNV, the BCBA and the SEC regulations.

Since the relevant information of the Company is publicly available on the website of the CNV, because of appropriate communication channels to meet the requirements of shareholders, and given the current composition of the Company shareholders, it has not been considered necessary to promote regular information meetings with shareholders other than General Meetings.

17. Assistance to concerns and inquiries from Shareholders.

The Company has an information office for shareholders to address their questions and concerns, which is under the officer in charge of Market Relations, appointed pursuant to the CNV Rules.

[Back to Contents](#)

18. Participation of Minority Shareholders in Meetings.

The Company complies with the publications required under current rules, under which the calls are published in Argentina's Official Bulletin, on Buenos Aires Stock Exchange, in the CNV Financial Information Highway and in a newspaper of wide circulation, so the call for the Shareholders meeting becomes widely spread. In 2010, due to the current composition of the Company shareholders, it was not considered necessary to take other special measures designed to promote attendance and participation of minority shareholders in meetings.

19. Control Market.

YPF currently foresees a system of public offer acquisition in its Bylaws, with specific provisions regulating requirements and guidelines to be followed in those cases, which the Bylaws consider a Control Acquisition, in order to protect all shareholders.

The Company does not adhere to the Optional Statutory Regime of Public Offering of Compulsory Acquisition under Section 24 of Decree 677/2001.

20. Dividend Policy.

As provided in the Argentine Corporations Law (LSC), the setting of a dividend policy is a subject that concerns the Shareholders Meeting; the Board only proposes payment in accordance with the powers bestowed upon itself in the Company Bylaws and the Argentine Corporations Law.

Additionally, it is reported that major shareholders of the Company have made public their agreements upon a dividend policy leading to promoting a course of action which contributes to the positioning of the Company shares as potentially attractive for their payout.

COMMUNITY RELATIONS

21. Internet Communication.

The Company has its own free access Web site, which, is up to date, user friendly, sufficient and diversified; it provides information and it can collect users' concerns.

The site is: www.ypf.com

22. Site Requirements.

The information transmitted by electronic means meets the highest standards of confidentiality and integrity and fosters the preservation and recording of information.

COMMITTEES

23. Chairing of the Committee by an Independent Director.

The Chairman of the Audit Committee is appointed by the Board of the Company. While it is not a legal requirement to have at all times an independent member chairing the Audit

[Back to Contents](#)

Committee, in the case of YPF, currently the five regular members of the Committee are of independent status.

24. Rotation of Statutory Auditors and/or external auditors.

The Company applies the regulations in force regarding the CNV Quality Control of External Audits and the SEC regulations regarding the independence of external auditors (Release No. 33-8183), under which audit firms should rotate their partners. Given that SEC rules are more stringent in relation to the rotation period, the Company and its external auditors follow the latter. In this regard, the maximum period in which the lead partner that offers the service of external audit of the Company may conduct such audit assignments in an entity registered with the SEC, should not exceed five (5) years running. After this period, the partner may not rejoin the entity audit team for a period of five years. During that period the partner shall not participate in the audit of the entity.

In connection with the rotation of audit signatures, the Board has noted that such practice is discouraged in general.

Notwithstanding the foregoing, the Audit Committee annually assesses the adequacy, independence and performance of the external auditor and audit team members.

The Company has no specific policy on rotation of the members of the Supervisory Committee.

The Board considers it unnecessary to rotate the members of the Supervisory Committee.

25. Double nature of Statutory Auditor and Auditor.

The Supervisory Committee members do not perform the external audit nor belong to the firm Deloitte & Co. SRL which currently provides external audit services to the Company.

26. Compensation Systems. 27. Nominating Committee and Corporate Governance. 28. Policy of non-discrimination in the integration of the Board.

The Board is directly responsible for appointing the first level and the organizational management of the Company.

Moreover, the board members' compensation is fixed by the Shareholders Meeting in accordance with the economic and financial results for the year under consideration and pursuant to objective legal standards and brackets fixed by Section 261 of the LSC and Chapter III of the Rules of CNV. The Company complies with the disclosure on directors' compensation provided for in the CNV Rules referred to.

As regards non-discrimination policies, the Code of Ethics and Conduct of YPF provide that professional growth of each employee is closely linked to the overall development of each individual. For this reason, it promotes the training of their employees by promoting an environment in which equal employment opportunities reach each and every one of its members and ensuring non-discrimination. Promotion is based on merit, ability and performance of professional duties. Such Regulation also provides that employees of the Company shall be treated with respect, promoting a comfortable, healthy and safe work

[Back to Contents](#)

environment by refraining from using any offensive conduct or involving some form of discrimination based on race, religious beliefs, political or trade union, nationality, language, sex, marital status, age or disability.

[Back to Contents](#)

Item 2.

YPF SOCIEDAD ANONIMA

FINANCIAL STATEMENTS AS OF DECEMBER 31, 2010 AND COMPARATIVE INFORMATION

INDEX

	Page
Cover	
<u>Consolidated Financial Statements</u>	<u>1</u>
<u>Consolidated balance sheet</u>	<u>2</u>
<u>Consolidated statement of income</u>	<u>3</u>
<u>Consolidated statement of cash flows</u>	<u>4</u>
<u>Notes to consolidated financial statements</u>	<u>5</u>
<u>Exhibits to consolidated financial statements</u>	
<u>Primary Financial Statements</u>	<u>18</u>
<u>Balance sheet</u>	<u>20</u>
<u>Statement of income</u>	<u>21</u>
<u>Statement of changes in shareholders' equity</u>	<u>22</u>
<u>Statement of cash flows</u>	<u>23</u>
<u>Notes to financial statements</u>	<u>24</u>
<u>Exhibits to financial statements</u>	<u>55</u>
<u>Ratification of lithographed signatures</u>	<u>61</u>

[Back to Contents](#)

English translation of the financial statements originally filed in Spanish with the Argentine Securities Commission ("CNV"), except for the inclusion of Note 12 to the primary financial statements in the English translation.

In case of discrepancy, the financial statements filed with the CNV prevail over this translation.

YPF SOCIEDAD ANONIMA

Macacha Güemes 515 Ciudad Autónoma de Buenos Aires, Argentina

FISCAL YEAR NUMBER 34

BEGINNING ON JANUARY 1, 2010

FINANCIAL STATEMENTS AS OF DECEMBER 31, 2010 AND COMPARATIVE INFORMATION

Principal business of the Company: exploration, development and production of oil and natural gas and other minerals and refining, transportation, marketing and distribution of oil and petroleum products and petroleum derivatives, including petrochemicals, chemicals and non-fossil fuels, biofuels and their components, generation of electric power from hydrocarbons, rendering telecommunications services, as well as the production, industrialization, processing, marketing, preparation services, transportation and storage of grains and its derivatives.

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

Duration of the Company: through June 15, 2093.

Last amendment to the bylaws: April 14, 2010.

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

Capital structure as of December 31, 2010

(expressed in Argentine pesos)

**Subscribed, paid-in and
authorized for stock
exchange listing**
(Note 4 to primary
financial statements)

Shares of Common Stock, Argentine pesos 10 par value, 1 vote per share

3,933,127,930

[Back to Contents](#)

Schedule I
1 of 3

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YPF SOCIEDAD ANONIMA AND CONTROLLED AND JOINTLY CONTROLLED COMPANIES

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2010 AND COMPARATIVE INFORMATION

(amounts expressed in million of Argentine pesos Note 1.a to the primary financial statements)

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Current Assets			
Cash	570	669	391
Investments (Note 2.a)	1,957	1,476	825
Trade receivables (Note 2.b)	3,322	2,831	2,702
Other receivables (Note 2.c)	3,089	2,490	1,861
Inventories (Note 2.d)	3,865	3,066	3,449
	<u>12,803</u>	<u>10,532</u>	<u>9,228</u>
Noncurrent Assets			
Trade receivables (Note 2.b)	28	22	24
Other receivables (Note 2.c)	1,587	527	391
Investments (Note 2.a)	594	661	741
Fixed assets (Note 2.e)	31,567	27,993	28,028
Intangible assets	10	12	6
	<u>33,786</u>	<u>29,215</u>	<u>29,190</u>
Total noncurrent assets	33,786	29,215	29,190
	<u>46,589</u>	<u>39,747</u>	<u>38,418</u>
Current Liabilities			
Accounts payable (Note 2.f)	7,639	5,863	6,763
Loans (Note 2.g)	6,176	4,679	3,219
Salaries and social security	421	298	284
Taxes payable	2,571	1,437	1,132
Contingencies	295	341	588
	<u>17,102</u>	<u>12,618</u>	<u>11,986</u>
Total current liabilities	17,102	12,618	11,986
Noncurrent Liabilities			
Accounts payable (Note 2.f)	5,616	4,391	3,473
Loans (Note 2.g)	1,613	2,140	1,260
Salaries and social security	168	110	116
Taxes payable	523	828	753
Contingencies	2,527	1,959	1,857
	<u>10,447</u>	<u>9,428</u>	<u>7,459</u>
Total noncurrent liabilities	10,447	9,428	7,459
	<u>27,549</u>	<u>22,046</u>	<u>19,445</u>
Total liabilities	27,549	22,046	19,445
Shareholder s Equity	19,040	17,701	18,973

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Total liabilities and shareholder s equity	46,589	39,747	38,418
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Notes 1 to 4 and the accompanying exhibits A and H to Schedule I and the primary financial statements of YPF, are an integral part of and should be read in conjunction with these statements.

[Back to Contents](#)

Schedule I
2 of 3

English translation of the financial statements originally filed in Spanish with the Argentine Securities Commission (CNV), except for the inclusion of Note 12 to the primary financial statements in the English translation.

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YPF SOCIEDAD ANONIMA AND CONTROLLED AND JOINTLY CONTROLLED COMPANIES

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010 AND COMPARATIVE INFORMATION

(amounts expressed in million of Argentine pesos, except for per share amounts in Argentine pesos Note 1.a to the primary financial statements)

	2010	2009	2008
Net sales	44,162	34,320	34,875
Cost of sales	(29,899)	(23,177)	(24,013)
Gross profit	14,263	11,143	10,862
Selling expenses (Exhibit H)	(3,015)	(2,490)	(2,460)
Administrative expenses (Exhibit H)	(1,429)	(1,102)	(1,053)
Exploration expenses (Exhibit H)	(344)	(552)	(684)
Operating income	9,475	6,999	6,665
Income (loss) on long-term investments	79	(9)	97
Other (expense) income, net (Note 2.i)	(155)	159	(376)
Financial income (expense), net and holding gains (losses):			
Gains (losses) on assets			
Interests	118	109	134
Exchange differences	202	182	416
Holding gains (losses) on inventories	676	(11)	476
Losses on liabilities			
Interests	(931)	(958)	(492)
Exchange differences	(444)	(564)	(708)
Net income before income tax	9,020		