

YPF SOCIEDAD ANONIMA
Form 6-K
May 19, 2005
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer

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

For the month of May, 2005

Total 2004

34,196 (1) 565 34,760 18,672 19,141

- (1) Includes 14 of net book value charged to fixed assets allowances for the three-month period ended March 31, 2005.
- (2) Depreciation has been calculated according to the unit of production method (Note 2.f).
- (3) Includes 2 and 8 corresponding to the future costs of hydrocarbon wells abandonment obligations for the three-month periods ended March 31, 2005 and 2004, respectively.
- (4) Includes 1,311, 1,444 and 1,346 of mineral property as of March 31, 2005 and 2004 and December 31, 2004, respectively.

ENRIQUE LOCUTURA RUPEREZ

Executive Vicepresident

Table of Contents

YPF Sociedad Anónima

TABLE OF CONTENTS

Table of Contents

46

Exhibit C

English translation of the financial statements originally issued in Spanish, except for the inclusion of Note 12 in the English translation

YPF SOCIEDAD ANONIMA

Edgar Filing: YPF SOCIEDAD ANONIMA - Form 6-K

BALANCE SHEETS AS OF MARCH 31, 2005 AND DECEMBER 31, 2004

INVESTMENTS IN SHARES AND HOLDINGS IN OTHER COMPANIES

(amounts expressed in millions of Argentine pesos, except where otherwise indicated - Note 1)

(The financial statements as of March 31, 2005 and March 31, 2004 are unaudited)

| | 2005 | | | | | | 2004 | | |
|---------------------------|-------------------------------|------------|------------|----------------------------------|---------------|--------------------|------|---------------|---|
| Information of the Issuer | | | | | | | | | |
| Name and Issuer | Description of the Securities | | | Last Financial Statements Issued | | | | | |
| | Class | Face Value | Book Value | Cost | Main Business | Registered Address | Date | Capital Stock | Statutory Audit Committee's Report. |
| | | | | | | | | 1 | <u>Limited Review Report on Interim Period Financial Statements.</u> |
| | | | | | | | | 2 | <u>Financial Statements as of March 31, 2005 and Comparative Information.</u> |
| | | | | | | | | 3 | |

Table of Contents

SOCIEDAD ANONIMA

Financial Statements as of March 31, 2005 and Comparative Information

Limited Review Report on Interim Period Financial Statements

Statutory Audit Committee's Report

Table of Contents

Item 1

English translation of the report originally issued in Spanish, except for the omission of certain disclosures related to formal legal requirements for reporting in Argentina and the addition of the last paragraph See Note 12 to the primary financial statements

Limited Review Report on Interim

Period Financial Statements

To the Board of Directors of YPF SOCIEDAD ANONIMA:

| | | | | |
|----|--|---|--|--|
| 1. | We have reviewed the balance sheet of YPF SOCIEDAD ANONIMA (an Argentine Corporation) as of March 31, 2005, and the related statements of income, changes in shareholders equity and cash flows for the three-month period then ended. We have also reviewed the consolidated balance sheet of YPF SOCIEDAD ANONIMA and its controlled and jointly controlled companies as of March 31, 2005, and the related consolidated statements of | Income (loss) <hr style="width: 100px; margin: 0 auto;"/> | Equity <hr style="width: 100px; margin: 0 auto;"/> | Holding in Capital Stock <hr style="width: 100px; margin: 0 auto;"/> |
|----|--|---|--|--|

Edgar Filing: YPF SOCIEDAD ANONIMA - Form 6-K

Controlled companies:

YPF International S.A.

Common Bs. 100 147,695 302

2.

We conducted our review in accordance with generally a

3.

Based on our review, we are not aware of any material m

Table of Contents

4. In relation to the financial statements as of December 31,
YPF Holdings Inc.

The financial statements as of March 31, 2004, presented for comparative purposes

5. Certain accounting practices of YPF SOCIEDAD ANONIMA

Buenos Aires, Argentina

May 6, 2005

Deloitte & Co. S.R.L.

Ricardo C. Ruiz

Partner

Table of Contents

YPF SOCIEDAD ANONIMA

FINANCIAL STATEMENTS AS OF MARCH 31, 2005 AND COMPARATIVE

INDEX

- Cover
- Consolidated balance sheets
- Consolidated statements of income
- Consolidated statements of cash flows
- Notes to consolidated financial statements
- Exhibits to consolidated financial statements
- Balance sheets
- Statements of income
- Statements of changes in shareholders' equity
- Statements of cash flows

| | | | | | |
|---|--------|----|---|--------|-----|
| Operadora de Estaciones de Servicios S.A. | Common | \$ | 1 | 11,880 | 263 |
|---|--------|----|---|--------|-----|

| | | | | | |
|--------------------|--------|----|---|-----------|----|
| A-Evangelista S.A. | Common | \$ | 1 | 8,683,498 | 41 |
|--------------------|--------|----|---|-----------|----|

| | | | | | |
|--|--------|-----------|--|---------|----|
| Argentina Private Development Company Limited (in liquidation) | Common | US\$ 0.01 | | 769,414 | 44 |
|--|--------|-----------|--|---------|----|

| | | | | | |
|---|--|--|--|--|----|
| - <u>Exhibits to financial statements</u> | | | | | 45 |
|---|--|--|--|--|----|

Table of Contents

1

English translation of the financial statements originally issued in Spanish, except for the inclusion of Note 12 to the primary financial statements in the English translation

YPF SOCIEDAD ANONIMA

Avenida Presidente Roque Sáenz Peña 777 Buenos Aires City, Argentina

FISCAL YEARS NUMBER 29 AND 28

BEGINNING ON JANUARY 1, 2005 AND 2004

FINANCIAL STATEMENTS AS OF MARCH 31, 2005 AND COMPARATIVE INFORMATION

(The financial statements as of March 31, 2005 and March 31, 2004 are unaudited)

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 and chemicals, generation of electric power from hydrocarbons, as well as rendering telecommunications services.

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 19, 2005 (pending registration).

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

Capital structure as of March 31, 2005

(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

ENRIQUE LOCUTURA RUPEREZ

Executive Vicepresident

Table of Contents

Schedule I

1 of 3 ZE="1">3 44 100.00% 44

650 2,186 784

Jointly controlled companies:

English translation of the financial statements originally issued in Spanish, except for the inclusion of Note 12 to the primary financial statements in the English translation

YPF SOCIEDAD ANONIMA AND CONTROLLED AND JOINTLY CONTROLLED COMPANIES

CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2005 AND DECEMBER 31, 2004

(amounts expressed in millions of Argentine pesos - Note 1 to the primary financial statements)

(The financial statements as of March 31, 2005 and March 31, 2004 are unaudited)

| | <u>2005</u> | <u>2004</u> |
|------------------------|-------------|-------------|
| Current assets | | |
| Cash | 414 | 492 |
| Investments (note 2.a) | 718 | 408 |
| | 1,892 | 2,049 |

Edgar Filing: YPF SOCIEDAD ANONIMA - Form 6-K

| | | | | | | | | | | | | | | | | | | | |
|--------------------------------|---------------|---------------|------------|--------|-----|---|--|----------|-----|-----|-------|--------|-----|--|--|--|--|--|--|
| Trade receivables (Note 2.b) | | | | | | | | | | | | | | | | | | | |
| Other receivables (Note 2.c) | 5,023 | 3,871 | | | | | | | | | | | | | | | | | |
| Inventories (Note 2.d) | 1,181 | 1,134 | | | | | | | | | | | | | | | | | |
| Other assets | 167 | 380 | | | | | | | | | | | | | | | | | |
| Total current assets | 9,395 | 8,334 | | | | | | | | | | | | | | | | | |
| Compañía S.A. (6) | Common \$ | 1 | 77,292,000 | 447 | 169 | Separation, fractionation and transportation of natural gas liquids | Av. Roque Sáenz Peña 777, P. 7°, Buenos Aires, Argentina | 12/31/04 | 203 | 351 | 1,125 | 38.00% | 427 | | | | | | |
| Broken Petroquímica S.A. | Common \$ | 1 | 40,602,826 | (8) | 88 | Petrochemicals | Sarmiento 1230, P. 6°, Buenos Aires, Argentina | 12/31/04 | 81 | 89 | 381 | 50.00% | (8) | | | | | | |
| Fertil S.A. | Common \$ | 1 | 1,000,000 | 469 | 341 | Production and marketing of fertilizers | Alicia Moreau de Justo 750, P. 1°, Of. 11, Buenos Aires, Argentina | 12/31/04 | | | | | | | | | | | |
| Noncurrent assets | | | | | | | | | | | | | | | | | | | |
| Trade receivables (Note 2.b) | 69 | 72 | | | | | | | | | | | | | | | | | |
| Other receivables (Note 2.c) | 1,392 | 1,457 | | | | | | | | | | | | | | | | | |
| Investments (Note 2.a) | 480 | 490 | | | | | | | | | | | | | | | | | |
| Fixed assets (Note 2.e) | 20,466 | 20,554 | | | | | | | | | | | | | | | | | |
| Intangible assets | 13 | 15 | | | | | | | | | | | | | | | | | |
| Total noncurrent assets | 22,420 | 22,588 | | | | | | | | | | | | | | | | | |
| Total assets | 31,815 | 30,922 | | | | | | | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | | | | | | | | | |
| Accounts payable (Note 2.f) | 2 | 322 | 1,039 | 50.00% | 479 | | | | | | | | | | | | | | |
| Refinería del Norte S.A. | Common \$ | 1 | 45,803,655 | 190 | 39 | Refining | Maipú 1, P. 2°, | 09/30/04 | 92 | 99 | 389 | 50.00% | 169 | | | | | | |

Edgar Filing: YPF SOCIEDAD ANONIMA - Form 6-K

| | | | | | | | Buenos Aires, Argentina | | | | | | | |
|---|-----------|--------------|-----------|--------------------|----|--------------------------------|--|----------|-----|----|-------|--------|-----|--|
| | | | 1,106 | 637 | | | | | | | 1,075 | | | |
| | 1,884 | 2,025 | | | | | | | | | | | | |
| Loans (Note g) | | 324 | | 246 | | | | | | | | | | |
| Salaries and Social Security | | 99 | | 121 | | | | | | | | | | |
| Taxes payable | | 2,165 | | 1,999 | | | | | | | | | | |
| Prepaid advances from crude oil purchasers | | 266 | | 264 | | | | | | | | | | |
| Reserves | | 130 | | 130 | | | | | | | | | | |
| Total current liabilities | | <u>4,868</u> | | <u>4,785</u> | | | | | | | | | | |
| Noncurrent liabilities | | | | | | | | | | | | | | |
| Accounts payable (Note f) | | 925 | | 854 | | | | | | | | | | |
| Loans (Note g) | | 1,325 | | 1,684 | | | | | | | | | | |
| Salaries and Social Security | | 68 | | 68 | | | | | | | | | | |
| Companies under significant influence: | | | | | | | | | | | | | | |
| Productos del Valle S.A. | Common \$ | 10 | 4,072,749 | 107 ⁽¹⁾ | 23 | Oil transportation by pipeline | Florida 1, P. 10°, Buenos Aires, Argentina | 12/31/04 | 110 | 30 | 349 | 37.00% | 105 | |
| Terminales Marítimas Estratégicas S.A. | Common \$ | 10 | 476,034 | 48 | | Oil storage and shipment | Av. Leandro N. Alem 1180, P.11°, Buenos Aires, Argentina | | | | | | | |
| Taxes payable | | 24 | | 23 | | | | | | | | | | |
| Prepaid advances from crude oil purchasers | | 555 | | 634 | | | | | | | | | | |
| Reserves | | 885 | | 898 | | | | | | | | | | |
| Total noncurrent liabilities | | <u>3,782</u> | | <u>4,161</u> | | | | | | | | | | |
| Total liabilities | | <u>8,650</u> | | <u>8,946</u> | | | | | | | | | | |

| Temporary differences | | | | | | | | | | | | | |
|--|---------------|---------------|---------------|-------------------|--|---|----------|--------|----|-----|--------|----|--|
| Foreign companies translation | (113) | (107) | | | | | | | | | | | |
| Revaluation of derivative instruments | (3) | (4) | | | | | | | | | | | |
| Shareholders equity | <u>23,281</u> | <u>22,087</u> | | | | | | | | | | | |
| Total liabilities, temporary differences and shareholders equity | 31,815 | | 12/31/04 | 14 | 18 | | 143 | 33.15% | 47 | | | | |
| Oil tanking system S.A. | Common \$ | 10 | 351,167 | 36 | 7 Hydrocarbon transportation and storage | Alicia Moreau de Justo 872, P. 4°, Of. 7, Buenos Aires, Argentina | 12/31/04 | 12 | 6 | 121 | 30.00% | 36 | |
| Gasoducto del Céfico (Argentina) S.A. | Preferred \$ | 1 | 12,298,800 | 18 | 13 Gas transportation by pipeline | San Martín 323, P. 19°, Buenos Aires, Argentina | 12/31/04 | 7 | 23 | 180 | 10.00% | 26 | |
| Central Dock S.A. | Common \$ | 0.01 | 3,847,189,961 | 16 ⁽³⁾ | 46 | bottom ">30,922 | | | | | | | |

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.

ENRIQUE LOCUTURA RUPEREZ

Executive Vicepresident

Table of Contents

English translation of the financial statements originally issued in Spanish, except for the inclusion of Note 12 to the primary financial statements in the English translation

YPF SOCIEDAD ANONIMA AND CONTROLLED AND JOINTLY CONTROLLED COMPANIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2005 AND 2004

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

(The financial statements as of March 31, 2005 and March 31, 2004 are unaudited)

| | <u>2005</u> | <u>2004</u> | | | | | | | | | |
|--------|--|---|-------------|--------------------|-----|-----------------------------|--|-------------------|-----|-------|-----|
| | 5,387 | 4,564 | | | | | | | | | |
| | (2,562) | (2,054) | | | | | | | | | |
| | <u>2,825</u> | <u>2,510</u> | | | | | | | | | |
| | Electric power generation and bulk marketing | Reconquista 360, P. 6°, Buenos Aires, Argentina | 12/31/04 | 484 | (2) | 279 | 9.98% ⁽⁵⁾ | 21 ⁽⁵⁾ | | | |
| Common | \$ | 1 | 104,438,182 | 98 | 338 | Investment in MetroGas S.A. | Gregorio Araoz de Lamadrid 1360, Buenos Aires, Argentina | 12/31/04 | 309 | (100) | 216 |
| Common | \$ | 1 | 40,291,975 | 143 ⁽³⁾ | 193 | | | 12/31/04 | 94 | (20) | 244 |

Edgar Filing: YPF SOCIEDAD ANONIMA - Form 6-K

Investment
and finance
Reconquista
360, P. 6°,
Buenos
Aires,
Argentina

| | | | | | | | | | | | | |
|-----------|----|--|------------|-----------------------------------|----------|--------------------------------|----|---|----------|-------|------|-----|
| Common | \$ | 1 | 30,006,540 | 257 | | | | | | | | |
| | | (102) | | (99) | | | | | | | | |
| | | (395) | | (310) | | | | | | | | |
| | | (62) | | (136) | | | | | | | | |
| | | 2,266 | | 1,965 | | | | | | | | |
| 121 | | (5) | | 25 | 12/31/04 | 67 | 38 | 572 | 45.00% | 263 | | |
| | | Exploration and exploitation of hydrocarbons and electric power generation, production and marketing | | Lima 339, Buenos Aires, Argentina | | | | | | | | |
| Preferred | \$ | 1 | 8,099,280 | 19 | | | | | | | | |
| | | | | | | Oil transportation by pipeline | | Esmeralda 255, P. 5°, Buenos Aires, Argentina | 12/31/04 | 45 | (22) | 104 |
| | | | | | | | 14 | 13 | | | | |
| | | | | | | | | Other expenses, net (Note 2.h) | | (162) | (26) | |
| | | 49 | | 52 | | | | | | | | |
| | | (148) | | (171) | | | | | | | | |
| | | 39 | | 41 | | | | | | | | |
| | | (112) | | (55) | | | | | | | | |
| | | 67 | | 76 | | | | | | | | |
| | | 75 | | | | | | | | | | |

| | | | |
|--------------|--------------|--|----|
| <u>2,069</u> | <u>1,907</u> | | |
| (875) | (817) | | 14 |

| | |
|------------|------------|
| <u>756</u> | <u>754</u> |
|------------|------------|

| | |
|-------|-------|
| 1,194 | 1,090 |
|-------|-------|

16

| | |
|--------------|--------------|
| <u>1,194</u> | <u>1,106</u> |
|--------------|--------------|

| | |
|-------------|-------------|
| <u>3.04</u> | <u>2.81</u> |
|-------------|-------------|

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.

ENRIQUE LOCUTURA RUPEREZ

Executive Vicepresident

Table of Contents

4

Schedule I

3 of 3

English translation of the financial statements originally issued in Spanish, except for the inclusion of Note 12 to the primary financial statements in the English translation

YPF SOCIEDAD ANONIMA AND CONTROLLED AND JOINTLY CONTROLLED COMPANIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

2,512 3,577 2,669

(1) Holding in shareholders' equity, net of intercompany profits.

(2) No value is disclosed, due to book value is less than \$ 1 million.

(3) Holding in shareholders' equity plus adjustments to conform to YPF S.A. accounting methods.

(4) Includes Enerfin S.A. (in liquidation), A-Evangelista Construções e Serviços Ltda., Gasoducto del Pacífico (Cayman) Ltd., A&C Pipeline Holding Company, Poligás Luján S.A.C.I., Petróleos Transandinos YPF S.A. and Mercobank S.A.

(5) Additionally, the Company has a 29.93% indirect holding in capital stock through Inversora Dock Sud S.A.

(6) As stipulated by shareholders' agreement, joint control is held in this company by shareholders.

Edgar Filing: YPF SOCIEDAD ANONIMA - Form 6-K

(7) As of March 31, 2005 and December 31, 2004, holding in negative shareholders equity is disclosed in Accounts payable after adjustments in shareholders equity to conform YPF S.A. accounting methods.

(amounts expressed in millions of Argentine pesos - Note 1 to the primary financial statements)

(The financial statements as of March 31, 2005 and March 31, 2004 are unaudited)

As of March 31, 2005 and December 31, 2004, holdings in shareholders equity of Petroken Petroquímica Ensenada S.A. are disclosed in Other assets acco

ENRIQUE LO

Executive

Table of Contents

47

English translation of the financial statements originally issued in Spanish, except for the inclusion of Note 12 in the English translation

YPF SOCIEDAD ANONIMA

BALANCE SHEETS AS OF MARCH 31, 2005 AND 2004

ALLOWANCES AND RESERVES

Amounts expressed in millions of Argentine pesos - Note 1)

The financial statements as of March 31, 2005 and March 31, 2004 are unaudited)

| Account | 2005 | | | Amounts at end of period |
|--|-----------------------------------|---|--------------|-----------------------------|
| | Amount at beginning of year | Increases | Decreases | |
| Deducted from current assets: | | | | |
| | Net decrease in reserves | (13) | (30) | |
| Changes in assets and liabilities: | | For doubtful trade receivables | 347 | 2 |
| For other doubtful accounts | 122 | &"1"> | | |
| Trade receivables | 160 | | (110) | |
| Other receivables | (1,134) | | (70) | |
| Inventories | (47) | | (43) | |
| Accounts payable | (114) | | (127) | |
| Salaries and social security | (25) | | (14) | |
| Taxes payable | 167 | | 799 | |
| Net advances from crude oil purchasers | (58) | | (63) | |
| Interests, exchange differences and others | 27 | | (7) | |
| Net cash flows provided by operating activities | 792⁽¹⁾ | | 2,167 | |

Edgar Filing: YPF SOCIEDAD ANONIMA - Form 6-K

| | | | | |
|--|-------|-----|-------|-----|
| | 469 | 2 | 3 | 46 |
| deducted from noncurrent assets: | | | | |
| for valuation of other receivables to their estimated realizable value | 70 | | 2 | 6 |
| for reduction in value of holdings in long-term investments | 325 | | 43 | 28 |
| for unproductive exploratory drilling | 16 | 5 | 13 | |
| for obsolescence and fixed assets to be disposed of | 47 | (1) | | |
| Cash Flows from Investing Activities | | | | |
| acquisitions of fixed assets | (617) | | (545) | |
| capital distributions from long-term investments | | | 4 | |
| proceeds from sale of long-term investments | 285 | | | |
| investments (non cash and equivalents) | (1) | | 1 | 1 |
| | (1) | | | |
| net cash flows used in investing activities | (333) | | (542) | |
| Cash Flows from Financing Activities | | | | |
| payment of loans | (227) | | (620) | |
| cash flows used in financing activities | (227) | | (620) | |
| | 458 | 6 | 59 | 405 |
| total deducted from assets, 2005 | 927 | 8 | 62 | 87 |
| total deducted from assets, 2004 | 939 | 95 | 33 | |
| Reserves for losses - current: | | | | |
| for miscellaneous contingencies | 67 | | | 6 |
| | 67 | | | 6 |
| Increase in Cash and Equivalents | | | | |
| cash and equivalents at the beginning of years | 887 | | 1,005 | |
| cash and equivalents at the end of periods | 1,119 | | 2,251 | |

For supplemental information on cash and equivalents, see Note 2.a.

Includes (733) and (57) corresponding to income tax payments and (92) and (87) corresponding to interest payments for the three-month periods ended March

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.

ENRIQUE LOCUTURA
Executive Vicepre

Table of Contents

5

English translation of the financial statements originally issued in Spanish, except for the inclusion of Note 12 to the primary financial statements in the English translation.

YPF SOCIEDAD ANONIMA AND CONTROLLED AND JOINTLY CONTROLLED COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2005 AND COMPARATIVE INFORMATION

Amounts expressed in millions of Argentine pesos - Note 1 to the primary financial statements, except where otherwise indicated)

The financial statements as of March 31, 2005 and March 31, 2004 are unaudited)

CONSOLIDATED FINANCIAL STATEMENTS

Edgar Filing: YPF SOCIEDAD ANONIMA - Form 6-K

Following the methodology established by Technical Resolution No. 21 of the Argentine Federation of Professional Councils in Economic Sciences (F.A.C.P.C.E.), YPF Sociedad Anónima (the Company or YPF) has consolidated its balance sheets as of March 31, 2005 and December 31, 2004 and the related statements of income and cash flows for the three-month periods ended March 31, 2005 and 2004, as follows:

Investments and income (loss) related to controlled companies in which YPF has the number of votes necessary to control corporate decisions are substituted for such companies' assets, liabilities, net revenues, cost, expenses and, if applicable, temporary differences, which are aggregated to the Company's balances after the elimination of intercompany profits, transactions, balances and other consolidation adjustments. If applicable, minority shareholders' interest on equity and net income is disclosed separately in the balance sheets and income statements, respectively.

Investments and income (loss) related to companies in which YPF holds joint control are consolidated line by line on the basis of the Company's proportionate share in their assets, liabilities, net revenues, cost, expenses and, if applicable, temporary differences, considering intercompany profits, transactions, balances and other consolidation adjustments.

Under General Resolution No. 368 from the Argentine Securities Commission (CNV), the Company discloses its consolidated financial statements, included in Schedule I, preceding its primary financial statements.

b) Financial statements used for consolidation:

The consolidated financial statements are based upon the last available financial statements of those companies in which YPF holds control or joint control, taking into consideration, if applicable, significant subsequent events and transactions, available management information and transactions between YPF and the related company, which have produced changes on the latter shareholders' equity.

Table of Contents

6

c) Valuation criteria:

In addition to the valuation criteria disclosed in the notes to YPF primary financial statements, the following additional valuation criteria have been applied in the preparation of the consolidated financial statements:

Income on discontinued operations

As mentioned in Note 10 to the primary financial statements, during the second semester of the year ended December 31, 2004, YPF Holdings Inc. and YPF International S.A. sold their interests in Global Companies LLC and affiliates (Global) and in YPF Indonesia Ltd., respectively. Financial statements as of March 31, 2004, presented for comparative purposes, were restated to give retroactive effect to the mentioned divestitures. As a consequence, Global and YPF Indonesia Ltd. results were disclosed in Income on discontinued operations account of the statement of income. Net sales and operating income of these operations amounted to 1,270 and 18, respectively, for the three-month period ended March 31, 2004.

Fixed assets

Mineral properties on foreign unproved properties have been valued at cost and translated into pesos as detailed in Note 2.e to the primary financial statements. Capitalized costs related to unproved properties are reviewed periodically by Management to ensure the carrying value does not exceed their estimated recoverable value.

Intangible assets

Correspond to start up and organization costs, valued at acquisition cost restated as detailed in Note 1 to the primary financial statements, less corresponding accumulated amortization, which is calculated using the straight-line method over its estimated useful life of five years.

In Management's opinion, future activities will generate enough economic benefits to recover incurred costs.

ENRIQUE LOCUTURA RUPEREZ

Table of Contents

48

Exhibit F

English translation of the financial statements originally issued in Spanish, except for the inclusion of Note 12 in the English translation

YPF SOCIEDAD ANONIMA**STATEMENTS OF INCOME FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2005 AND 2004****COST OF SALES**

(amounts expressed in millions of Argentine pesos - Note 1)

(The financial statements as of March 31, 2005 and March 31, 2004 are unaudited)

| | <u>2005</u> | <u>2004</u> |
|----------------------------------|----------------|--------------|
| Inventories at beginning of year | 1,005 | 675 |
| Purchases for the period | 514 | 241 |
| Production costs (Exhibit H) | 1,878 | 1,648 |
| Holding gains on inventories | 38 | 37 |
| Inventories at end of period | <u>(1,055)</u> | <u>(714)</u> |

**Salaries and Social Security Pensions
and other Postretirement and
Postemployment Benefits**

YPF Holdings Inc., a YPF subsidiary with operations in United States of America, has a number of trustee noncontributory pension plans and postretirement benefits.

The funding policy related to trustee noncontributory pension plans is to contribute amounts to the plans sufficient to meet the minimum funding requirements under governmental

regulations, plus such additional amounts as Management may determine to be appropriate. The benefits related to the plans are accrued based on years of service and compensation earned during the period of active service of employees. YPF Holdings Inc. also has a noncontributory supplemental retirement plan for executive officers and other selected key employees.

Table of Contents

7

YPF Holding Inc. provides certain health care and life insurance benefits for eligible retired employees, and also certain insurance, and other postemployment benefits for eligible individuals in the case employment is terminated by YPF Holdings Inc. before their normal retirement. YPF Holdings Inc. accrues the estimated cost of retiree benefit payments, other than pensions, during employees active service periods. Employees become eligible for these benefits if they meet minimum age and years of service requirements. YPF Holdings Inc. accounts for benefits provided when the minimum service period is met, payment of the benefit is probable and the amount of the benefit can be reasonably estimated. Other postretirement and postemployment benefits are funded as claims are incurred.

Recognition of revenues and costs of construction activities

Revenues and costs related to construction activities are accounted by the percentage of completion method. When adjustments in contract values or estimated costs are determined, any change from prior estimates is reflected in earnings in the current period. Anticipated losses on contracts in progress are expensed when identified.

Derivative instruments

As of March 31, 2005, Profertil S.A., a YPF jointly controlled company, has entered into cash flow hedges, to establish a protection against variability in cash flows due to changes in interest rates established in financial obligation contracts. Changes in the fair value of cash flow hedges are initially deferred in Temporary differences - Valuation of

derivative instruments account in the balance sheet and charged to financial expenses of the statement of income as the related transactions are recognized. Fair value of these instruments (interest rate swaps) are included in the Loans account of the balance sheet.

2. ANALYSIS OF THE MAIN ACCOUNTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

Details regarding the significant accounts included in the accompanying consolidated financial statements are as follows:

Consolidated Balance Sheet Accounts as of March 31, 2005 and December 31, 2004

Assets

a) Investments:

| | 2005 | | 2004 | |
|---|--------------------|------------|--------------------|------------|
| | Current | Noncurrent | Current | Noncurrent |
| Short-term investments and government securities | 718 ⁽¹⁾ | 5 | 408 ⁽¹⁾ | 4 |
| Long-term investments | | 757 | | 811 |
| Allowance for reduction in value of holdings in long-term investments | | (282) | | |
| Cost of sales | | | | 1,887 |

ENRIQUE LOCUTURA RUPEREZ

Table of Contents

49

Exhibit G

English translation of the financial statements originally issued in Spanish, except for the inclusion of Note 12 in the English translation

YPF SOCIEDAD ANONIMA**BALANCE SHEETS AS OF MARCH 31, 2005 AND DECEMBER 31, 2004****FOREIGN CURRENCY ASSETS AND LIABILITIES**

(amounts expressed in millions)

(The financial statements as of March 31, 2005 and March 31, 2004 are unaudited)

| <u>Account</u> | <u>Foreign currency and amount</u> | | <u>Exchange rate in pesos as of 03-31-05</u> | <u>Book value as of 03-31-05</u> |
|-----------------------|------------------------------------|-------------|--|----------------------------------|
| | <u>2004</u> | <u>2005</u> | | |
| Current Assets | | | | |
| Cash | US\$ 55 | (325) | | |
| | 718 | 480 | 408 | 490 |

⁽¹⁾ Includes 705 and 395 as of March 31, 2005 and December 31, 2004, respectively, with an original maturity of less than three months.

Table of Contents

8

b) Trade receivables:

| | 2005 | | 2004 | |
|--|--------------|--------------|-------------------------|------------|
| | Current | Noncurrent | Current | Noncurrent |
| Accounts receivable | 1,856 | 69 | 1,939 | 72 |
| Related parties | 394 | | 469 | |
| Investments | US\$ 13 | US\$ 30 | 2.88 ⁽¹⁾ | 87 |
| Trade receivables | US\$ 477 | US\$ 437 | 2.88 ⁽¹⁾ | 1,259 |
| | 7 | 3 | 3.73 ⁽¹⁾ | 11 |
| Other receivables | US\$ 741 | US\$ 1,201 | 2.88 ⁽¹⁾ | 3,459 |
| | \$CH 110,557 | \$CH 109,904 | 0.004984 ⁽¹⁾ | 548 |
| | 1 | 1 | 3.73 ⁽¹⁾ | 4 |
| | <u>2,250</u> | <u>69</u> | <u>2,408</u> | <u>72</u> |
| Allowance for doubtful trade receivables | (358) | | (359) | |
| | <u>1,892</u> | <u>69</u> | <u>2,049</u> | <u>72</u> |

c) Other receivables:

| | 2005 | | 2004 | |
|--------------------------------|----------------------|------------|----------------------|--------------|
| | Current | Noncurrent | Current | Noncurrent |
| Deferred income tax | | | | — |
| Total current assets | | | | <u>5,368</u> |
| Noncurrent Assets | | | | |
| Other receivables | US\$ 208 | US\$ 200 | 2.88 ⁽¹⁾ | <u>575</u> |
| Total noncurrent assets | | | | <u>575</u> |
| Total assets | | | | <u>5,943</u> |
| Current Liabilities | 385 | | 422 | |
| Tax credits and export rebates | 249 | 26 | 348 | 24 |
| Trade | 24 | | 21 | |
| Prepaid expenses | 53 | 128 | 52 | 139 |
| Concessions charges | 17 | 103 | 19 | 105 |
| Related parties | 4,338 ⁽¹⁾ | 608 | 3,110 ⁽¹⁾ | 617 |
| Loans to clients | 9 | 88 | | |
| Accounts payable | US\$ 302 | US\$ 294 | 2.92 ⁽²⁾ | 858 |

Edgar Filing: YPF SOCIEDAD ANONIMA - Form 6-K

| | | | | | | |
|--|------|-------|-------|-------|---------------------|-------|
| | | 7 | | 10 | 3.78 ⁽²⁾ | 38 |
| Loans | US\$ | 36 | US\$ | 30 | 2.92 ⁽²⁾ | 88 |
| Net advances from crude oil purchasers | US\$ | 89 | US\$ | 91 | 2.92 ⁽²⁾ | 266 |
| | | | | | | 1,250 |
| Total current liabilities | | | | | | 1,250 |
| Noncurrent Liabilities | | 87 | | | | |
| From the renegotiation of long-term contracts | | | 20 | | | 21 |
| From joint ventures and other agreements | | 10 | | | 6 | |
| Trust contribution under Decree No. 1,882/04 | | 164 | | | 66 | |
| Miscellaneous | | 290 | 102 | | 369 | 112 |
| | | 5,154 | 1,460 | 4,001 | 1,527 | 1,527 |
| Allowance for other doubtful accounts | | (131) | | | (13) | |
| Accounts payable | US\$ | 233 | US\$ | 230 | 2.92 ⁽²⁾ | 672 |
| Loans | US\$ | 412 | US\$ | 384 | 2.92 ⁽²⁾ | 1,121 |
| Net advances from crude oil purchasers | US\$ | 213 | US\$ | 190 | 2.92 ⁽²⁾ | 555 |
| | | | | | | 2,348 |
| Total noncurrent liabilities | | | | | | 2,348 |
| Total liabilities | | | | | | 3,598 |
| Allowance for valuation of other receivables to their estimated realizable value | | | (68) | | | (70) |
| | | 5,023 | 1,392 | 3,871 | 1,457 | 1,457 |

(1) Includes 2,979, which accrues an annual interest rate from 2.45% to 3.69% as of March 31, 2005, and 1,739 as of December 31, 2004, with Repsol International Finance B.V. (other related party under common control).

d) Inventories:

| | 2005 | 2004 |
|--|------|------|
| Refined products and other manufactured for sale | 626 | 617 |
| Crude oil | 390 | 355 |
| Products in process of refining and separation | 10 | 13 |
| Raw materials, packaging materials and others | — | — |

(1) Buying exchange rate.

(2) Selling exchange rate.

ENRIQUE LOCUTURA RUPEREZ

Executive Vicepresident

Table of Contents

50

Exhibit H

English translation of the financial statements originally issued in Spanish, except for the inclusion of Note 12 in the English translation

YPF SOCIEDAD ANONIMA**STATEMENTS OF INCOME FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2005 AND 2004 EXPENSES INCURRED**

(amounts expressed in millions of Argentine pesos - Note 1)

(The financial statements as of March 31, 2005 and March 31, 2004 are unaudited)

| | 2005 | | | | 2004 | |
|------------------------------------|------------|----------------|----------|-------------|-------|-------|
| | Production | Administrative | Selling | Exploration | Total | Total |
| | costs | expenses | expenses | expenses | | |
| Salaries and social security taxes | 77 | 20 | 155 | 149 | | |
| | 1,181 | 1,134 | | | | |

Table of Contents

9

e) Fixed assets:

| | <u>2005</u> | <u>2004</u> |
|---|---------------|---------------|
| Net book value of fixed assets (Exhibit A) | 20,521 | 20,617 |
| Allowance for unproductive exploratory drilling | (8) | (16) |
| Allowance for obsolescence and assets to be disposed of | (47) | (47) |
| | <u>20,466</u> | <u>20,554</u> |

Liabilities**f) Accounts payable:**

| | <u>2005</u> | | <u>2004</u> | |
|---|--------------|-------------------|--------------|------------|
| | Current | Noncurrent | Current | Noncurrent |
| Fees and compensation for services | 10 | 31 ⁽¹⁾ | 4 | 28 |
| Other personnel expenses | 29 | 7 | 4 | 4 |
| Taxes, charges and contributions | 35 | 2 | 43 | 80 |
| Royalties and easements | 400 | | | 3 |
| Insurance | 14 | | 2 | 16 |
| Rental of real estate and equipment | 46 | | | 129 |
| Trade | 1,332 | 61 | 1,628 | 32 |
| Hydrocarbon wells abandonment obligations | | 644 | | 648 |
| Related parties | 268 | | 172 | |
| From joint ventures and other agreements | 128 | | 136 | |
| Miscellaneous | 156 | 220 | 89 | 174 |
| | <u>1,884</u> | <u>925</u> | <u>2,025</u> | <u>854</u> |

g) Loans:

| | Interest rates ⁽¹⁾ | Principal maturity | 58 | 54 |
|--|----------------------------------|-----------------------|-----|-----|
| Survey expenses | | <u>12</u> | | |
| Depreciation of fixed assets | 582 | 7 | 27 | 33 |
| Industrial inputs, consumable materials and supplies | 129 | 2 | 7 | 33 |
| | | | 138 | 115 |

Edgar Filing: YPF SOCIEDAD ANONIMA - Form 6-K

| | | | | | | |
|---|-------------|-----------|------------|---------|------------|-------|
| Construction and other service contracts | 119 | 2 | 8 | 3 | 132 | 108 |
| Preservation, repair and maintenance | 174 | 3 | 5 | | 182 | 149 |
| Contracts for the exploitation of productive areas | | | | | | |
| | 65 | | | | | |
| | | Current | Noncurrent | Current | Noncurrent | |
| YPF Negotiable Obligations | 7.75-10.00% | 2007-2028 | 14 | 1,012 | 29 | 1,078 |
| Related parties ⁽²⁾ | 10.77% | 2005 | 24 | | 2 | 71 |
| Compañía Mega Negotiable Obligations | 10.77% | 2005 | 40 | | 3 | 116 |
| Profertil syndicated loan | 4.37-7.22% | 2005-2009 | 90 | 197 | 56 | 261 |
| Interest rate swaps | | | | 3 | | 4 |
| Subordinated liabilities with shareholders | | 2005 | 13 | | 13 | 65 63 |
| Unproductive exploratory drillings | | | | 5 | 5 | 34 |
| Transportation, products and charges | 121 | | 220 | | 341 | 264 |
| Allowance (Recovery) for doubtful trade receivables | | | 2 | | 2 | (23) |
| Publicity and advertising expenses | | 4 | 3 | | 7 | 13 |
| Fuel, gas, energy and miscellaneous | 77 | 8 | 10 | 4 | 99 | 79 |
| | | | | | | |
| Other bank loans and other creditors | 2.90-4.66% | 2005-2007 | 143 | 113 | 143 | 154 |
| | | | | | | |
| | | | 324 | 1,325 | 246 | 1,684 |

(1) Annual interest rates as of March 31, 2005.

(2) Corresponds to loans granted by Repsol Netherlands Finance B.V.

Consolidated Statements of Income Accounts as of March 31, 2005 and 2004

h) Other expenses, net:

| | Income (Expense) | | Total 2005 | 1,878 | 86 | 375 | 54 | 2,393 |
|---|------------------|------|------------|-------|-------|-----|----|-------|
| | 2005 | 2004 | | | | | | |
| Reserve for pending lawsuits and other claims | (15) | (13) | | | | | | |
| Environmental remediation of former operations (Note 3) | (4) | (8) | | | | | | |
| Total 2004 | 1,648 | 83 | 288 | 72 | 2,091 | | | |

(1) includes 1 for fees to the Directors and Statutory Auditors.

ENRIQUE LOCUTURA RUPEREZ

Executive Vicepresident

Table of Contents

Item 3

English translation of the report originally issued in Spanish, except for the omission of certain disclosures related to formal legal requirements for reporting in Argentina and the addition of the last paragraph See Note 12 to the primary financial statements

Statutory Audit Committee's Report

To the Shareholders of

YPF SOCIEDAD ANONIMA

Dear Sirs,

In accordance with the requirements of the Buenos Aires Stock Exchange and current professional requirements, we have performed the work mentioned in the following paragraph on the balance sheet of YPF SOCIEDAD ANONIMA as of March 31, 2005 and the related statements of income, changes in shareholders' equity and cash flows for the three-month period then ended (FACE="Times New Roman" SIZE="2">)

Miscellaneous

(143) (5)

.

.

(162) (26)

.

.

Table of Contents

10

3. COMMITMENTS AND CONTINGENCIES IN CONTROLLED COMPANIES

Laws and regulations relating to health and environmental quality in the United States affect nearly all of the operations of YPF Holdings Inc. These laws and regulations set various standards regulating certain aspects of health and environmental quality, provide for penalties and other liabilities for the violation of such standards and establish in certain circumstances remedial obligations.

YPF Holdings Inc. believes that its policies and procedures in the area of pollution control, product safety and occupational health are adequate to prevent unreasonable risk of environmental and other damage, and of resulting financial liability, in connection with its business. Some risk of environmental and other damage is, however, inherent in particular operations of YPF Holdings Inc. and, as discussed below, Maxus Energy Corporation (Maxus) and Tierra Solutions, Inc. (TS) have certain potential liabilities associated with operations of Maxus former chemical subsidiary, Diamond Shamrock Chemicals Company (Chemicals). YPF Holdings Inc. cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered or enforced. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of the regulatory agencies, could in the future require material expenditures by YPF Holdings Inc. for the installation and operation of systems and equipment for remedial measures, possible dredging requirements and in certain other respects. Also, certain laws allow for recovery of natural resource damages from responsible parties and ordering the implementation of interim remedies to abate an imminent and substantial endangerment to the environment. Potential expenditures for any such actions cannot be reasonably estimated.

As of March 31, 2005, reserves for the environmental contingencies totaled approximately 279. Management believes it has adequately reserved for all environmental contingencies, which are probable and can be reasonably estimated; however, changes in circumstances could result in changes, including additions, to such reserves in the future.

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

In addition, under the agreement pursuant to which Maxus sold Chemicals to Occidental, Maxus is obligated to indemnify Chemicals and Occidental for 50% of certain environmental costs incurred on projects involving remedial activities relating to chemical plant sites or other property used in the conduct of the business of Chemicals as of the Closing Date and for any period of time following the Closing Date which relate to, result from or arise out of conditions, events or circumstances discovered by Chemicals and as to which Chemicals provided written notice prior to September 4, 1996, irrespective of when Chemicals incurs and gives notice of such costs, with Maxus aggregate exposure for this cost sharing being limited to US\$ 75 million. The total expended by YPF Holdings Inc. under this cost sharing arrangement was approximately US\$ 71 million as of March 31, 2005. The remaining portion of this cost sharing arrangement (11 as of March 31, 2005) has been reserved. TS has agreed to assume essentially all of Maxus aforesaid indemnity obligations to Occidental in respect of Chemicals. In the following discussions concerning plant sites and third party sites, references to YPF Holdings Inc. include, as appropriate and solely for ease of reference, references to Maxus and TS. As indicated above, TS is also a subsidiary of YPF Holdings Inc. and has assumed certain of Maxus obligations.

Our work on the accompanying financial statements consisted in assessing the consistency of significant information contained in those statements with the corporate decisions set forth in minutes, and the conformity of those decisions with the law and the Company's bylaws, insofar as formal and documentary aspects are concerned. In conducting our work, we have principally considered the limited review report on interim period financial statements issued by the firm Deloitte & Co. S.R.L. dated May 6, 2005 and in accordance with generally accepted auditing standards in Argentina for a limited review of interim period financial statements. We have not performed any management control and, accordingly, we have not assessed the criteria and business decisions in matters of administration, financing, sales and production, because these issues are the responsibility of the Company's Board of Directors. We consider that our work and the above mentioned external auditor's report provide a reasonable basis for our report.

Based on our work, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with generally accepted accounting principles in Buenos Aires City, Argentina.

In compliance with current legal requirements, and in exercise of the control of lawfulness which is our duty, we also report that during the period we have applied the procedures described in article No. 294 of Law No. 19,550 as we considered necessary in the circumstances, and we have no comments to make in this regard.

Table of Contents

2

Certain accounting practices of YPF SOCIEDAD ANONIMA used in preparing the accompanying financial statements conform with generally accepted accounting principles in Buenos Aires City, Argentina, but do not conform with generally accepted accounting principles in the United States of America (see Note 12 to the accompanying financial statements).

Buenos Aires, Argentina

May 6, 2005

For Statutory Audit Committee

JUAN A. GELLY Y OBES
Statutory Auditor

Table of Contents

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

YPF Sociedad Anónima

Date: May 19, 2005

By:

/s/ CARLOS OLIVIERI

Name:

Carlos Olivieri
Chief Financial Officer

Table of
Contents

11

Newark, New Jersey. A consent decree, previously agreed upon by the U.S. Environmental Protection Agency (the EPA), the New Jersey Department of Environmental Protection and Energy (the DEP) and Occidental, as successor to Chemicals, was entered in 1990 by the United States District Court of New Jersey and requires implementation of a remedial action plan at Chemicals former Newark, New Jersey agricultural chemicals plant. In 1998, the EPA approved the remedial design. TS believes the

construction of the approved remedy has been completed and has submitted to the EPA its report in connection with the required optimization phase, which included testing and related operations. TS is awaiting the EPA's response to such report so that it may move beyond the optimization phase. This work was supervised and paid for by TS pursuant to the above described indemnification obligation to Occidental. YPF Holdings Inc. has fully reserved the estimated costs required to conduct ongoing operation and maintenance of such remedy, at an average cost of approximately US\$ 1 million annually, for 10 years from and after January 1, 2005.

Passaic River, New Jersey. Studies have indicated that sediments of the Newark Bay watershed, including the Passaic River adjacent to the former Newark plant, are contaminated with hazardous chemicals from

many sources. These studies suggest that the older and more contaminated sediments located adjacent to the former Newark plant generally are buried under more recent sediment deposits. Maxus, on behalf of Occidental, negotiated an agreement with the EPA under which TS is conducting further testing and studies to characterize contaminated sediment and biota in a six-mile portion of the Passaic River near the plant site. The stability of the sediments in the entire six-mile portion of the Passaic River study area is also being examined as a part of TS studies. YPF Holdings Inc. currently expects the testing and studies to be completed in 2005 and the cost to be incurred are approximately 9 after March 31, 2005, which amount has been fully reserved. Maxus and TS have been conducting similar studies under their own auspices for several years. In addition, the EPA and other agencies are

addressing for the lower Passaic River in a cooperative effort designated as the Lower Passaic River Restoration Initiative (the PRRI). TS has agreed, along with approximately thirty other entities, to participate in a remedial investigation and feasibility study proposed in connection with the PRRI. Additional parties are currently negotiating to join in helping fund the EPA s activities in this regard, eight additional parties having sent letters of intent to participate. The EPA has agreed to amend the order regarding this study when a total of nine additional parties (making a total of forty entities) agree to participate. TS estimated share of the cost of this remedial investigation and feasibility study is approximately 1 over the next three years, which amount has been fully reserved. As of March 31, 2005, there is a total of 34 reserved in connection with continuing such other studies and related matters

related to the Passaic River and the Newark Bay (see discussion of the DEP's Directive No. 1 and the Administrative Order on Consent (the AOC) below). Studies are ongoing with respect to the Passaic River and the Newark Bay watershed. Until these studies are completed and evaluated, YPF Holdings Inc. cannot estimate what additional costs, if any, will be required to be incurred. However, it is possible that additional work, including interim remedial measures, may be ordered with respect to the Passaic River and/or the Newark Bay.

In 2003, the DEP issued its Directive No. 1 for Natural Resource Injury Assessment and Interim Compensatory Restoration of Natural Resources for the Lower Passaic River (Directive No. 1). Directive No. 1 was served on approximately sixty six entities, including Occidental and Maxus and certain of their

respective related entities, and seeks to address natural resource damages allegedly resulting from almost 200 years of historic industrial and commercial development of the lower 17 miles of the Passaic River and a part of its watershed. Directive No. 1 asserts that the named entities are jointly and severally liable for the alleged natural resource damages without regard to fault. The DEP has asserted jurisdiction in this matter even though all or part of the lower Passaic River has been designated as a Superfund site and is a subject of the PRRI, a congressional urban rivers restoration initiative designed to address urban rivers such as the Passaic through a joint federal, state, local and private sector cooperative effort. Directive No. 1 calls for the following actions: interim compensatory restoration, injury identification, injury quantification and value determination.

Maxus and TS have filed a response to Directive No. 1 on behalf of themselves and Occidental, as successor to Chemicals, which sets forth both how these parties are complying with Directive No. 1 and certain defenses thereto. Settlement discussions between the DEP and the named entities have been held; however, no agreement has been reached or is assured.

Table of Contents

12

In February 2004, the EPA and Occidental entered into an administrative order on consent (the AOC) pursuant to which TS (on behalf of Occidental) has agreed to conduct testing and studies to characterize contaminated sediment and biota in the Newark Bay. TS presented a proposed initial work plan, a study that includes sampling in Newark Bay, to the EPA. The EPA has commented on the proposed work plan, and TS anticipates that the plan, with any modifications required by the EPA, will be approved in mid-2005. If approved, TS currently plans to conduct this study in 2005 at a currently estimated cost of 13. Such amount has been fully reserved; however, the reserved amount may be adjusted depending upon the details of the

work plan that is approved by the EPA. After the data has been collected in the initial study, a determination will be made as to what additional work, if any, might be required. In January 2005, several environmental groups sued the U.S. Army Corps of Engineers (the Army Corps) challenging the Army Corps failure to prepare a supplemental environmental impact statement the plaintiffs allege is required in connection with a dredging project proposed for the New York-New Jersey Harbor. Although neither YPF Holdings Inc. nor any of its subsidiaries is a party to this lawsuit, it could impact the timing, cost and approval of the proposed initial work plan.

*Hudson County,
New Jersey.*
Until 1972,
Chemicals
operated a
chromew
Roman"
SIZE="2">Title: