

1	NAMES OF REPORTING PERSONS S.S. or I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS REPSOL, S.A.
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
3	SEC USE ONLY
4	SOURCE OF FUNDS BK, WC
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(c) OR 2(f) <input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION KINGDOM OF SPAIN
7	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 52,914,700 CLASS D SHARES
8	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (7) EXCLUDES CERTAIN SHARES <input type="checkbox"/>
9	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (7) 14.99%
10	TYPE OF REPORTING PERSON CO

Item 1. Security and Subject Company

(a) The name of the subject company is YPF Sociedad Anónima, a publicly-held limited liability stock company organized under the laws of the Republic of Argentina ("YPF"), and the address of its principal executive offices is Avenida Pte. R. Sáenz Peña 777, 1364 Buenos Aires, Argentina.

(b) This Statement relates to the offer by Repsol, S.A., a publicly-held limited liability company organized under the laws of the Kingdom of Spain ("Repsol"), to purchase (1) all outstanding Class A Shares, Class B Shares, Class C Shares and Class D Shares, Ps.10 par value (the "Shares") and (2) the American Depositary Shares (the "ADSs"; each ADS representing 1 Class D Share) of YPF at US\$44.78 per Share and US\$44.78 per ADS, net to the seller in cash, upon the terms and subject to the conditions set forth in the U.S. Offer to Purchase (the "U.S. Offer to Purchase") and in the related U.S. Form of Acceptance, U.S. Form of Withdrawal, ADS Letter of Transmittal, and ADS Notice of Guaranteed Delivery, copies of which are attached hereto as Exhibits (a)(1), (a)(3), (a)(5), (a)(7) and (a)(18), respectively (which are herein collectively referred to as the "U.S. Offer").

(c) The information concerning the principal markets in which the Shares and ADSs are traded and the sales prices for the Shares and ADSs for each quarterly period during the past three years set forth in the U.S. Offer to Purchase under "Section 7. Price Range of Shares and ADSs; Dividends" of the U.S. Offer to Purchase is incorporated herein by reference.

Item 2. Identity and Background

(a)-(d),(g) This Statement is being filed by Repsol. The information set forth in the "Introduction", "Section 9. Certain Information Concerning Repsol" of the U.S. Offer to Purchase is incorporated herein by reference. The names, business addresses, present principal occupation or employment and material occupations, positions, offices or employment during the last five years and citizenship of the directors and officers of Repsol as set forth in Schedule I to the U.S. Offer to Purchase are incorporated herein by reference.

(e)-(f) Neither Repsol, nor, to the best knowledge of Repsol, any of the persons listed in Schedule I of the U.S. Offer to Purchase, has during the last five years (1) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (2) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting activities subject to, federal or state securities laws or finding any violation with respect to laws.

Item 3. Past Contacts, Transactions or Negotiations with the Subject Company

(a)-(b) The information set forth in the "Introduction" and "Section 11. Background of the Offers; Past Contacts, Transactions or Negotiations with YPF" of the U.S. Offer to Purchase is incorporated herein by reference.

Item 4. Source and Amount of Funds or Other Consideration

(a)-(c) The information set forth in "Section 10. Source and Amount of Funds" of the U.S. Offer to Purchase is incorporated herein by reference.

Item 5. Purpose of the Tender Offer and Plans or Proposals of the Bidder

(a)-(g) The information set forth in the "Introduction", "Section 12. Purpose of the Offers; Plans for YPF" and "Section 13. Effect of the Offers on the Market for the Shares and ADSs; Registration of Shares under the Exchange Act" of the U.S. Offer to Purchase is incorporated herein by reference.

Item 6. Interest in Securities of the Subject Company

(a)-(b) The information set forth in the "Introduction", "Section 11. Background of the Offers; Past Contacts, Transactions or Negotiations with YPF" and Schedule I of the U.S. Offer to Purchase is incorporated herein by reference.

Item 7. Contracts, Arrangements, Understandings or Relationships with Respect to the Subject Company's Securities

The information set forth in the "Introduction", "Section 9. Certain Information Concerning Repsol", "Section 10. Source and Amount of Funds", "Section 11. Background of the Offers; Past Contacts, Transactions or Negotiations with YPF" and Schedule I of the U.S. Offer to Purchase is incorporated herein by reference.

Item 8. Persons Retained, Employed or to be Compensated

The information set forth in "Section 17. Fees and Expenses" of the U.S. Offer to Purchase is incorporated herein by reference.

Item 9. Financial Statements of Certain Bidders

The information set forth in "Section 9. Certain Information Concerning Repsol" of the U.S. Offer to Purchase and the financial statements and notes related thereto contained in Repsol's Annual Report on Form 20-F for the year ended December 31, 1998 filed with the Securities and Exchange Commission on March 8, 1999, are incorporated herein by reference.

Item 10. Additional Information

(a) None

(b)-(c) The information set forth in "Section 16. Certain Legal Matters; Regulatory Approvals" of the U.S. Offer to Purchase is incorporated herein by reference.

(d) The information set forth in "Section 13. Effect of the Offers on the Market for the Shares and ADSs; Registration of Shares under the Exchange Act and the Argentine Public Offering Law" of the U.S. Offer to Purchase is incorporated herein by reference.

(e) Not applicable

(f) The information set forth in the U.S. Offer to Purchase, the Form of ADS; Letter of Transmittal and the Form of Acceptance is incorporated herein by reference in its entirety.

Item 11. Material to be Filed as Exhibits

- | | |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exhibit (a)(1) | U.S. Offer to Purchase dated April 30, 1999 |
| Exhibit (a)(2) | Argentine Offer to Purchase dated April 30, 1999 (to be filed by amendment) |
| Exhibit (a)(3) | U.S. Form of Acceptance for Shares |
| Exhibit (a)(4) | Form of Acceptance for Shares for Argentine Offer (to be filed by amendment) |
| Exhibit (a)(5) | U.S. Form of Withdrawal for Shares |
| Exhibit (a)(6) | Form of Withdrawal for Shares for Argentine Offer (to be filed by amendment) |
| Exhibit (a)(7) | ADS Letter of Transmittal with respect to the ADSs (including Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9) |
| Exhibit (a)(8) | Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees for ADSs |
| Exhibit (a)(9) | Form of Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees for ADSs |

- Exhibit (a)(10) Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees for Shares for U.S. Offer
- Exhibit (a)(11) Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees for Shares for Argentine Offer
- Exhibit (a)(12) Form of Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees for Shares for U.S. Offer
- Exhibit (a)(13) Form of Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees for Shares for Argentine Offer
- Exhibit (a)(14) Text of press release issued by Repsol dated April 29, 1999, announcing the Offers (English Version)
- Exhibit (a)(15) Text of press release issued by Repsol dated April 29, 1999, announcing the Offers (Spanish version)
- Exhibit (a)(16) Text of Tombstone advertisement dated April 30, 1999, published in *The Wall Street Journal*
- Exhibit (a)(17) English Translation of text of Tombstone advertisement dated April 30, 1999 published in Argentine newspapers
- Exhibit (a)(18) Form of ADS Notice of Guaranteed Delivery
- Exhibit (b) Commitment Letter
- Exhibit (c)(1) Agreement for the Purchase and Sale of Shares of YPF dated as of January 20, 1999 among Repsol, Banco de la Nacion Argentina and the Republic of Argentina (Spanish language)
- Exhibit (c)(2) Agreement for the Purchase and Sale of Shares dated as of January 20, 1999 among Repsol, Banco de la Nacion Argentina and the Republic of Argentina (English Translation)
- Exhibit (c)(3) Letter Agreement between Repsol and YPF dated as of January 28, 1999 (Spanish language)
- Exhibit (c)(4) Letter Agreement between Repsol and YPF dated as of January 28, 1999 (English Translation)
- Exhibit (d) None
- Exhibit (e) Not applicable
- Exhibit (f) Presentation to Investors (English and Spanish language versions) (to be filed by amendment)

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: April 30, 1999

REPSOL, S.A.

By: /s/ Carmelo de las Morenas López

Name: Carmelo de las Morenas López

Title: Chief Financial Officer

EXHIBIT INDEX

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Exhibit (a)(6)	Form of Withdrawal for Shares for Argentine Offer
Exhibit (a)(7)	ADS Letter of Transmittal with respect to the ADSs (including Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9)
Exhibit (a)(8)	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees for ADSs
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Exhibit (d)	None
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Exhibit (f)	Presentation to Investors (English and Spanish language version(s)) (to be filed by amendment)

U.S. Offer to Purchase for Cash All Outstanding

**Shares of Common Stock and
American Depositary Shares**

of

YPF SOCIEDAD ANÓNIMA

at

**US\$44.78 Net Per Share for each Class A Share, Class B Share, Class C Share and Class D Share
of the Common Stock of YPF and**

**US\$44.78 Net for each American Depositary Share of YPF
(each ADS representing one Class D Share)**

by

The U.S. Offer and withdrawal rights will expire at 5:00 p.m., New York City time (6:00 p.m., Buenos Aires time), on Wednesday, June 23, 1999 unless the U.S. Offer is extended.

REPSOL, S.A.

This offer (the "U.S. Offer") is being made by Repsol, S.A. ("Repsol") for all of the outstanding Class A Shares, Class B Shares, Class C Shares and Class D Shares (the "Shares") that are held by U.S. Persons (as defined below) and all of the outstanding American Depositary Shares representing Class D Shares (the "ADSs", and together with the Shares, the "YPF Securities") of YPF Sociedad Anónima ("YPF"). The U.S. Offer is open (1) to all holders of ADSs and (2) to all holders of Shares who are U.S. Persons.

The U.S. Offer is being made in conjunction with an offer (the "Argentine Offer" and together with the U.S. Offer, the "Offers") by Repsol for all outstanding Shares that are not held by U.S. Persons. U.S. Persons will not be permitted to tender their Shares in the Argentine Offer and non-U.S. Persons will not be permitted to tender their Shares in the U.S. Offer. ADSs (whether or not held by U.S. Persons) may only be tendered in the U.S. Offer. Repsol will purchase Shares during, but outside of, the U.S. Offer pursuant to the Argentine Offer. The prices paid in the Argentine Offer and the U.S. Offer will be the same. Subject to applicable law or the requirements of any judicial or governmental authority, Repsol will not purchase YPF Securities under either Offer without purchasing YPF Securities under the other Offer.

Upon consummation of the Offers, Repsol intends to seek at least majority representation on the Board of Directors of YPF (the "YPF Board"). See "Section 12. Purpose of the Offers; Plans for YPF."

The U.S. Offer is subject to the condition (the "Minimum Condition") that the sum of (1) the number of Shares (including Shares represented by ADSs) held by Repsol, plus (2) the number of Shares (including Shares represented by ADSs) validly tendered and not withdrawn pursuant to the U.S. Offer prior to the Expiration Date, plus (3) the number of Shares purchased or accepted for payment, on or prior to the Expiration Date, pursuant to the Argentine Offer, represents at least a majority of the outstanding Shares (including Shares represented by ADSs). The U.S. Offer is also subject to certain further terms and conditions, including that the Government of Argentina, as holder of the Class A Shares of YPF, has approved the Offers in accordance with the requirements of the Estatutos of YPF (the "Bylaws"). See "Section 15. Certain Conditions of the U.S. Offer". Subject to certain exceptions, the Government of Argentina has agreed with Repsol that it will approve the Offers. See "Section 11. Background of the Offers; Past Contracts, Transactions or Negotiations with YPF."

As of the date hereof, the YPF Board has not reviewed the U.S. Offer and has not taken a position with respect to the Offer. Nevertheless, pursuant to Rule 14e-2 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), within 10 business days of the date of the U.S. Offer, YPF is required to provide YPF's securityholders a statement of YPF's position with respect to the U.S. Offer.

This transaction has not been approved or disapproved by the Securities and Exchange Commission (the "SEC") or any securities commission of any state of the United States, the CNV, the Spanish Comisión Nacional del Mercado de Valores (the "CNMV") or the securities regulatory authorities of any other jurisdiction, nor has the SEC (or any state securities commission, the CNV, the CNMV or the securities regulatory authorities of any other jurisdiction) passed upon the fairness or merits of the U.S. Offer nor upon the accuracy or adequacy of the information contained in this document. Any representation to the contrary is unlawful.

IMPORTANT INFORMATION

Tenders by Holders of ADSs: Any holder of ADSs desiring to tender all or any portion of the ADSs (each ADS representing one Class D Share) owned by such holder should either (1) complete and sign the ADS Letter of Transmittal or a copy thereof in accordance with the instructions contained in the ADS Letter of Transmittal and mail or deliver the ADS Letter of Transmittal together with the American Depositary Receipts (the "ADRs") evidencing tendered ADSs and all other required documents to The Bank of New York, as receiving agent in the United States for all ADSs tendered in the U.S. Offer (the "U.S. Receiving Agent") or tender such ADSs pursuant to the procedures for book-entry transfer set forth in "Section 4. Procedure for Accepting the U.S. Offer—Holders of ADSs" or (2) request his or her broker, dealer, commercial bank, trust company or other nominee to effect the transaction for him or her. A holder having ADSs registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such person if he or she desires to tender such ADSs. Any holder of ADSs who desires to tender ADSs and whose certificates evidencing such ADSs are not immediately available and cannot deliver such ADSs and all other required documents to the U.S. Receiving Agent by the expiration of the Offer or who cannot comply with the procedures for book-entry transfer on a timely basis must tender such ADSs pursuant to the guaranteed delivery procedure set forth in "Section 4. Procedure for Accepting the U.S. Offer—Holders of ADSs."

Tenders by Holders of Shares: Any holder of Shares who is a U.S. Person and desires to tender all or any portion of the Shares owned by such holder should complete, sign and notarize the U.S. Form of Acceptance in accordance with the instructions set forth therein and deliver it together with the certificate (the "*Certificado*") issued by the Caja de Valores S.A. (the "Caja de Valores") evidencing the transfer of the tendered Shares to an account established by Merrill Lynch S.A. Sociedad de Bolsa, as receiving agent in Argentina for the U.S. Offer (the "Argentine Receiving Agent"), and together with the U.S. Receiving Agent, the "Receiving Agents") with the Caja de Valores for the receipt of tendered Shares (the "Tender Account") and any other required documents, to the Argentine Receiving Agent. The Argentine Receiving Agent has appointed Banco Francés S.A. (the "Argentine Sub-Agent") to act on its behalf for (1) the receipt of the U.S. Form of Acceptance, the *Certificado* and related documentation, (2) payment of the tendered Shares and (3) any other matter requested by the Argentine Receiving Agent. In order to obtain a *Certificado*, a holder of Shares must instruct the Caja de Valores (directly or through the bank, broker, dealer or entity through which it holds its Shares at the Caja de Valores): (1) to effect the transfer of Shares to the Tender Account; and (2) to request that the Caja de Valores issue the *Certificado* immediately after completion of the aforementioned transfer of Shares. Any holder of the Shares whose Shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such broker, dealer, commercial bank, trust company or other nominee if such holder desires to tender such Shares.

Settlement of Offer Price. The purchase price for the YPF Securities accepted for payment pursuant to the U.S. Offer will be paid in United States dollars.

For assistance in connection with the U.S. Offer, please contact the Information Agent, the U.S. Receiving Agent, the Argentine Receiving Agent, the Argentine Sub-Agent or the Dealer Managers at their respective addresses and telephone numbers set forth on the back cover of this U.S. Offer to Purchase. Additional copies of this U.S. Offer to Purchase, U.S. Form of Acceptance, U.S. Form of Withdrawal, the ADS Letter of Transmittal and the ADS Notice of Guaranteed Delivery also may be obtained from the Information Agent, brokers, dealers, commercial banks or trust companies.

Any holder of Shares that is not a U.S. Person may tender such Shares only in the Argentine Offer. For assistance in connection with the Argentine Offer, please contact Banco Francés S.A., which also is serving as the Information Agent for the Argentine Offer.

The Dealer Managers for the U.S. Offer are:

Goldman, Sachs & Co.

Merrill Lynch & Co.

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Schedule I. Information Concerning the Directors and Executive Officers of Repsol

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To the Holders of Shares of Common Stock and the
American Depositary Shares of YPF Sociedad Anónima:

INTRODUCTION

Repsol, a publicly-held limited liability company organized under the laws of the Kingdom of Spain, hereby offers to purchase for cash as herein provided all of the shares of Common Stock of YPF Sociedad Anónima, a publicly-held limited liability stock company organized under the laws of the Republic of Argentina ("YPF"), at a price equal to US\$44.78 per share for each Class A Share, Class B Share, Class C Share and Class D Share of YPF Common Stock and US\$44.78 per ADS, net to the seller in cash and without interest thereon, in each case upon the terms and subject to the conditions set forth in this U.S. Offer to Purchase and in the related U.S. Form of Acceptance, U.S. Form of Withdrawal, ADS Letter of Transmittal and ADS Notice of Guaranteed Delivery (which, as amended or supplemented from time to time, together constitute the "U.S. Offer").

Tendering shareholders will not be obligated to pay brokerage fees, commissions or stock transfer taxes on the sale of their Shares pursuant to the U.S. Offer. Tendering holders of ADSs will not be obligated to pay brokerage fees, commissions or, except as set forth in Instruction 6 of the ADS Letter of Transmittal, transfer taxes on the sale of their ADSs pursuant to the U.S. Offer. Repsol will pay all charges and expenses of Goldman, Sachs & Co. ("Goldman Sachs") and Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") (together, the "Dealer Managers"), The Bank of New York (the "U.S. Receiving Agent"), Merrill Lynch Sociedad de Bolsa S.A. (the "Argentine Receiving Agent"), Banco Francés S.A. (the "Argentine Sub-Agent") and D.F. King & Co., Inc. (the "Information Agent") incurred in connection with the U.S. Offer. See "Section 17. Fees and Expenses."

According to YPF's Annual Report on Form 20-F for the year ended December 31, 1998 (the "YPF 20-F"), filed by YPF on April 1, 1999 with the SEC, as of December 31, 1998 there were 313,000,000 Shares outstanding, including approximately 221 million Shares represented by ADSs. As of the date hereof, Repsol beneficially owns 52,914,700 Class D Shares of YPF representing approximately 14.99% of the outstanding capital stock of YPF. The Deposit Agreement pursuant to which the ADSs are issued generally permits the conversion of ADSs into Shares and of Shares into ADSs, subject only to payment of a conversion fee specified in the Deposit Agreement. Accordingly, the numbers of Shares versus ADSs outstanding are subject to frequent fluctuation.

Except as described in the U.S. Offer to Purchase: (1) none of Repsol, or to the best of its knowledge, any of the persons listed on Schedule I hereto beneficially owns or has any right to acquire, directly or indirectly, any equity securities of YPF and (2) none of Repsol, or to the best of its knowledge, any of the persons listed on Schedule I has effected any transaction in such equity securities during the past 60 days.

As used herein a "U.S. Person" means (1) any individual resident in the United States; (2) any partnership or corporation organized or incorporated in the United States; (3) any estate of which any executor or administrator is a U.S. Person; (4) any trust of which the trustee is a U.S. Person; (5) any agency or branch of a foreign entity located in the United States; (6) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person; (7) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated or (if an individual) resident in the United States; and (8) any partnership or corporation if (A) organized or incorporated under the laws of any foreign jurisdiction and (B) formed by a U.S. Person for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned by accredited investors (as defined in Rule 501(a) under the Securities Act of 1933, as amended (the "Securities Act")); excluding, in each case, persons deemed not to be "U.S. persons" pursuant to Rule 902(k)(2) of Regulation S under the Securities Act.

The purpose of the Offers is to acquire control of YPF. Repsol currently intends, as soon as practicable after consummation of the Offers, to seek at least majority representation on YPF's Board. Repsol believes that YPF's operations are complementary to its own and that consolidating its Latin American operations and exploration and production activity in YPF will create a globally competitive energy company and advance Repsol's strategic objectives by promoting: (1) growth in exploration and production through the

combination of Repsol's upstream business with YPF's strong upstream business; (2) better vertical integration of natural gas and LPG operations in Latin America, particularly through the combination of Repsol's and YPF's positions to develop the potentially high-growth Brazilian gas market; (3) expanded opportunity for growth in Latin America, where most of YPF's operations are based; and (4) leveraging of Repsol's and YPF's leadership positions in their domestic markets.

This U.S. Offer to Purchase and the related U.S. Form of Acceptance, U.S. Form of Withdrawal, ADS Letter of Transmittal and the ADS Notice of Guaranteed Delivery contain important information and should be read in their entirety before any decision is made with respect to the U.S. Offer.

EXEMPTIONS REQUESTED FROM THE SECURITIES AND EXCHANGE COMMISSION

In order to facilitate the making of the U.S. Offer, Repsol has requested from the SEC relief (the "SEC Relief") with respect to certain rules promulgated under the Exchange Act. Specifically, the SEC Relief, if granted, would confirm that (1) the Argentine Offer may be conducted without compliance with Section 14(d)-10 of the Exchange Act and the rules promulgated thereunder and (2) Repsol is not required to make the U.S. Offer available to holders who are eligible to participate in the Argentine Offer (the "14d-10 Exemption").

In addition, Repsol has requested from the SEC certain exemptive relief from the provisions of Rule 10b-13 under the Exchange Act (the "10b-13 Exemption"). Rule 10b-13 prohibits a person making a cash tender offer for an equity security registered under Section 12 of the Exchange Act from directly or indirectly, purchasing or making any arrangement to purchase such equity security or any security convertible into, or exchangeable for such equity security, otherwise than pursuant to the tender offer, from the time the offer is publicly announced until its expiration. Accordingly, in the absence of the exemptive relief, the application of Rule 10b-13 would prohibit Repsol and its affiliates from purchasing Shares pursuant to the Argentine Offer. The 10b-13 Exemption, if granted would permit Repsol and its affiliates (1) to purchase Shares pursuant to the Argentine Offer during (but outside) the U.S. Offer and (2) to enter into such arrangements and agreements and to take such other steps as may be necessary or advisable to effect the Argentine Offer.

While the SEC has not yet granted the 14d-10 Exemption or the 10b-13 Exemption, Repsol has discussed these exemptions with the Staff of the SEC. Based on these discussions, Repsol believes that these exemptions will be granted shortly.

ENFORCEABILITY OF CIVIL LIABILITIES UNDER U.S. SECURITIES LAWS

Repsol is incorporated under the laws of the Kingdom of Spain. All of the directors and executive officers of Repsol are non-residents of the United States. A substantial portion of the assets of Repsol and all or a substantial portion of the assets of such executive officers are located outside of the United States. As a result, it may not be possible to effect service of process within the United States upon Repsol or such persons with respect to matters arising under U.S. securities laws or to enforce against them in U.S. courts judgments of U.S. courts predicated upon civil liability under such securities laws. Repsol has been advised by its Spanish legal counsel, Uria y Menéndez and Ramón y Cajal y Albella that judgments of United States courts are enforceable in Spain provided they meet the requirements set forth in Spanish procedural law and that the relevant obligation resulting from such judgment is not contrary to Spanish public policy.

FOREIGN CURRENCY

In this document, references to "United States dollars", "U.S. dollars", "US\$", "\$" or "dollars" are to U.S. currency, references to "Argentine pesos", "pesos" or "Ps." are to Argentine currency and references to "Spanish pesetas", "pesetas" or "Ptas." are to Spanish currency. Solely for the convenience of the reader, certain peso amounts and peseta amounts have been translated into dollars at specified rates. These translations should not be

construed as representations that the peso or peseta amounts actually represent such dollar amounts or could be converted into dollars at the rate indicated or at any other rate.

Argentine law currently obliges *Banco Central de la República Argentina*, the Argentine central bank, to sell dollars at the rate of one peso per dollar. On December 31, 1998, the exchange rate between pesos and dollars was Ps. 1.00 to US\$1.00. See "Section 8. Certain Information Concerning YPF — Exchange Rates" for information regarding the rates of exchange between the peso and the dollar. Unless otherwise stated, translations of pesetas into dollars have been made at Ptas. 142.15 to US\$1.00, the noon buying rate in New York City for cable transfers in pesetas as certified for customs purposes by the Federal Reserve Bank of New York on December 31, 1998. The noon buying rate on April 29, 1999 was Ptas. 157.101 per US\$1.00. See "Section 9. Certain Information Concerning Repsol — Exchange Rates" for additional information regarding the rates of exchange between the peseta and the dollar.

FORWARD LOOKING STATEMENTS

This U.S. Offer to Purchase (including any documents incorporated by reference) contains statements that constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The statements appear throughout this U.S. Offer to Purchase and include statements regarding the intent, belief or current expectations of Repsol and its management, including with respect to Repsol's strategy following completion of the Offers, its plans with respect to the acquisition of YPF and the probable impact of that acquisition, if successful, on Repsol's financial condition and results of operation. Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those described in such forward looking statements as a result of various factors. See "Section 12. Purpose of the Offers; Plans for YPF" for further discussion of factors that could cause such material differences.

THE U.S. OFFER

1. Terms of the U.S. Offer; Expiration Date. Upon the terms and subject to the conditions set forth in the U.S. Offer, Repsol will accept for payment and pay for all Shares and ADSs that are validly tendered on or prior to the Expiration Date and not withdrawn as provided in Section 5. The term "Expiration Date" shall mean 5:00 p.m., New York City time (6:00 p.m., Buenos Aires Time) on June 23, 1999, unless Repsol shall have extended the period of time for which the U.S. Offer is open, in which event the term "Expiration Date" shall mean the latest time and date at which the U.S. Offer, as so extended by Repsol, shall expire. Argentine regulations applicable to tender offers currently prohibit the extension of the expiration date of the Argentine Offer to a date later than July 7, 1999. Except as required applicable law and regulations, Repsol does not intend to extend the Expiration Date to a time or date later than the expiration date of the Argentine Offer.

The U.S. Offer is subject to certain conditions set forth in Section 15, including the Minimum Condition. If any such condition is not satisfied, Repsol may (i) terminate the U.S. Offer and return all tendered YPF Securities to tendering shareholders, (ii) extend the U.S. Offer and, subject to withdrawal rights as set forth in Section 5, retain all such YPF Securities until the expiration of the U.S. Offer as so extended, (iii) waive such conditions and, subject to any requirement to extend the period of time during which the U.S. Offer is open, purchase all YPF Securities validly tendered by the Expiration Date and not withdrawn, or (iv) delay acceptance for payment or payment for YPF Securities, subject to applicable law, until satisfaction or waiver of the conditions to the U.S. Offer. For a description of Repsol's right to extend the period of time during which the U.S. Offer is open and to amend, delay or terminate the U.S. Offer, see "Section 14. Extension of Tender Period; Termination; Amendment."

A request has been made to YPF for the use of its shareholder registry and security position listings for the purpose of disseminating the U.S. Offer to holders of Shares and ADSs. This U.S. Offer to Purchase and the related U.S. Form of Acceptance, U.S. Form of Withdrawal, ADS Letter of Transmittal and ADS Notice of Guaranteed Delivery will be mailed to record holders of Shares and ADSs, and will be furnished to brokers, banks and similar persons whose names, or the names of whose nominees, appear on the shareholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares and ADSs.

2. Acceptance for Payment. Upon the terms and subject to the conditions of the U.S. Offer, Repsol will accept for payment and pay for Shares and ADSs validly tendered on or prior to the Expiration Date and not withdrawn, as soon as practicable after the later of three business days after the Expiration Date or the satisfaction or waiver of the conditions set forth in Section 15. In addition, Repsol reserves the right, in its sole discretion and subject to applicable law, to delay the acceptance for payment or payment for Shares and ADSs in order to comply in whole or in part with any applicable law. For a description of Repsol's right to terminate the U.S. Offer and not accept for payment or pay for Shares and/or ADSs or to delay acceptance for payment or payment for Shares and ADSs, see "Section 14. Extension of Tender Period; Termination; Amendment." Payment in respect of tendered Shares pursuant to the U.S. Offer will be made within three business days of the Expiration Date. Thereafter, payment for tendered Shares may be obtained during normal business hours (10:00 a.m. to 3:00 p.m.) at the offices of the Argentine Sub-Agent listed on the back cover of this U.S. Offer to Purchase. Payment in respect of tendered ADSs pursuant to the U.S. Offer will be made only after timely receipt by the U.S. Receiving Agent of ADRs (or, in the case of ADSs held in book-entry form, timely confirmation of a book-entry transfer of such ADSs into the U.S. Receiving Agent's account at the Book-Entry Transfer Facility as described in "Section 4. Procedures for Accepting the U.S. Offer—Holders of ADSs") together with a properly completed and duly executed ADS Letter of Transmittal or, in the case of a book-entry transfer of ADSs, an Agent's Message and any other documents required under the terms hereof and the ADS Letter of Transmittal.

For purposes of the U.S. Offer, Repsol will be deemed to have accepted for payment (and thereby purchased) Shares or ADSs validly tendered and not properly withdrawn when Repsol gives written notice to the Argentine Receiving Agent (with respect to Shares) and written notice to the U.S. Receiving Agent (with respect to ADSs) of acceptance for payment of such Shares and ADSs. Payment for Shares and ADSs accepted pursuant to the U.S. Offer will be made (1) with respect to Shares, by deposit of the purchase price therefor in United States dollars with the Argentine Receiving Agent or the Argentine Sub-Agent and subsequent payment to tendering holders through

the Argentine Sub-Agent, and (2) with respect to ADSs, by deposit of the purchase price therefor in United States dollars with the U.S. Receiving Agent. Each of the Argentine Receiving Agent and the U.S. Receiving Agent will act as agent for tendering holders of Shares and ADSs, respectively, for the purpose of receiving payments from Repsol and transmitting payments to such tendering holders of Shares and ADSs whose Shares and ADSs have been accepted for payment.

Payment in respect of Shares and ADSs validly tendered pursuant to the U.S. Offer will be made by the Argentine Sub-Agent or the Argentine Receiving Agent and the U.S. Receiving Agent, respectively.

Each sale of Shares and ADSs pursuant to the U.S. Offer will be settled in United States dollars. Holders of Shares and/or ADSs who wish to convert the United States dollars received in connection with the U.S. Offer into another currency will bear all exchange rate risk associated with this conversion and will bear additional exchange rate risks should the U.S. Offer be extended.

If any tendered Shares and ADSs are not purchased for any reason, the documents of title relating to the Shares or ADRs evidencing ADSs and other documents of title, if any, will be returned, without expense to, but at the risk of, the tendering holder (or, in the case of ADSs delivered by book-entry transfer, by transfer of such ADSs to an account maintained at the appropriate Book-Entry Transfer Facility), as promptly as practicable.

Under no circumstances will interest be paid on the purchase price for the tendered Shares and/or ADSs whether or not the Expiration Date is extended. Repsol's obligation to make payments to tendering holders of Shares shall continue until funds deposited with the Argentine Receiving Agent are paid to tendering holders of Shares. Upon the deposit of funds with the U.S. Receiving Agent for the purpose of making payments to tendering holders of ADSs, Repsol's obligation to make such payment shall be satisfied, and tendering holders of ADSs must thereafter look solely to the U.S. Receiving Agent with respect to the ADSs for payment of amounts owed to them by reason of the acceptance for payment of ADSs pursuant to the U.S. Offer.

3. Procedure for Accepting the U.S. Offer—Holders of Shares

This U.S. Offer to Purchase, the U.S. Form of Acceptance, the U.S. Form of Withdrawal and other relevant materials will be mailed to record holders of Shares and furnished to beneficial owners thereof. Such documentation will be available in Argentina at the offices of the Argentine Receiving Agent and Argentine Sub-Agent at the addresses shown on the back cover of this Offer to Purchase during normal business hours (10:00 a.m. to 3:00 p.m., or 6:00 p.m. on the Expiration Date, and at the BASE. Any holder of Shares, including United States holders who hold Shares, desiring to accept the U.S. Offer in respect of all or any portion of such holder's Shares, should complete Boxes 1 and 3 and, if appropriate, Box 4 and sign Box 2 of the U.S. Form of Acceptance in accordance with the instructions printed thereon. An accepting holder of Shares should then submit the U.S. Form of Acceptance, together with a certificate issued by the Caja de Valores evidencing the transfer of the tendered Shares to the Tender Account, to the Argentine Receiving Agent by hand delivery at the address shown on the back cover of this Offer to Purchase during normal business hours (10:00 a.m. to 3:00 p.m., or 6:00 p.m., Buenos Aires time in the case of the Expiration Date) no later than the Expiration Date. The certificado issued by the Caja de Valores shall indicate the date of transfer, the number of Shares transferred to the Tender Account and the name, corporate identification number or registration data in the Argentine Public Registry of Commerce, as applicable, and taxpayer identification of the tendering holder. References in this Section to a holder of Shares shall include references to the person or persons executing a U.S. Form of Acceptance and, in the event of more than one person executing a U.S. Form of Acceptance, the provisions of this Section shall apply to them jointly and to each of them.

Only holders of Shares who are U.S. Persons are eligible to participate in the U.S. Offer. All other holders of Shares wishing to participate in the Offers must tender their Shares in the Argentine Offer. For assistance in connection with the Argentine Offer, please contact the Argentine Sub-Agent.

In order to obtain a *Certificado*, a holder of Shares (including United States holders of Shares) must instruct the Caja de Valores directly or through the bank, broker dealer or other entity through which it holds its Shares at the

Caja de Valores (a "Caja de Valores Participant"): (i) to effect the transfer of the Shares to the Tender Account; and (ii) to request that the Caja de Valores issue the *Certificado* immediately after completion of the aforesaid transfer of Shares.

The Shares tendered by holders shall be held by the Argentine Receiving Agent in the Tender Account for the benefit of Repsol and the tendering holder of Shares until payment in full of the purchase price is received or withdrawal rights are exercised by such holder of Shares in accordance with the terms of the U.S. Offer or the U.S. Offer is terminated without any purchase. Payment of the purchase price shall be made by the Argentine Receiving Agent through the Argentine Sub-Agent only to the person identified in the *Certificado* as the transferor of the tendered Shares or his or her assignees and any such person shall be treated by Repsol and the Argentine Receiving Agent as the exclusive beneficial owner of the tendered Shares.

The method of delivery of *Certificado(s)*, the U.S. Form of Acceptance and all other required documents is at the option and risk of the tendering holder of Shares. Shares will be deemed delivered only when actually received by the Argentine Receiving Agent. The *Certificado(s)* and the U.S. Form of Acceptance should be delivered by hand to the Argentine Sub-Agent during normal business hours (10:00 a.m. to 3:00 p.m. or 6:00 p.m., Buenos Aires time in the case of the Expiration Date) no later than Wednesday, June 23, 1999 (unless the U.S. Offer is extended).

Form of Acceptance. Each holder of Shares by whom, or on whose behalf, a U.S. Form of Acceptance is executed irrevocably undertakes, represents, warrants and agrees to and with Repsol (so as to bind the holder and the holder's personal representatives, heirs, successors and assigns) to the following effect:

(a) that the execution of a U.S. Form of Acceptance shall constitute: (i) an acceptance of the U.S. Offer in respect of the number of Shares inserted in Box 1 of the U.S. Form of Acceptance; and (ii) an undertaking to execute any further documents required to enable Repsol to perfect the transfer of title on and subject to the terms and conditions set out or referred to in this document and the U.S. Form of Acceptance and that, subject only to the rights set out in "Section 5. Withdrawal Rights", each such acceptance shall be irrevocable;

(b) (1) that the holder of Shares owns the Shares being tendered within the meaning of Rule 14e promulgated under the Exchange Act, (2) that the tender of such Shares complies with Rule 14e-4 and (3) that the holder of Shares has the full power and authority to tender and assign the Shares tendered, as specified in the ADS Letter of Transmittal.

(c) that the Shares in respect of which the U.S. Offer is accepted or deemed to be accepted are sold free from all liens, equities, charges and encumbrances and together with all rights now or hereafter attaching thereto, including voting rights and the right to all dividends, other distributions and interest payments hereafter declared, made or paid;

(d) that the execution of the U.S. Form of Acceptance constitutes, subject to the accepting holder not having validly withdrawn his acceptance, the irrevocable instruction to deliver such Shares to Repsol upon confirmation of payment by the Argentine Receiving Agent through the Argentine Sub-Agent to the holder and to do all such other acts and things as may in its opinion be necessary or expedient for the purposes of, or in connection with, the acceptance of the U.S. Offer and to vest in Repsol or its nominee(s) the Shares all rights attaching to the Shares as aforesaid;

(e) that the execution of the U.S. Form of Acceptance constitutes, subject to the accepting holder of Shares not having validly withdrawn its acceptance, an irrevocable authority and request: (i) to the Caja de Valores or its agents to procure the registration of the transfer of the Shares pursuant to the U.S. Offer and the delivery of a certificate of title ("*Constancia de Saldo en Cuentas*") and/or other document(s) of title in respect thereof to the purchaser or as it may direct; and (ii) to Repsol or its agents to record and act upon any instructions with regard to notices and payments which have been recorded in the records of Repsol in respect of such holder's holding(s) of Shares;

(f) that the holder of Shares will deliver to the Argentine Receiving Agent through the Argentine Sub-Agent prior to the Expiration Date at the address shown on the back page of this U.S. Offer to Purchase such holder's *Certificado(s)* and/or other document(s) in respect of the Shares referred to in paragraph (a);

(g) that the provision hereof shall be incorporated in and form part of the U.S. Form of Acceptance, which shall be read and construed accordingly; and

(h) that the holder agrees to ratify each and every act or thing which may be done or effected by Repsol or any of its directors or agents or YPF or its agents, as the case may be, in the proper exercise of any of its powers and/or authorities hereunder.

Partial Tenders. If fewer than all of the Shares delivered to the Argentine Receiving Agent are to be tendered, the holder thereof should so indicate in the U.S. Form of Acceptance by filling in the number of Shares which are to be tendered in the Box 1 of the Form of Acceptance. In such case, a new certificate of title ("*Constancia de Saldo en Cuentas*") for the untendered Shares may be requested by the person(s) signing such U.S. Form of Acceptance (or delivered as such person properly indicates thereon) as promptly as practicable following the date the tendered Shares are purchased.

Tax Withholding. Under the U.S. federal income tax laws, the Argentine Receiving Agent may be required to withhold 31% of the amount of any payments made to certain shareholders pursuant to the Offer. In order to avoid such backup withholding, each tendering shareholder must provide the Argentine Receiving Agent with such shareholder's correct United States taxpayer identification number and certify that such shareholder is not subject to such backup withholding by completing the Substitute Form W-9 included in the U.S. Form of Acceptance or, if such shareholder is, under the United States federal income tax laws, a non-resident alien or foreign entity not subject to backup withholding, such shareholder must give the Argentine Receiving Agent a completed Form W-8 Certificate of Foreign Status prior to receipt of any payment. A Form W-8 Certificate of Foreign Status is included in the materials accompanying the U.S. Form of Acceptance.

All Shares delivered to the Argentine Sub-Agent or the Argentine Receiving Agent will be deemed to have been tendered unless otherwise indicated. See Instruction 1 of the U.S. Form of Acceptance.

If you are in any doubt about the procedure for acceptance of Shares, please telephone the Argentine Receiving Agent, the Argentine Sub-Agent or the Information Agent at their respective telephone numbers set forth on the back cover of this Offer to Purchase.

4. Procedure for Accepting the U.S. Offer—Holders of ADSs This U.S. Offer to Purchase, the ADS Letter of Transmittal, the ADS Notice of Guaranteed Delivery and other relevant materials will be mailed to record holders of ADSs and furnished to beneficial owners thereof. For a holder of ADSs validly to tender ADSs pursuant to the U.S. Offer, either: (i) a properly completed and duly executed ADS Letter of Transmittal (or a copy thereof), together with any required signature guarantees, or an Agent's Message (as defined below) in connection with a book-entry delivery of ADSs, and any other required documents, must be received by the U.S. Receiving Agent at one of its addresses set forth on the back cover of this U.S. Offer to Purchase, and ADRs evidencing such ADSs must be received by the U.S. Receiving Agent at one of such addresses or pursuant to the procedures for book-entry transfer set forth below (and a confirmation of receipt of such transfer received by the U.S. Receiving Agent) on or prior to the Expiration Date; or (ii) such holder must comply with the "Guaranteed Delivery Procedures" (as defined below). All ADS Letters of Transmittal, ADRs and other required documents delivered to the U.S. Receiving Agent by ADS holders will be deemed (without any further action by the U.S. Receiving Agent) to constitute acceptance of the U.S. Offer by such ADS holders with respect to such ADSs subject to the terms and conditions set forth in the ADS Letter of Transmittal. The acceptance of the U.S. Offer by a tendering ADS holder pursuant to procedures described above, subject to "Section 5. Withdrawal Rights", will constitute a binding agreement between such tendering ADS holder and Repsol upon the terms of the U.S. Offer. If an ADS has been tendered by an ADS holder, the Shares represented by such ADS may not be tendered by such ADS holder. ADSs held through the Book-Entry Transfer Facility (as hereinafter defined) must be tendered by means of delivery of the ADS Letter of Transmittal by Agent's Message (as hereinafter defined) and of the ADSs pursuant to the procedures

for book-entry transfer to an account opened and maintained for such purpose by the U.S. Receiving Agent within The Depository Trust Company (the "Book-Entry Transfer Facility").

Book-Entry Transfer. The U.S. Receiving Agent will establish an account at the Book-Entry Transfer Facility with respect to the ADSs held in book-entry form for purposes of the U.S. Offer. Any financial institution that is a participant in the Book-Entry Transfer Facility's systems may make book-entry delivery of ADSs by causing the Book-Entry Transfer Facility to transfer such ADSs into the U.S. Receiving Agent's account at the Book-Entry Transfer Facility in accordance with the Book-Entry Transfer Facility's procedure for such transfer. The term "Agent's Message" means a message transmitted by the Book-Entry Transfer Facility to, and received by, the U.S. Receiving Agent and forming a part of a Book-Entry Transfer Facility confirmation system that states that the Book-Entry Transfer Facility has received an express acknowledgment from the participant in the Book-Entry Transfer Facility tendering the ADSs that such participant has received and agrees to be bound by the terms of the ADS Letter of Transmittal. Delivery of documents to the Book-Entry Transfer Facility in accordance with the Book-Entry Transfer Facility's procedures does not constitute delivery to the U.S. Receiving Agent.

The method of delivery of ADSs, the ADS Letter of Transmittal and all other required documents is at the option and risk of the tendering ADS holder. ADSs will be deemed delivered only when actually received by the U.S. Receiving Agent. If delivery is by mail, registered mail (with return receipt requested) and proper insurance is recommended. Delivery should be effected as soon as possible but no later than 5:00 p.m., New York City time, on June 23, 1999 (unless the U.S. Offer is extended).

Signature Guarantees. No signature guarantee is required on the ADS Letter of Transmittal if: (i) the ADS Letter of Transmittal is signed by the registered holder of the ADSs tendered therewith and such registered holder has not completed either the box entitled "Special Delivery Instruction" or the box entitled "Special Issuance Instructions" on the ADS Letter of Transmittal; or (ii) such ADSs are tendered for the account of a financial institution (including most banks, savings and loan associations and brokerage houses which is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Program or the Stock Exchange Medallion Program (an "Eligible Institution"). In all other cases, all signatures on ADS Letters of Transmittal must be guaranteed by an Eligible Institution. See Instructions 1 and 5 of the ADS Letter of Transmittal.

If the ADS are registered in the name of a person other than the signer of the ADS Letter of Transmittal, then the tendered ADR(s) must be endorsed or accompanied by appropriate stock powers, signed exactly as the name or names of the registered owner or owners appear on the ADRs, with the signatures on the ADR(s) or stock powers guaranteed as aforesaid. See Instructions 1 and 5 of the ADS Letter of Transmittal.

Partial Tenders. If fewer than all of the ADSs evidenced by any ADRs delivered to the U.S. Receiving Agent are to be tendered, the holder thereof should so indicate in the ADS Letter of Transmittal by filing in the number of ADSs which are to be tendered in the box entitled "Number of ADSs Tendered". In such case, a new ADR for the remainder of the ADSs represented by the old ADR will be sent to the person(s) signing such ADS Letter of Transmittal (or delivered as such person properly indicates thereon) as promptly as practicable following the date the tendered ADSs are accepted for payment.

All ADSs delivered to the U.S. Receiving Agent will be deemed to have been tendered unless otherwise indicated. See Instruction 4 of the ADS Letter of Transmittal. In the case of partial tenders, ADSs not tendered will not be reissued to a person other than the registered holder.

Guaranteed Delivery Procedures. If an ADS holder desires to tender ADSs pursuant to the Offer and the ADRs evidencing such ADSs are not immediately available or the procedures for book-entry transfer cannot be completed on a timely basis, or if time will not permit all required documents to reach the U.S. Receiving Agent prior to the termination of the Offer, such holder's tender of ADSs may be effected if all the following conditions are met (the "Guaranteed Delivery Procedures"):

- (1) such tender is made by or through an Eligible Institution;

(2) a properly completed and duly executed ADS Notice of Guaranteed Delivery substantially in the form provided by Repsol is received by the U.S. Receiving Agent, as provided below, prior to the Expiration Date; and

(3) the ADRs evidencing all tendered ADSs (or, in the case of ADSs held in book-entry form, timely confirmation of the book-entry transfer of such ADSs into the U.S. Receiving Agent's account at the Book-Entry Transfer Facility), together with a properly completed and duly executed ADS Letter of Transmittal (or in the case of ADSs tendered through the Book-Entry Transfer Facility, an Agent's Message), are received by the U.S. Receiving Agent within three NYSE trading days after the date of execution and delivery of such ADS Notice of Guaranteed Delivery.

The ADS Notice of Guaranteed Delivery must be delivered by hand to the U.S. Receiving Agent or mailed to the U.S. Receiving Agent and must include a signature guarantee by an Eligible Institution in the form set forth in such ADS Notice of Guaranteed Delivery. In the case of ADSs held through the Book-Entry Transfer Facility, the ADS Notice of Guaranteed Delivery must be delivered to the U.S. Receiving Agent by a participant in the Book-Entry Transfer Facility via the Book-Entry Transfer Facility confirmation system by means of an Agent's Message.

Notwithstanding any other provision hereof, payment for ADSs purchased pursuant to the U.S. Offer will in all cases be made only after timely receipt by the U.S. Receiving Agent of ADRs evidencing such ADSs (or, in the case of ADSs held in book-entry form, timely confirmation of a book-entry transfer of such ADSs into the U.S. Receiving Agent's account at the Book-Entry Transfer Facility pursuant to the procedures set forth above), a properly completed and duly executed ADS Letter of Transmittal with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Message) and any other required documents.

Appointment as Proxy. By executing the ADS Letter of Transmittal as set forth above, the tendering ADS holder agrees that, effective from and after the date ADSs are tendered thereby, (i) Repsol shall be entitled to direct the exercise of any votes attaching to any Shares represented by ADSs in respect of which the U.S. Offer has been accepted or is deemed to have been accepted and any other rights and privileges attaching to such Shares represented by ADSs, including any right to call a meeting of the shareholders; and (ii) the execution of the ADS Letter of Transmittal and its delivery to the U.S. Receiving Agent will constitute: (a) an authority from the tendering holder of ADSs to send any notice, circular, document or other communications which may be required to be sent to such holder to Repsol at its registered office; (b) an authority to Repsol to sign any consent to execute a form of proxy in respect of the Shares represented by the ADSs in respect of which the U.S. Offer has been accepted or is deemed to have been accepted appointing any person nominated by Repsol to attend general meetings of shareholders of YPF and to exercise the votes attaching to such Shares on behalf of the tendering ADS holder; and (c) the agreement of the tendering holder of ADSs not to exercise any of such rights without the consent of Repsol and the irrevocable undertaking of the tendering holder of ADSs not to appoint a proxy for or to attend general meetings of shareholders.

Tax Withholding. Under the U.S. federal income tax laws, the U.S. Receiving Agent will be required to withhold 31% of the amount of any payments made to certain ADS holders pursuant to the U.S. Offer. In order to avoid such backup withholding, each tendering ADS holder must provide the U.S. Receiving Agent with such holder's correct United States taxpayer identification number and certify that such holder is not subject to such backup withholding by completing the Substitute Form W-9 included in the ADS Letter of Transmittal or, if such holder is, under the United States federal income tax laws, a non-resident alien or foreign entity not subject to backup withholding, such holder must give the U.S. Receiving Agent a completed Form W-8 Certificate of Foreign Status prior to receipt of any payment. A Form W-8 Certificate of Foreign Status is included in the materials accompanying the ADS Letter of Transmittal.

If you are in any doubt about the procedure for acceptance of ADSs, please telephone the Information Agent or the U.S. Receiving Agent at their respective telephone numbers set forth on the back cover of this U.S. Offer to Purchase.

5. Withdrawal Rights. Tenders of Shares and ADSs made pursuant to the U.S. Offer may be withdrawn at any time on or prior to the Expiration Date. Thereafter, such tenders are irrevocable, except that they may be withdrawn after June 28, 1999 unless theretofore accepted for payment as provided in this U.S. Offer to Purchase.

To be effective, a Form of Withdrawal (in the case of Shares) or a written, telegraphic, telex or facsimile transmission notice of withdrawal (in the case of ADSs) must be timely received by the Argentine Sub-Agent (in the case of Shares) or the U.S. Receiving Agent (in the case of ADSs) at its address set forth on the back cover of this U.S. Offer to Purchase and must specify the name of the person who tendered the Shares and/or ADSs to be withdrawn and the number of Shares and/or ADSs to be withdrawn and the name of the registered holder of Shares and/or ADSs, if different from that of the person who tendered such Shares and/or ADSs. If the Shares and/or ADSs to be withdrawn have been delivered to the applicable Receiving Agent, a signed notice of withdrawal with (except in the case of Shares and ADSs tendered by an Eligible Institution) signatures guaranteed by an Eligible Institution must be submitted prior to the release of such Shares and/or ADSs. In addition, such notice must specify, in the case of Shares and ADSs tendered by delivery of certificates, the name of the registered holder (if different from that of the tendering shareholder) and the serial numbers shown on the particular certificates evidencing the Shares and/or ADSs to be withdrawn or, in the case of Shares and ADSs tendered by book-entry transfer, the name and number of the account at one of the Book-Entry Transfer Facilities to be credited with the withdrawn Shares and ADSs. Withdrawals may not be rescinded (without the written consent of Repsol), and Shares and ADSs withdrawn will thereafter be deemed not validly tendered for purposes of the U.S. Offer. However, withdrawn Shares and ADSs may be re-tendered by again following one of the procedures described in Section 3 or Section 4, as applicable, at any time prior to the Expiration Date.

All questions as to the form and validity (including time of receipt) of any notice of withdrawal will be determined by Repsol, in its sole discretion, subject to applicable law, which determination shall be final and binding. None of Repsol, the Dealer Managers, the U.S. Receiving Agent, the Argentine Receiving Agent, the Argentine Sub-Agent, the Information Agent or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or incur any liability for failure to give any such notification.

6. Certain Tax Considerations. The following describes the material U.S. federal income tax and Argentine tax consequences of the sale of Shares and/or ADSs pursuant to the U.S. Offer.

As used herein, the term "U.S. holder" means a beneficial owner of Shares and/or ADSs that is (1) a U.S. citizen or resident for United States federal income tax purposes; (2) a United States domestic corporation or partnership; (3) a trust subject to the control of a U.S. person and the primary supervision of a United States court; or (4) an estate the income of which is subject to U.S. federal income taxation regardless of its source. As used herein, the term "non-U.S. holder" means a beneficial owner of Shares and/or ADSs that is, for United States federal income tax purposes, (1) a nonresident alien individual; (2) a foreign corporation; (3) a nonresident alien fiduciary of a foreign estate or trust; (4) a foreign partnership one or more of the members of which is, for United States federal income tax purposes, a nonresident alien individual, a foreign corporation or a nonresident alien fiduciary of a foreign estate or trust.

U.S. Tax Consequences

The following discussion is based upon United States federal income tax laws presently in force. This discussion is not a full description of all tax considerations that may be relevant to a decision to sell Shares and/or ADSs pursuant to the U.S. Offer. In particular, this discussion deals only with Shares and/or ADSs that are held as capital assets as defined in Section 1221 of the United States Internal Revenue Code of 1986, as amended, and does not address the tax treatment of persons that are subject to special treatment under the U.S. income tax laws. Such persons include, but are not limited to (1) banks, financial institutions, securities dealers or traders and insurance companies, (2) tax-exempt entities, (3) persons that hold Shares and/or ADSs as a hedge or as part of a straddle conversion or other integrated transaction with other investors for tax purposes, and persons whose functional currency is not the United States dollar, (4) persons owning directly, indirectly or by attribution, currently or during the past five years, 10% or more of the Shares and/or ADSs, (5) persons who acquired Shares and/or ADSs pursuant to the exercise of an employee stock option or otherwise as compensation or (6) certain expatriates or former

long-term residents of the United States. Moreover, the effect of any applicable United States state or local tax laws is not discussed herein.

U.S. Holders

Sale of Shares and/or ADSs. U.S. holders will recognize capital gain or loss on the sale of Shares or ADSs pursuant to the U.S. Offer. Such gain or loss will be equal to the difference between the amount of cash received and the U.S. holder's tax basis in the Shares or ADSs exchanged therefor. In general, any gain or loss realized upon the sale of Shares or ADSs pursuant to the U.S. Offer will be treated as long-term capital gain or loss if the Shares or ADSs have been held for more than one year and otherwise as short-term capital gain or loss. U.S. holders should consult their tax advisors regarding the treatment of capital gains (which may be taxed at lower rates than ordinary income for taxpayers who are individuals, trusts or estates) and losses (the deductibility of which is subject to limitations).

For United States federal income tax purposes, including the foreign tax credit limitation rules, any gain or loss realized by a U.S. holder generally will be treated as U.S. source gain or loss.

Backup Withholding Tax. A U.S. holder may be subject to backup withholding at the rate of 31% on the proceeds from the sale of Shares or ADSs pursuant to the U.S. Offer. To prevent backup withholding, each U.S. holder who accepts the U.S. Offer must provide the Argentine Receiving Agent or the U.S. Receiving Agent, as the case may be, with the holder's correct taxpayer identification number and certify that such holder is exempt from or otherwise not subject to backup withholding by completing the Substitute Form W-9 included with the U.S. Form of Acceptance or the ADS Letter of Transmittal, as the case may be. For further information concerning backup withholding and instructions for completing the Substitute Form W-9, see "Backup Withholding" in the U.S. Form of Acceptance or ADS Letter of Transmittal, as the case may be, and consult the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9."

Non-U.S. Holders

Sale of ADSs. Subject to the discussion of backup withholding below, a non-U.S. holder will generally not be subject to United States federal income or withholding tax on gain realized on the sale of ADSs pursuant to the U.S. Offer unless (i) such gain is effectively connected with such non-U.S. holder's conduct of a trade or business within the U.S. (or, in the case of a country which has a tax treaty with the United States, such gain is attributable to a permanent establishment or fixed place of business in the United States) or (ii) such gain is realized by an individual non-U.S. holder who is present in the United States for at least 183 days in the taxable year of the sale and certain other conditions are met.

Backup Withholding. A non-U.S. holder may be subject to backup withholding at the rate of 31% on the proceeds from the sale of ADSs pursuant to the U.S. Offer. To prevent backup withholding, each non-U.S. holder who accepts the U.S. Offer must provide the U.S. Receiving Agent, as the case may be, with a completed Form W-8 Certificate of Foreign Status attesting to its exempt status prior to receipt of any payment. A Form W-8 Certificate of Foreign Status is included in the materials accompanying the U.S. Form of Acceptance or the ADS Letter of Transmittal. For further information concerning backup withholding, see "Backup Withholding" in the Form of Acceptance or ADS Letter of Transmittal, as the case may be.

The tax discussion set forth above is included for general information only and is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly retroactively). Holders of Shares and/or ADSs are urged to consult their tax advisors with respect to the specific tax consequences of the U.S. Offer to them, including the application and effect of the alternative minimum tax, and state, local and foreign tax laws.

Argentine Tax Consequences

The following summary is based on tax laws in Argentina, including applicable decrees, regulations and rulings, including administrative and judicial interpretations thereof, as in effect on the date of this U.S. Offer and

subject to change with possible retroactive effect. Under Argentine law, provisions contained in statutes such as tax rates applicable to non-Argentine investors, the computation of taxable income for Argentine tax purposes and the manner in which Argentine taxes are imposed and collected may only be amended by statute. There is currently no income tax treaty in force between Argentina and the United States.

This summary is not intended as tax advice to any particular holder, which can be rendered only in light of that holder's particular tax situation. Accordingly, holders of ADSs are urged to consult their tax advisors with respect to the specific tax consequences of the U.S. Offer to them.

Except as set forth in the paragraph below, capital gains, if any, derived from the sale of ADSs pursuant to the U.S. Offer by individuals (whether a resident or non-resident of Argentina), estates located in Argentina and abroad and foreign entities that do not have a permanent establishment in Argentina are not subject to withholding or income tax. In addition, pension funds, certain mutual funds, the Argentine Government (the "Government"), Provinces and Municipalities are, among other entities, not subject to withholding or income tax.

Capital gains, if any, derived from the sale of ADSs pursuant to the U.S. Offer by Argentine taxpayers that are encompassed by Title VI of the Income Tax Law ("Title VI") are subject to income tax. In general, Argentine taxpayers that are subject to taxation under Title VI are legal entities domiciled in Argentina and certain resident individuals that, in the past, were required to adjust financial statements for inflation. Any of the following persons, among others, would be considered a resident of Argentina for purposes of Argentine tax law: (i) an Argentine citizen (with certain exceptions upon loss of residence status pursuant to certain legal provisions); (ii) a person who has obtained permanent residence in Argentina; and (iii) a person who has resided in Argentina under a temporary residence authorization for a minimum of 12 months.

The sale of ADSs pursuant to the U.S. Offer by a holder is not subject to value added tax or stamp, registration, transfer or similar taxes in Argentina.

7. Price Range of Shares and ADSs; Dividends.

Price Range of YPF Class D Shares and ADSs

The YPF Class D Shares trade on the Buenos Aires Stock Exchange under the symbol "YPFd". The ADSs, each representing one YPF Class D Share, are listed on the New York Stock Exchange under the trading symbol "YPF". The ADSs began trading on the New York Stock Exchange on June 28, 1993 and were issued by The Bank of New York, N.A. as depository (the "YPF Depository"). The following table sets forth, for the periods indicated, the high and low sales prices of the both the YPF Class D Shares on the Buenos Aires Stock Exchange ("BASE") and the ADSs on the New York Stock Exchange, as presented in the YPF 20-F (except where otherwise noted):

	YPF Class D Shares		ADSs	
	High (Argentine pesos)	Low	High (U.S. Dollars)	Low
1996				
First Quarter	23.65	19.50	23.50	19.38
Second Quarter	23.40	20.35	23.50	20.13
Third Quarter	23.10	20.50	23.25	20.25
Fourth Quarter	25.25	22.75	25.38	22.75
1997				
First Quarter	28.40	24.97	28.63	25.00
Second Quarter	31.60	26.05	31.75	25.88
Third Quarter	37.15	29.05	37.25	28.90
Fourth Quarter	38.15	30.00	38.13	30.13
1998				
First Quarter	33.96	28.10	34.50	29.06

	YPF Class D Shares		ADSs	
	High	Low	High	Low
Second Quarter.....	34.60	28.08	36.00	28.69
Third Quarter.....	31.31	20.20	32.13	20.00
Fourth Quarter.....	30.72	23.13	30.94	23.00
1999				
First Quarter(1)	32.40	26.64	32.75	26.63

(1) Source: Bloomberg.

On April 29, 1999, the last full trading day on the BASE and on the NYSE prior to the date of this U.S. Offer to Purchase, the reported closing prices of the Shares and the ADSs were Ps.35.70 and US\$35.94, respectively. Holders of Shares and ADSs are urged to obtain a current market price for the Shares and ADSs, respectively.

On February 28, 1999, there were approximately 35,000 holders of YPF Class D Shares. On February 28, 1999, there were approximately 221 million ADSs outstanding and approximately 710 holders of record of ADSs. Such ADSs represented approximately 70% of the total number of issued and outstanding Class D Shares of YPF as of February 28, 1999.

Dividends.

The following table sets forth the amounts of dividends paid on each Class D Share of YPF, and the U.S. dollar equivalent of the amount of dividends paid on each ADS, for each of the five fiscal years of YPF ended December 31, 1998, as set forth in the YPF 20-F:

Year ended December 31.	Argentine pesos per YPF Class D Share	U.S. Dollars per ADS(1)
1994.....	0.80	0.80
1995.....	0.80	0.80
1996.....	0.88	0.88
1997.....	0.88	0.88
1998.....	0.88	0.88

(1) Owners of ADSs are entitled to receive any dividends payable in respect of the underlying YPF Class D Shares. Cash dividends are paid to the YPF Depository in Argentine pesos, directly or through The Bank of New York, S.A., although YPF may choose to pay cash dividends outside Argentina in a currency other than pesos, including U.S. dollars. The YPF Deposit Agreement provides that the YPF Depository shall convert cash dividends received by the YPF Depository in Argentine pesos to U.S. dollars, to the extent that, in the judgment of the YPF Depository, such conversion may be made on a reasonable basis, and, after deduction or upon payment of the fees and expenses of the YPF Depository, shall make payment to the holders of ADSs in U.S. dollars.

8. **Certain Information Concerning YPF.** The information concerning YPF contained herein has been taken from or is based upon reports and other documents on file with the SEC or otherwise publicly available. Although Repsol does not have any knowledge that would indicate that any statements contained herein based upon such reports and documents are untrue, Repsol does not take any responsibility for the accuracy or completeness of the information contained in such reports and other documents or for any failure by YPF to disclose events that may have occurred and may affect the significance or accuracy of any such information but that are unknown to Repsol.

According to YPF's 20-F, YPF, Argentina's largest company, is an integrated international oil and gas company engaged in the exploration, development and production of oil and natural gas and in the refining, marketing, transportation and distribution of oil and a wide range of petroleum products, petroleum derivatives, petrochemicals and liquid petroleum gas as well as electricity generation activities. YPF is organized under the laws

of the Republic of Argentina with its principal executive offices located at Avenida Pte. R. Sáenz Peña 777, 1364 Buenos Aires, Argentina (Telephone: 011-5411-4329-2000).

Financial Information. The selected consolidated financial data set forth below should be read in conjunction with, and are qualified in their entirety by reference to, the YPF Consolidated Financial Statements and Notes thereto included elsewhere in the YPF 20-F. The selected financial data for each of the years in the five-year period ended December 31, 1998 set forth below have been derived from YPF's consolidated financial statements, which have been audited by Pistrelli, Díaz y Asociados and Arthur Andersen LLP, independent public accountants, as indicated in their reports included elsewhere herein. Pistrelli, Díaz y Asociados is a member of Arthur Andersen.

YPF's consolidated financial statements are prepared in accordance with generally accepted accounting principles in Argentina ("Argentine GAAP"), which differ in certain respects from generally accepted accounting principles in the United States ("US GAAP"). Note 14 of Notes to the Financial Statements included in the YPF 20-F describes the principal differences between Argentine GAAP and US GAAP as they relate to YPF. Note 15 provides the effects of the significant differences on net income and shareholders' equity and a reconciliation of such differences, and Note 16 provides certain additional disclosures required under US GAAP.

Pursuant to Argentine legal requirements and Argentine GAAP, the selected financial data set forth below for the year ended December 31, 1994 has been restated for general price level changes, based on changes in the Argentine general wholesale price index (the "WPI"). The requirement to restate historical financial statements for price level changes was allowed to lapse as of September 1, 1995 based on low inflation rates experienced by Argentina in recent years. For this purpose, the selected consolidated financial data as of and for the year ended December 31, 1994 included in the table below is presented on the basis of constant pesos as of August 31, 1993 but has not been restated in constant pesos as of any subsequent date. The selected consolidated financial data as of and for the year ended December 31, 1995 only include the effects of inflation until August 31, 1995.

YPF SOCIEDAD ANÓNIMA
SELECTED CONSOLIDATED FINANCIAL DATA

	Year Ended December 31,				
	1994	1995	1996	1997	1998
	(in millions of Argentine pesos, except for per share and per ADS data) ⁽¹⁾				
CONSOLIDATED INCOME STATEMENT DATA⁽¹⁾:					
Amounts in accordance with Argentine GAAP					
Net sales ⁽²⁾	4,403	4,970	5,937	6,144	5,500
Gross profit.....	1,426	1,733	2,321	2,414	1,906
Administrative expenses.....	(155)	(181)	(185)	(173)	(141)
Selling expenses.....	(337)	(341)	(390)	(435)	(458)
Exploration expenses.....	(182)	(233)	(207)	(174)	(161)
Operating income.....	752	978	1,539	1,632	1,146
Income on long-term investments.....	23	23	25	37	26
Other income (expenses), net.....	(149)	14	(93)	(50)	(44)
Interest expense.....	(106)	(255)	(318)	(274)	(247)
Other financial income (expenses) and holding gains (losses), net.....	65	136	72	35	(17)
Income from renegotiation of long-term contract and sales of areas.....	1	—	—	—	—
Income before income and assets tax, minority interest and preferred stock dividends ⁽³⁾	586	896	1,225	1,380	864
Income and assets tax ⁽⁴⁾	(13)	(64)	(369)	(479)	(264)
Minority interest.....	(9)	(10)	(12)	(15)	(11)
Dividend requirements on preferred stock of controlled companies.....	—	(29)	(27)	(9)	(9)
Net income.....	564	793	817	877	580
Net income before income and assets tax, minority interest and preferred stock dividends per share and per ADS ⁽⁵⁾	1.66	2.54	3.47	3.91	2.45
Earnings per share and per ADS ⁽⁵⁾	1.60	2.25	2.31	2.48	1.64
Dividends per share and per ADS ⁽⁵⁾⁽⁶⁾	0.89	0.81	0.80	0.88	0.88
Approximate amounts in accordance with US GAAP⁽⁷⁾					
Operating income.....	602	863	1,457	1,525	961
Net income.....	553	746	762	800	512
Shareholders' equity.....	5,414	5,895	6,148	6,660	6,855
CONSOLIDATED BALANCE SHEET DATA:					
Amounts in accordance with Argentine GAAP					
Cash.....	60	76	90	142	70
Working capital.....	(390)	(826)	(806)	(1,372)	(867)
Total assets.....	8,097	11,572	12,084	12,761	13,146
Total debt ⁽⁸⁾	1,305	3,733	3,408	3,638	3,830
Redeemable preferred stock of Maxus.....	—	125	63	—	—
Shareholders' equity.....	5,331	5,839	6,374	6,940	7,209
OTHER CONSOLIDATED FINANCIAL DATA:					
Amounts in accordance with Argentine GAAP⁽⁹⁾					
Fixed assets depreciation and amortization.....	732	950	1,065	1,093	1,061
Cash used in fixed asset acquisitions.....	1,434	2,327	1,817	1,593	1,351

(1) Under Argentine law, the Argentine Central Bank is obliged to sell dollars to any person who so requires at a rate of one peso per dollar. See "Foreign Currency".

- (2) Gives effect to the results of operation of Mexus from April 1, 1995 but not for any prior periods. See Item 9. "Management's Discussion and Analysis of Financial Condition and Results of Operations of YPF--International Upstream" included in the YPF 20-F.
- (3) Net sales are net to YPF after payment of a fuel transfer tax and turnover tax. Royalties with respect to YPF's production are accounted for as a cost of production and are not deducted in determining net sales. Royalties with respect to YPF International's production are deducted in determining net sales. See Note 2(g) of Notes to Consolidated Financial Statements included in the YPF 20-F.
- (4) Assets tax was not applicable in the years ended December 31, 1998 and 1997.
- (5) 353,000,000 shares were outstanding during each of the periods for which this information is presented. Each ADS represents one Class D Share of YPF.
- (6) Does not include Ps.430 million corresponding to the one-time special dividend paid in 1994 to the Argentine Government.
- (7) Total debt under Argentine GAAP includes long-term debt of Ps.2,578 million, Ps.2,145 million, Ps.2,566 million, Ps.2,617 million and Ps.725 million as of December 31, 1998, 1997, 1996, 1995 and 1994, respectively.
- (8) For information concerning (i) certain differences between Argentine GAAP and US GAAP as applied to the financial statements included elsewhere herein, (ii) the effects of the significant differences on net income, shareholders' equity and operating income and (iii) a reconciliation of such differences, see Notes 14, 15 and 16 of Notes to Consolidated Financial Statements included in the YPF 20-F.

According to the YPF 20-F, the difference between YPF's net income under Argentine GAAP and YPF's net income under US GAAP for the year ended December 31, 1998 represents primarily the impairment of long lived assets and the effect of the accounting under US GAAP for deferred income tax.

With respect to the impairment of long-lived assets, under Argentine GAAP, YPF analyzes the recoverability of its assets on an overall basis. Under US GAAP, each asset has been tested in accordance with SFAS.No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", by comparing the net book value of such asset with the expected cash flows from such asset (before income tax and without discounting the cash flow). As a result, in 1998 an additional loss of Ps. 110 million would be recognized under US GAAP for assets whose net book values exceeded the cash expected to be received from such assets. See Notes 14, 15 and 16 of the Notes to Consolidated Financial Statements included in the YPF 20-F.

Under Argentine GAAP, income tax expense is generally recognized based upon the estimate of the current income tax liability to the tax authorities. Under US GAAP, deferred tax assets and liabilities are recognized for differences between the financial and tax basis of assets and liabilities and for the tax loss carryforward at the statutory rate at each reporting date. In 1998, YPF would have recognized an additional gain of Ps.47 million for deferred income tax under US GAAP. The gain for 1998 is the difference between the net deferred tax liability at the beginning and at the end of the fiscal year. Additional information regarding YPF's income taxes under US GAAP is detailed in Note 16 of the Notes to Consolidated Financial Statements included in the YPF 20-F.

Exchange Rates. The Federal Reserve Bank of New York does not report a noon buying rate for Argentine pesos. The following table sets forth the annual low, high, average and period-end rate for United States dollars for each of the indicated periods starting in 1994 as reported by the Argentine Central Bank.

	1994	1995	1996	1997	1998
	(Pesos per US\$)				
December 31	0.9900	1.0000	1.0000	1.0000	1.0000
Average(1).....	0.9986	0.9995	1.0000	1.0000	1.0000
High.....	0.9990	1.0000	1.0000	1.0000	1.0000
Low	0.9980	0.9990	1.0000	1.0000	1.0000

(1) The average of month-end rates during the period.

The exchange rate on April 30, 1999 was Ps.1.00 = US\$1.00.

Available Information. YPF is subject to the informational requirements of the Exchange Act applicable to foreign private issuers and in accordance therewith files reports and other information with the SEC relating to its business, financial condition and other matters. Such reports, statements and other information may be inspected at the public reference facilities maintained by the SEC at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and should also be available for inspection and copying at prescribed rates at the regional offices of the SEC in New York (7 World Trade Center, Suite 1300, New York, New York 10048) and Chicago (Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-5211). Copies of such material can also be obtained from the Public Reference Section of the SEC in Washington, D.C. 20549, at prescribed rates. Such material should also be available for inspection at the library of the NYSE, 20 Broad Street, New York, New York 10005, on which the ADSs are traded. YPF's SEC filings are also available to the public through commercial document retrieval services and, in the case of documents filed electronically, at the web site maintained by the SEC at "<http://www.sec.gov>".

YPF is subject to the informational requirements of the CNV and the BASE and in accordance therewith files reports and other information relating to its business, financial condition and other matters. Such reports, statements and other information (including the annual and quarterly financial statements of YPF) may be inspected at the public reference facilities maintained by the BASE at Sarmiento 299, 2nd Floor, Buenos Aires, Argentina.

9. Certain Information Concerning Repsol.

Repsol is a limited liability company (*sociedad anónima*) duly organized and existing under the laws of the Kingdom of Spain and is a leading international oil and gas company engaged in all aspects of the petroleum business, which includes exploration, development and production of crude oil and natural gas, transportation of petroleum products, liquefied petroleum gas ("LPG") and natural gas, petroleum refining, production of a wide range of petrochemicals and marketing of petroleum products, petroleum derivatives, petrochemicals, LPG and natural gas. In 1997, Repsol was the largest industrial company in Spain in terms of revenues. The address of the principal executive offices of Repsol is Paseo de la Castellana 278, 28046, Madrid, Spain (Telephone: 011-3491-348-8000).

Repsol began operations in October 1987 as part of a reorganization of the oil and gas businesses then owned by Instituto Nacional de Hidrocarburos ("INH"), a Spanish government agency which acted as a holding company of government-owned oil and gas businesses. In April 1997, the Spanish government sold the last shares of Repsol held by it in a global public offering. As a result, the Spanish government no longer owns any shares of Repsol. Repsol's corporate headquarters are in Madrid, Spain and it has operations in 26 countries, the most significant of which are in Spain and Argentina. Repsol's business is organized into four business segments: (1) Exploration and Production ("E&P"); (2) Refining and Marketing; (3) Chemicals; and (4) Gas and Electricity.

On April 19, 1999, Repsol effected a three-for-one stock split resulting in an issuance of 600 million new shares of common stock of Repsol ("Repsol Shares") and an issuance of an additional two ADSs of Repsol ("Repsol ADSs") to be distributed to holders for every Repsol ADS held. Accordingly, certain per share information has been adjusted to reflect such stock split. See "Selected Consolidated Financial Data" below.

Repsol is subject to the informational requirements of the Exchange Act applicable to foreign private issuers and accordingly files reports and other information with the SEC relating to its business, financial condition and other matters. Additional information concerning Repsol is set forth in Repsol's Annual Report on Form 20-F for the fiscal year ended December 31, 1998 (the "Repsol 20-F") and other reports filed with the SEC, which are incorporated herein by reference and which may be inspected at, and copies obtained from, the same places and in the manner set forth in "Section 8. Certain Information Concerning YPF". A Spanish translation of the Repsol 20-F is attached to the Argentine Offer to Purchase to be delivered to YPF's holders in Argentina.

Repsol is providing the following information to aid you in your analysis of the financial aspects of the acquisition. This information was derived from the audited and unaudited financial statements of Repsol for its fiscal years 1994 through 1998.

Repsol has historically published its financial statements in Spanish pesetas. For periods commencing after January 1, 1999, Repsol intends to publish its financial statements in euros. Repsol prepares its financial statements in conformity with generally accepted accounting principles in Spain ("Spanish GAAP"). Spanish GAAP differs in certain important respects from U.S. GAAP. See Note 25 to the audited consolidated financial statements for the years ended December 31, 1996, 1997 and 1998 included elsewhere in the Repsol 10-F for a description of the principal differences between Spanish GAAP and U.S. GAAP as they relate to Repsol and for a reconciliation of net income and total shareholders' equity for the periods and as of the dates therein indicated.

REPSOL S.A.
SELECTED CONSOLIDATED FINANCIAL DATA⁽¹⁾

	1994	Year ended December 31,			1998	1998 U.S.\$(7)
		1995	1996	1997		
(In millions of Pesetas, except per Share and ADS amounts)						
CONSOLIDATED INCOME STATEMENT DATA:						
Amounts in accordance with Spanish GAAP:						
Revenues.....	2,371,850	2,544,780	2,771,755	3,209,127	3,159,517	22,227
Operating income.....	176,917	212,504	198,610	233,687	275,844	1,941
Income before income taxes and minority interest.....	156,047	188,898	188,230	210,563	234,756	1,651
Net income.....	96,803	117,715	119,222	126,098	145,515	1,024
Net income per ADS or Share(2)....	323	392	397	420	485	3
Approximate amounts in accordance with U.S. GAAP(3):						
Net income.....	97,030	111,579	149,367	142,919	156,842	1,103
Net income per ADS or Share(4)....	323	372	498	476	523	4
CONSOLIDATED BALANCE SHEET DATA						
Amounts in accordance with Spanish GAAP:						
Property, plant and equipment, net ..	900,331	949,830	1,294,379	1,587,935	1,714,627	12,062
Total current assets.....	615,585	618,495	657,889	784,641	845,367	5,947
Total assets.....	1,606,600	1,668,459	2,158,568	2,670,846	2,858,955	20,112
Long-term debt.....	217,427	221,083	319,097	470,149	378,572	2,663
Short-term debt.....	151,846	92,374	163,049	251,065	397,563	2,797
Shareholders' equity.....	588,606	658,040	847,848	924,622	1,005,435	7,073
Shareholders' equity per ADS or Share(5).....	1,962	2,193	2,826	3,082	3,351	24
Approximate amounts in accordance with U.S. GAAP(3):						
Shareholders' equity.....	602,686	665,984	765,956	859,621	951,761	6,695
Shareholders' equity per ADS or Share(6).....	2,009	2,220	2,553	2,865	3,173	22

(1) The consolidated financial information above includes, among others, the following principal subsidiaries of Repsol:

	% of Ownership				
	1994	1995	1996	1997	1998
Exploración.....	100.00	100	100	100.00	100.00
Petróleo.....	99.96	99.96	99.96	99.97	99.97
Petrónor.....	87.82	87.82	87.82	87.82	87.82
Petronor.....	59.87	59.87	59.87	59.87	59.87
Campsa (CLH).....	96.34	95.34	96.34	96.43	96.46
Repsol Comercial.....	100.00	100.00	100.00	100.00	100.00
Química.....	100.00	100.00	100.00	100.00	100.00
Butano.....	45.26	45.26	45.26	45.26	45.26
Gas Natural.....	—	—	37.70	56.73	66.01
Astrib.....					

- (2) Each Repsol ADS represents one Repsol Share. Giving effect to the 3-for-1 stock split effected on April 19, 1999 would result in net income per ADS or Share of Ptas. 108, Ptas. 131, Ptas. 132, Ptas. 140 and Ptas. 162 (or US\$1.14) for the years ending December 31, 1994, 1995, 1996, 1997 and 1998 respectively.
- (3) The principal differences between Spanish GAAP and U.S. GAAP are explained in Note 25 to the Consolidated Financial Statements included in the Repsol 20-F.
- (4) Giving effect to the 3-for-1 stock split effected on April 19, 1999 would result in approximate net income per ADS or Share under U.S. GAAP of Ptas. 108, Ptas. 124, Ptas. 166, Ptas. 159 and Ptas. 174 (or US\$1.23) for the years ending December 31, 1994, 1995, 1996, 1997 and 1998, respectively.
- (5) Giving effect to the 3-for-1 stock split effected on April 19, 1999 would result in shareholders' equity per ADS or Share of Ptas. 654, Ptas. 731, Ptas. 942, Ptas. 1,027 and Ptas. 1,117 (or US \$7.86) for the years ending December 31, 1994, 1995, 1996, 1997 and 1998, respectively.
- (6) Giving effect to the 3-for-1 stock split effected on April 19, 1999 would result in approximate shareholders' equity per ADS or Share under U.S. GAAP of Ptas. 670, Ptas. 740, Ptas. 851, Ptas. 955 and Ptas. 1,058 (or US\$7.44) for the years ending December 31, 1994, 1995, 1996, 1997 and 1998, respectively.
- (7) Amounts stated in millions of U.S. dollars, except per Share and per ADS data. Amounts calculated at the noon buying rate on December 31, 1996 of Ptas.142.15 per US\$1.00.

Exchange Rates.

	1994	1995	1996	1997	1998
	(Ptas. per US\$)				
December 31	131.73	121.40	129.86	152.40	142.15
Average(1).....	132.90	124.11	126.97	147.14	149.42
High.....	145.47	133.85	156.35	158.80	157.41
Low	124.54	118.38	120.95	129.80	136.80

(1) The average of the noon Spanish buying rates on the last day of each month during the relevant period.

Proceedings and Convictions. During the last five years, neither Repsol nor, to the best of its knowledge, any of the persons listed on Schedule I attached hereto, (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, United States federal or state securities laws or finding any violation with respect to such laws.

10. Source and Amount of Funds; Certain Requirements with respect to the Price under the Offers.

The Offers are not conditioned upon any financing arrangements. The amount of funds required by Repsol to purchase all of the outstanding Shares and ADSs and to pay related fees and expenses is expected to be approximately U.S.\$15.0 billion. Repsol will obtain all required funds from working capital and from credit facilities from a syndicate of lenders in an aggregate amount up to US\$16.0 billion.

Bank Financing.

Repsol has entered into a Commitment Letter, dated as of April 29, 1999 (the "Commitment Letter"), with Citibank, N.A., Goldman Sachs International, Merrill Lynch International, Warburg Dillon Read (a division of UBS AG), Banco Bilbao Vizcaya, S.A. ("Banco Bilbao") and La Caixa (the "Joint Lead Arrangers") and Citibank, N.A., Goldman Sachs Credit Partners, L.P., Merrill Lynch Capital Corporation, UBS AG, Banco Bilbao and La Caixa (the "Underwriters") pursuant to which the Joint Lead Arrangers have agreed to arrange and the Underwriters have committed to underwrite, subject to the conditions described below, and to assemble a syndicate of financial institutions (the "Lenders") to provide facilities in an aggregate amount up to US\$16.0 billion, on an unsecured basis, as follows: (i) a 364 day term loan facility in an aggregate amount up to US\$5.5 billion ("Tranche A"), (ii) an 18 month term loan facility in an aggregate amount up to U.S.\$6.0 billion ("Tranche B"), (iii) a three year term loan facility in an aggregate amount up to US\$3.5 billion ("Tranche C"), and (iv) a three year U.S. dollar denominated revolving facility with a commitment up to an aggregate amount of US\$1.0 billion ("Tranche D" and, together with the Tranches A, B and C, the "Loan Financing"). There will also be a separately documented parallel

facility in an aggregate amount of US\$900 million (which is a subset of the Loan Financing) (the "Parallel Facility" and together with the Loan Facility, the "Bank Financing") to be provided by Banco Bilbao and La Caixa with the same structure on the same terms and conditions and *pari passu* in all respects with the main facility, except that, to the extent these lenders, as existing shareholders of Repsol, subscribe in cash for equity or equity-linked offerings of Repsol, the amount of their respective commitment under the Parallel Facility shall be reduced by the amount of that subscription. The Parallel Facility will not be syndicated. Drawings, prepayment and cancellations will be pro rata between the Parallel Facility and the Loan Facility. The Loan Facility will be used to finance the Offers, pay certain fees, costs and expenses associated with the Offers, and, in the case of Tranche C only, to refinance up to US\$1 billion of existing YPF debt. Tranche D will be used to refinance certain specified existing indebtedness of Repsol and for working capital purposes.

The borrowers under the Loan Financing (the "Borrower") will be Repsol and Repsol International Finance B.V. ("RIF"), a wholly-owned subsidiary of Repsol. The Loan Financing also will be guaranteed initially by Repsol and RIF (together with the Borrower, the "Obligors"). The Commitment Letter provides that if the aggregate uncanceled amount of the Loan Financing at December 31, 1999 exceeds US\$10.0 billion Repsol will cause certain specified material subsidiaries of Repsol and other material subsidiaries of Repsol which are more than 90% owned by Repsol, or more than 66% owned, in the case of YPF and its subsidiaries, (but excluding YPF and its subsidiaries if there is a material risk of a legal challenge) to guarantee the Loan Financing.

The Lenders' obligations to make initial loans under (a) Tranches A and B will expire upon the earlier of the lapse of the Offer and 50 Argentine business days after the public announcement of the Offer, but in no event later than July 9, 1999, (b) Tranche C will expire sixty months from the date of execution of the definitive documentation for the Loan Financing (the "Facility Agreement") and (c) Tranche D will expire three years after the date of the Facility Agreement. Amounts may be borrowed under Tranches A, B and C only in that order and no amounts may be borrowed under the succeeding tranche until the preceding tranche has been drawn down in full or canceled. Amounts borrowed under Tranche A and B are subject to a minimum borrowing amount of US\$100.0 million and under the Tranche C and Tranche D Loans to a minimum borrowing amount of US\$50.0 million. Loans under the Loan Financing will be due and repayable as follows: (i) Tranche A will be repayable 364 days after the date of the Facility Agreement; (ii) Tranche B will be repayable 18 months after the date of the Facility Agreement; (iii) Tranche C will be repayable three years after the date of the Facility Agreement and (iv) Tranche D will be repayable no later than three years after the date of the Facility Agreement.

Borrowings under Tranches A, B and C and the Parallel Facility will be mandatorily prepayable with the proceeds from certain capital market, equity and equity linked offerings and from the sale, lease, transfer or disposal of assets by Repsol and certain of its subsidiaries that are for substantially all cash.

Loans outstanding under the Loan Financing will bear interest at the rate of the sum of: (a) the London Interbank Offered Rate ("LIBOR") for the relevant currency for the relevant period; (b) a margin (the "Margin") that varies from 70 to 150 basis points depending upon the rating of Repsol and the uncanceled aggregate amount of the Bank Financing (drawn and undrawn); and (c) costs of compliance with European Central Bank reserve requirements and other reserve asset or similar costs, if any. The Lenders are entitled to receive commitment fees equal to (i) in the case of Tranches A, B and C, 33.33%, and, (ii) in the case of Tranche D, 50.0%, in each case, of the Margin. Interest Periods under the Loan Financing will be available for periods of 1, 2, 3 or 6 months, or as otherwise agreed between the Borrower and the Lenders. Interest will be payable by the Borrower at the end of each of Tranche A, B or C interest period and, with respect to Tranche D, on its maturity date; provided that, for any loan made under Tranche D in excess of six months, accrued interest will be payable at the end of each six month period and on such maturity date for the remaining portion of any shorter period.

The Borrower may cancel any undrawn portion of the Loan Financing in minimum amounts of US\$250.0 million without penalty upon five business days' notice, subject to any breakage fees if such cancellation is on a date other than a rollover date. Any amounts canceled may not be reinstated.

The Commitment Letter and the Term Sheet attached thereto provide that the commitment of the Lead Arrangers and the Underwriters is subject to certain conditions to be satisfied (or waived), including, without

limitation: (a) the Lead Arrangers' satisfaction with the terms and conditions of the Offer; (b) no amendment or waiver of the two conditions relating to war or hostilities and conditions affecting bank lending in the U.S., Argentina and Spain, without the consent of the Joint Lead Arrangers (such consent not to be unreasonably withheld) or (c) any other condition of the Offer by Repsol that is reasonably likely to materially and adversely affect the ability of Obligors to comply with their obligations under the Facility Agreement and in the case of Tranches A, B and C, the tender offer period having expired; (e) the Lead Arrangers' satisfaction with the approval of the Offer by the holder of the YPF Class A Shares; (d) the accuracy of representations and warranties in the Commitment Letter; and (e) no material adverse change to YPF and its subsidiaries. The obligation to make loans under the Facility Agreement will be subject to customary conditions including, among other things, there being no potential or actual default under the Bank Financing (including a change of control of Repsol) and that the representations and warranties made by Repsol and RIF to be set out in the Facility Agreement are true and correct in all material respects.

The Facility Agreement will further provide for customary covenants and restrictions on the ability of the Obligors to engage in certain activities, including: (a) subsidiary borrowings and guarantees; (b) the sale, leasing, transfer or disposal of assets (other than those used to prepay borrowings under the Term Loan Facility); (c) the incurrence of financial indebtedness; and (d) future acquisitions. In addition, the Bank Financing will require Repsol to, on a consolidated basis, (i) maintain a minimum EBITDA to net interest payable ratio of 3.5:1 on December 31, 1999, 4.5:1 on June 30, 2000 and 5.0:1 thereafter; and (ii) maintain a maximum total net debt to EBITDA ratio on December 31, 1999, June 30, 2000, December 31, 2000 and thereafter of 4.5:1, 3.75:1, 3.50:1 and 3.25:1, respectively, each of (i) and (ii) to be calculated semi-annually on a rolling 12 month basis.

The Facility Agreement will also contain such other representations and warranties, covenants and events of default as is customary for credit facilities of this nature.

The borrowings under the Loan Financing will result in a short-term increase in leverage which Repsol expects to take steps to reduce during the following months in order to maintain a favorable credit rating. To accomplish this goal, Repsol currently intends to raise up to \$6 billion (900 billion pesetas) in equity and equity-linked securities. The enhanced cash flow generation of the combined operations of Repsol and YPF is also expected to help reduce the debt burden following the acquisition. In addition, Repsol expects to raise approximately \$2.5 billion (375,000 million pesetas) through the disposal of non-core assets and to save approximately \$ 2.0 billion (300,000 million pesetas) from reduced capital expenditures during the period 1999 to 2002. Through these strategies, Repsol aims to reduce the net debt to total capitalization ratio from 70% (pro forma 1998 year end) to below 50% by year end 2000.

Minimum Price Provisions.

The Estatutos of YPF (the "Bylaws") impose certain minimum price requirements on any offer, including the Offer, that will result in any person (an "Offeror") owning, directly 15% or more of the equity capital of YPF (a "Qualifying Offer") and require that holders be offered cash consideration in any such offer. Under the Bylaws, the tender offer must provide for the same price for all shares tendered, which price may not be less than the highest of the following (the "Minimum Price"):

- (i) the highest price paid by or on behalf of the Offeror for Class D Shares or convertible securities during the two years prior to the notice of the Offers provided to YPF, subject to certain antidilution adjustments with respect to Class D Shares;
- (ii) the highest closing offer price for the Class D Shares on the B.A.S.E during the 30-day period immediately preceding the notice of the Offers provided to YPF, subject to certain antidilution adjustments;
- (iii) the price resulting from clause (ii) above multiplied by a fraction, the numerator of which shall be the highest price paid by or on behalf of the Offeror for Class D Shares during the two years immediately preceding the date of the notice provided to YPF and the denominator of which shall be the closing selling price for the Class D Shares on the B.A.S.E on the date immediately preceding the first day in such two-year

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period on which the Offeror acquired any interest in or right to any Class D Shares, in each case subject to certain antidilution adjustments; and

(iv) the net earnings per Class D Share during the four most recent full fiscal quarters immediately preceding the date of the notice provided to YPF, multiplied by the higher of (A) the price/earnings ratio during such period for Class D Shares (if any) and (B) the highest price/earnings ratio for YPF in the two-year period immediately preceding the date of the notice provided to the company, in each case determined in accordance with standard practices in the financial community.

The highest price per Share paid by Repsol for any Shares during the two year period preceding the date of this U.S. Offer to Purchase was \$38.00 and the highest closing offer price of the Class D Shares on the BASE during the 30 days preceding the date of this U.S. Offer to Purchase was \$35.70. The closing selling market price of the Class D Shares on the BASE on the day immediately preceding the first day of the two year period in which Repsol purchased shares of YPF was \$30.30. Based on the quarterly financial statements filed by YPF with the CNV on April 28, 1999, February 12, 1999, November 4, 1998 and August 5, 1998, the net income under Argentine GAAP per Class D Share for the four fiscal quarters ended March 1999, December 1998, September 1998 and June 1998 (the "Applicable Fiscal Quarters") was \$1.53, \$1.64, \$1.88 and \$2.07, respectively. The highest ratio of the closing market price of Class D Shares on the BASE during the Applicable Fiscal Quarters to income of YPF for the Applicable Fiscal Quarters as calculated using standard financial methodology was 23.38x. The highest such ratio in effect during the two year period preceding the date of this U.S. Offer to Purchase was 23.38x. According to a press release issued by YPF, the Minimum Price as determined on March 3, 1999 was \$40.63. At the date hereof, the Minimum Price is \$44.77.

11. Background of the Offers; Past Contacts, Transactions or Negotiations with YPF.

Restructuring and Privatization of YPF. In August 1989, the Government enacted laws aimed at the deregulation of the economy and the privatization of Argentina's state-owned companies, including YPF. In November 1992, the Government enacted a law that established the procedures for the privatization of YPF and in July 1993, YPF completed the first worldwide public offering of its Class D Shares and ADSs. In July 1997, a second global public offering (of Class C Shares set aside for the benefit of the company's employees in conjunction with the privatization, which were converted upon purchase into Class D Shares) was completed, resulting in approximately 75% of the YPF's outstanding shares of capital stock being held by the public.

In January 1998 the Government announced its intention to sell its remaining 20.3% interest in YPF. According to published news reports, the Government was considering selling its remaining interest via an offering on the local and international stock markets. However, the turbulent conditions in worldwide equity markets at the time caused a postponement of that plan.

In September 1998, the Government indicated that it was now seeking a single buyer for a 14.9% interest in YPF, which would leave it with a 5.4% interest. Salomon Smith Barney Inc. and Banco Francés S.A. were engaged to act as advisors on behalf of the Government and the Fondo Fiduciario para el Desarrollo Provincial (the "Fondo"). The Government indicated that it was targeting single strategic acquirers (integrated oil companies with investment grade ratings) and as a result several international energy companies, including Repsol, were invited. The Government set a minimum price for the acquisition of \$38 per Share, and continued discussions with Repsol and, according to published reports, other potential bidders, through the end of 1998 and announced that it would seek indications of interest from bidders in January 1999.

Acquisition of Current Repsol Equity Interest. Pursuant to the auction sale process described above, during the first half of January 1999, Repsol and its advisors held discussions with advisors to the Government regarding issues and questions arising out of the due diligence portion of the auction process, the terms of the form of purchase and sale agreement proposed by the Government for the sale of its interest in YPF, and proposed modifications thereto; the bidding procedures for the Government's interest in YPF and other related matters.

On January 20, 1999, Repsol submitted to the Government its bid to acquire Shares representing 14.99% of the outstanding YPF Shares for a cash price of approximately \$2.011 billion. On January 20, 1999, Repsol entered into an Agreement for the Purchase and Sale of Shares among Repsol, Banco de la Nación Argentina ("Banco Nación") as fiduciary trustee for the Fondo and the Republic of Argentina (the "YPF Agreement"). The YPF Agreement provided that, subject to certain limited conditions, Repsol would purchase from the Government 52,914,700 Class A Shares (which would convert automatically into Class D Shares upon acquisition thereof by Repsol) for an aggregate purchase price of \$2.011 billion. On January 28, 1999, Repsol completed the purchase of Shares contemplated by the YPF Agreement. This purchase price paid by Repsol pursuant to the YPF Agreement equaled the minimum price for the sale of the YPF Class A Shares set by the Government in connection with its auction process. On the same date, YPF and Repsol entered into a letter agreement (the "Letter Agreement") whereby YPF agreed to cooperate with Repsol in the future registration with the SEC of the Class D Shares acquired by Repsol pursuant to the YPF Agreement and to comply with the requirements of SEC rules and regulations applicable to YPF in connection with that registration.

Repsol initially financed the acquisition through borrowing under its regular working capital lines of credit and internally generated funds. On February 23, 1999, Repsol issued 1.4 billion of euro-denominated five-year notes (approximately US\$1.55 billion), the proceeds of which were used to refinance, on a medium-term basis, part of its investment in YPF.

Composition of Board of Directors. The YPF Bylaws require that YPF be managed by a board of directors comprised of 12 persons and provide for the election of directors by class votes of the various classes of Shares. Specifically, the Bylaws provide that the Government, as holder of the Class A Shares, has the right to elect one director so long as the Class A Shares represent at least 5% of the YPF equity capital but less than 20% thereof. The Bylaws also provide that the holders of the Class B Shares, Class C Shares and Class D Shares have the right to elect the remaining directors. Directors are elected for two year terms and directors elected by holders of Class D Shares may be elected by cumulative voting.

On January 26, 1999, the Chairman and Chief Executive Officer of Repsol, Mr. Alfonso Cortina de Alcocer, was appointed to the YPF Board as one of the two directors whom the Government, in its capacity as shareholder of 20% of the capital stock of YPF had the right to appoint. As a result of the fact that such directorship was inherited from the Government's prior director, Mr. Cortina de Alcocer's term was subject to the expiration provisions of the such director. Accordingly, Mr. Cortina de Alcocer's term expired on April 27, 1999, the date of the expiration of the prior director's term. On the same date as Mr. Cortina de Alcocer's appointment, Mr. Miguel Angel Remon Gil, an executive officer of Repsol, was appointed by the Government as alternate director to Mr. Italo Ludder, the Government's existing director on the YPF Board. The terms of Mr. Ludder and that of Mr. Remon Gil are expected to expire in 2000.

At the meeting of the YPF Board that took place on March 2, 1999, Mr. Cortina de Alcocer was proposed and approved by the YPF Board to be elected as one of the members of the list of directors to be recommended by the YPF Board to the meeting of shareholders in April.

At the annual meeting of YPF shareholders held on April 27, 1999 in Buenos Aires, Argentina, the YPF shareholders approved the YPF Board recommendation and elected Mr. Cortina de Alcocer as a member of the YPF Board, and Mr. Ramon Blanco Balin as alternate director. Accordingly, Mr. Cortina de Alcocer will be on the YPF Board for the customary two year term provided under the YPF Bylaws.

Certain Provisions of YPF Agreement. The YPF Agreement contemplates that the Republic of Argentina will retain, for at least a period of three years following the payment and delivery of the YPF Shares acquired by Repsol pursuant to the YPF Agreement (the "Initial Repsol Interest"), and may retain forever, at least one Class A Share (the "Golden Share"). The YPF Agreement requires that whenever a meeting of YPF's shareholders is convened, Repsol shall vote all of the Shares it holds in favor of any proposed amendment to YPF's Bylaws providing the holders of Class A Shares, regardless of the number and/or proportion that such shares represent of the capital stock and votes of YPF, with the following rights: (a) the right to veto any proposal to change the registered office and/or fiscal domicile of YPF outside of the Republic of Argentina, (b) the right to nominate one director and one alternate

director of YPF; and (c) the right to nominate one statutory auditor ("*sindico*") and one alternate statutory auditor of YPF. Similarly, Repsol is required to vote against any proposal to change the registered office and/or fiscal domicile of YPF outside of the Republic of Argentina. In addition, if Repsol acquires control of YPF, Repsol must convene an extraordinary meeting of the shareholders of YPF within 60 days from the completion of such acquisition and propose the Bylaw amendment described above.

The YPF Agreement contemplates a possible acquisition of control of YPF by Repsol. Under the YPF Agreement, Banco Nación, acting as fiduciary on behalf of the Fondo (the trust that holds a portion of the Government's remaining interest in YPF) and the Republic of Argentina are obligated, for the three year period ending January 28, 2002 (the "3 Year Period") to authorize Repsol to carry out at any time an acquisition or offer to acquire 100% of the YPF Shares. During the 3 Year Period, the Republic of Argentina and the Fondo may authorize other bids made by third parties other than Repsol only under the following circumstances: (i) the third party must meet conditions satisfactory to the Fondo and the Republic of Argentina at their sole discretion, and assume the same obligations assumed by Repsol in the YPF Agreement; and (ii) the third party must offer a purchase price per share at least 25% higher than the purchase price per share paid by Repsol (equal to U.S.\$38 per share) in acquiring its current 14.99% stake. Before authorizing any such third party offer, the Fondo and the Republic of Argentina must provide Repsol with 15 days notice and the opportunity during the 15 day period to increase its offer price. The Fondo and the Republic of Argentina could not then approve another offer by the third party unless the price of the new third party offer is at least 10% higher than the improved Repsol offer price and Repsol again would be entitled to a 15 day period during which it could increase its improved offer price. If the Fondo and the Republic of Argentina were to authorize any third party bid, Repsol would have the right to sell the Initial Repsol Interest pursuant to the third party bid. In addition Repsol agreed under the YPF Agreement that it would not seek to delist the YPF Shares from the BASE unless it had acquired 90% or more of the Class D Shares of YPF.

Under the YPF Agreement, the Republic of Argentina and the Fondo also have agreed to support certain Bylaw amendments should these amendments be proposed in connection with an offer by Repsol to acquire 100% of YPF. In particular, the Republic of Argentina and the Fondo have agreed to vote in favor of an amendment to YPF's Bylaws to allow that the bid be paid in cash, in shares or in securities representing shares that, at the time such payment is made are listed on the Buenos Aires Stock Exchange and/or on the New York Stock Exchange, or in any combination of these forms of payment. In the context of such an offer by Repsol, the Republic of Argentina and the Fondo agreed to consider supporting other proposals to amend YPF's Bylaws, provided that: (i) they are approved by a majority of the shareholders of YPF; and (ii) for a period of two years from the date of the payment and delivery of Shares acquired by Repsol in its initial acquisition of the 14.99% equity stake, the consideration per share to be offered to the shareholders of YPF in the bid shall not be less than the price paid by Repsol in such initial acquisition.

Discussions with YPF Regarding Possible Combination of Operations of the Two Companies. On January 21, 1999, the President and Chairman of Repsol, Mr. Cortina de Alcocer, met in Buenos Aires, Argentina with the President and Chairman of YPF, Mr. Roberto Monti. At this meeting, Mr. Cortina de Alcocer emphasized to Mr. Monti the positive aspects of a merger between the two companies and how such a combination could create value for shareholders of both companies. The parties did not reach any agreement regarding a combination of the two companies at that meeting.

At the February 2, 1999 YPF Board meeting, the first in which Mr. Cortina de Alcocer participated as a director, Mr. Cortina de Alcocer proposed to the YPF Board, as he did to Mr. Monti on January 21, 1999, the idea of engaging the two companies in a merger of combination. This proposal included the firm commitment that Repsol would (1) assure that the corporate domicile of YPF remained in Buenos Aires, Argentina; (2) consolidate and channel its operations in Latin America through YPF; and (3) conduct the merger negotiations as a merger of equals.

At the February 2, 1999 meeting and in response to the Repsol proposal, the YPF Board stated that although it desired to engage in further discussions regarding a potential merger of equals with Repsol, any and all discussions were to be conditioned on the execution of a confidentiality agreement. This proposed agreement included

customary "standstill" provisions, including commitments of both companies not to acquire any additional shares of the other for an agreed period of time.

On February 24, 1999, the Board of Directors of Repsol (the "Repsol Board") resolved that although it still desired to engage in merger negotiations with YPF, any such discussions would need to be held without the imposition of conditions or restrictions. It was the view of the Repsol Board that the adoption of a "standstill" agreement that served to limit the transfer or acquisition of YPF Shares was contrary to the interests of the shareholders of both companies. In addition, the Repsol Board found that the signing of a confidentiality agreement was unnecessary since any information obtained by Repsol, in its capacity as a YPF shareholder, or by Mr. Cortina de Alcocer in his capacity as a member of the YPF Board (or by Mr. Remon Gil in his capacity as alternate director) is already subject to the strict confidentiality provisions provided for under both the YPF Bylaws and Argentine commercial law.

On February 28, 1999, Mr. Cortina de Alcocer met in Buenos Aires, Argentina with certain members of the YPF Board in order to continue discussions regarding a potential merger between the two companies. Whereas Mr. Cortina de Alcocer reiterated the benefits of merging the two companies, the YPF Board members were reluctant to pursue such discussions in the absence of the aforementioned conditions and restrictions.

As a result, at the March 2, 1999 YPF Board meeting, Mr. Cortina de Alcocer rejected the conditions proposed by YPF and reiterated Repsol's desire to continue discussing with YPF opportunities between the two companies to maximize shareholder value. Subsequent to the statements made by the Repsol Board and at the same meeting, the YPF Board agreed to delegate to the YPF management, under the supervision of Mr. Monti, sufficient authority to analyze with Repsol the possibility of engaging in a combination that could generate economies of scale, synergies and greater shareholder value. Any such recommendations or proposals of combination would need to be submitted to the YPF Board for approval.

On March 18, 1999, Mr. Cortina de Alcocer met with a member of the YPF Board in Madrid, Spain in order to continue discussions regarding a potential merger between the two companies. At this meeting, Mr. Cortina de Alcocer detailed the financial and operational advantages that such a merger would have for the companies and their Shareholders.

On March 26, 1999, executive officers of both YPF and Repsol met in Buenos Aires, Argentina in order to discuss, independently from the meetings between Mr. Cortina de Alcocer and Mr. Monti, the possibility of engaging in a joint venture in order to reduce costs and take advantage of potential synergies. Among the items discussed at such meetings, it was decided that YPF and Repsol would present a joint bid for the privatization of a gas distributor in Brazil. In early April, Repsol (through a subsidiary) and YPF, along with other investors, presented the joint bid and was unsuccessful in the latter stages of the process. At the same meeting held in Buenos Aires, the officers also discussed the levels of operating synergies which the companies could realize if they were to effect such a joint venture. Accordingly, it was decided that a team of several officers of each company would quantify such synergies before presenting any proposal to the board of directors of either company.

On April 16, 1999, Mr. Cortina de Alcocer and Mr. Monti met in London in order to further discuss the possibility of a merger between the two companies. At that meeting, the parties were unable to reach agreement regarding a potential merger or combination.

On April 20, 1999 officers of YPF and Repsol met in Madrid, Spain in order to further discuss the March 26, 1999 meetings. At that meeting, the parties concluded that the potential synergies that could be created if the companies were to enter into joint venture were significant. It was also concluded amongst the parties that in order to realize greater potential synergies, the companies would need to engage in a merger or a combination of equals. In emphasizing such synergies, officers of Repsol reiterated those benefits mentioned by Mr. Cortina de Alcocer at the YPF Board Meeting held on February 2, 1999.

On April 26, 1999, Mr. Cortina de Alcocer and Mr. Monti met in Buenos Aires, Argentina in order to continue discussions regarding a potential merger. The parties were unable to reach agreement regarding a potential merger or combination.

Joint Investments

Since 1987, Repsol and YPF have been involved in a number of joint investments pursuant to which they hold concessions for exploration, production and refining of petroleum and gas. Such joint investments are concentrated in Argentina, Bolivia, Indonesia and Peru.

Argentina

Since 1992, Repsol, in its own capacity, (and since 1996 through Astra C.A.P.S.A., "Astra", a majority owned Argentine subsidiary of Repsol) has participated in various joint investments in Argentina. Such investments include activities in exploration and production whereby Repsol and YPF customarily hold equity positions ranging from one quarter to a majority interest. The majority of the operations are controlled by third parties not affiliated with either Repsol or YPF who also participate as investors in such ventures. At December 31, 1998, the total aggregate consideration paid by Repsol in these joint investments was US\$118 million.

In addition, since 1996 Repsol and YPF have been joint investors in an exploration and production venture in the Portón Buta Ranquil oil field in Argentina, in which Repsol holds a 33.25% stake. At December 31, 1998, the Portón Buta Ranquil oil field had estimated proved reserves of 67.17 million barrels of oil of which 22.34 million were attributed to Astra. The total aggregate consideration paid by Repsol in these joint investments in the Portón Buta Ranquil investment was US\$148 million.

Bolivia

Repsol, through a subsidiary, has participated in a joint investment in Secure, an onshore block in the northern region of Bolivia. Both Repsol, who is the operator of such block, and YPF (through Maxus Energy Corporation, the U.S. subsidiary it acquired in 1995, "Maxus") each own 29.17% of such venture. The joint venture is engaged in the exploration and production of oil and gas under a contract with the Bolivian government and other shareholders. The aggregate consideration paid by Repsol in the block was US\$13 million as of December 31, 1998.

Indonesia

Since 1987, Repsol has participated through various subsidiaries in a joint investment with YPF (through Maxus) in two offshore blocks located between the islands of Java and Sumatra (the "North West Java" and "South East Sumatra" projects) in which Repsol and YPF (through Maxus) currently have ownership of 12.45% and 24.27% in North West Java and 9.67% and 55.68% in South East Sumatra, respectively. These two ventures engage in the exploration and production of oil and gas, and YPF is the operator of the South East Sumatra block. The aggregate consideration paid by Repsol for its interests in the blocks was US\$525 million as of December 31, 1998.

Peru

Since 1996, Repsol and YPF have been joint investors in Refinadoras del Perú ("Refipesa") which has a 60% holding of Refinería La Pampilla S.A. ("Relapasa"), whose main asset is the La Pampilla refinery ("La Pampilla"). La Pampilla accounted for more than 50% of Peru's refining capacity at December 31, 1998. The economic interests of Repsol and YPF in Refipesa are 46.43% and 25.55%, respectively. The total consideration paid by Repsol and YPF for their investment is approximately US\$130 million.

Since 1997, Repsol and YPF have been joint investors in the Z-29 offshore block project ("Trujillo Marino") which is engaged in exploration activities in the northern offshore area of Peru. Repsol and YPF currently own 40% and 25% of Trujillo Marino, respectively, which under a contract entered into amongst the various shareholders is

operated by Repsol. The aggregate consideration paid by Repsol and YPF for their investment in Trujillo Marino was US\$5 million as of December 31, 1998. *Other Contacts*

Industrial Arrangements. As operators in the oil industry, management of Repsol (through Astra) and YPF have regular contact with each other in the ordinary course of business. In addition, Repsol and YPF have entered into several contracts that entail commercial arrangements that are customary in the oil industry for the transportation of oil, the purchase and sale of oil, gas and other petrochemical products as well as the provision of storage facilities. The terms of such contracts are determined in arms length negotiations at market prices.

Memoranda of Understanding. In addition, Repsol and YPF periodically engage in discussions regarding possible joint ventures in the areas of exploration and production of oil and gas throughout Latin America. As a result, Repsol and YPF often enter into memoranda of understanding, some of which result in the kinds of definitive and binding agreements mentioned above. At the date hereof, Repsol and YPF are parties to a number of memoranda of understanding, none of which are expected to result in definitive or binding agreements in the near future.

12. Purpose of the Offers; Plans for YPF.

Repsol is making the Offers to acquire all of the Shares and ADSs not currently owned by it. Repsol believes that the acquisition of YPF and the consolidation in YPF of Repsol's Latin American operations will create a globally competitive energy and chemical company. Following its acquisition of control of YPF, Repsol intends that YPF will maintain its corporate headquarters in Buenos Aires, which will oversee the Latin American operations. Taken together, Repsol and YPF, in Latin America, would constitute the largest private sector energy company and the largest overall energy company (including state owned enterprises), in each case in terms of total assets, and total pro forma assets at December 31, 1998 would be US\$39.6 billion. The transaction represents a culmination of Repsol management's long-term strategic vision and will help to advance a number of Repsol's key business objectives by:

- growing the exploration and production (E&P) business through the addition of YPF's strong upstream business, providing greater upstream-downstream balance in earnings;
- expanding opportunities for growth in Latin America, where most of YPF's operations are based;
- enhancing vertical integration in natural gas and LPG operations in Latin America, particularly through the combination of Repsol's and YPF's positions to develop the potentially high-growth Brazilian gas market; and
- capitalizing on the competitive strength and leadership of each company in its home market.

Balance Between Upstream and Downstream Operations

The acquisition of YPF is expected to strengthen Repsol's upstream operations and result in more balanced and less volatile earnings performance. Repsol historically has lacked sufficient oil and gas reserves to meet even its own internal consumption requirements and, as a consequence, has derived a relatively modest portion of its operating income from E & P activities (19% in 1997 and 5% in 1998). According to the YPF 20-F, YPF derives a much greater proportion of its earnings from upstream activity. The acquisition of YPF, if successful, would boost Repsol's proved crude oil and gas reserves from 978 million barrels of oil equivalent at December 31, 1998 to approximately 4.2 billion barrels of oil equivalent on a pro forma basis at the same date. In addition, Repsol's production levels would have increased from 248.1 thousand barrels of oil equivalent per day on average in 1998 to in excess of 1 million barrels of oil equivalent on a pro forma basis during the same period. These production levels would have increased the proportion of Repsol's operating income allocable to E & P on a pro forma basis in 1998 to 24%. In view of the relatively low levels of crude oil prices during most of 1998, this proportion would be likely to increase in future years, assuming that the price of crude oil remains at current levels or continues to rise.

Although the acquisition of YPF will increase the sensitivity of Repsol's earnings to changes in crude oil prices, management believes that such increased sensitivity will be beneficial because it will bring into balance the contribution to operating income of Repsol's downstream and upstream activities. Management expects that this balance will lessen the volatility of Repsol's earnings, because in recent years yearly changes in YPF's operating income generally have been complementary to changes in Repsol's operating income, with decreases in Repsol operating income at least partly offset by increases in YPF operating income and increases in Repsol operating income at least partly offset by decreases in YPF operating income. The operating income of the two companies is complementary upon fluctuations in the price of crude oil insofar that price increases serve to benefit a company concentrated in upstream operations since its revenues would increase at a rate greater than its fixed costs. The same price increases correspondingly weaken operating income of companies concentrated in downstream operations because their expenses would increase at a rate greater than their market regulated revenues. As a result, a combination of the operations the two companies would have the effect of counterbalancing any fluctuation in prices that could otherwise have a negative impact on the operating income of either company. However, since past years' results are not necessarily indicative of future performance, no assurances can be given that Repsol's operating income will be less volatile in the future in the event that it acquires control of YPF.

Following the acquisition of YPF, Repsol intends to focus the combined E&P activity, on the highest potential return projects in its core areas of Latin America and North Africa, and to seek opportunities to reduce its portfolio in other areas. In combining the E&P portfolios of the two companies, Repsol's strategy will be to reduce the break-even oil price level at which E&P operations remain profitable, and to target annual production growth in excess of 5% until 2002.

Market Leadership in Latin America

With the acquisition of YPF, Repsol would become one of the leading energy and chemicals companies in Latin America, complementing Repsol's position as the leading force in the Spanish domestic market. Taken together, Repsol and YPF, in Latin America, would constitute the largest private sector energy company and the third largest overall energy company, in each case in terms of total assets.

Refining and Marketing. Together, Repsol and YPF will have 3,319 service stations in Latin America and 536 thousand barrels per day of refining capacity, making the group a leading market participant in Argentina and a significant participant in Peru. Repsol intends to consolidate marketing operations under the YPF brand name in Latin America and to eliminate redundancies between the YPF and Repsol logistics operations, particularly in Argentina and Peru, where downstream operations overlap. The existing Latin American operations of both companies will be used as a platform to access growth opportunities in Brazil, Colombia, Chile, Ecuador and Mexico. Furthermore, Repsol historically has had lower refining costs than YPF in Latin America and believes that it may be able to reduce costs at certain of the YPF refining operations. Antitrust concerns in Argentina may require the disposition of some refining and marketing assets in that country. If such dispositions become necessary, Repsol will seek to replace the assets with similar marketing operations in other Latin American countries. See "Section 16. Certain Legal Matters; Regulatory Approvals—Antitrust and Regulatory Laws—Argentina".

Liquefied Petroleum Gas and Natural Gas Distribution.

Repsol and YPF have highly complementary operations in the areas of LPG and natural gas distribution in Latin America because while YPF has a very strong production capacity throughout the region, Repsol has a very strong market presence. As a combined entity, Repsol would be able to create additional value by taking advantage of its efficient distribution channels in order to increase sales and distribution of YPF's existing production of LPG and natural gas. Repsol intends to seek to benefit from applying its high productivity standards to the integrated Latin American operation and to exploit synergies between Repsol's Atlantic LNG project and interests in Brazilian infrastructure and YPF's gas reserves. Repsol's goal is to achieve more than 24% per annum growth in LPG sales, and double digit growth in natural gas sales, each through 2002; however, no assurance can be given that these goals will be achieved.

LPG. In 1998, YPF had a LPG production capacity of 1,130 kilotons per year but only sold 200 kilotons in the Argentine retail market. By contrast, in the same year, Repsol, which has limited LPG production capacity in Latin America, was able to sell 610 kilotons. Repsol believes that the combination of YPF's and Repsol's complementary production and sales operations in LPG will result in increased sales and a more efficient, integrated overall LPG operation. In addition, Repsol believes that it can improve YPF's LPG productivity levels by applying existing cost reduction technology derived from Repsol's operations in Spain (where productivity per employee is considerably higher than the industry average). At the date hereof, Repsol has been successful in implementing such technology in its operations in Peru, Argentina and Ecuador.

Natural Gas. The natural gas operations of YPF and Repsol are complementary for the same reasons. Whereas Repsol has modest natural gas production capacity in Latin America, it had total natural gas sales in the retail market of 9.9 billion cubic meters in 1998 (excluding sales to electricity generation projects in which Repsol participates). On the other hand, YPF had total production in 1998 of 12 billion cubic meters all of which was sold in the wholesale market. Repsol believes that the ability to combine YPF's natural gas production with Repsol's access to and presence in key retail markets in Latin America would be very beneficial.

Chemicals. The acquisition of YPF would allow rationalization and maximizing of operational efficiency of the companies' operations and the transfer of technology to YPF's operations. In particular, management believes that Repsol's hydrogenated rubber and styrene/propylene oxide technology could be implemented effectively in YPF's operations and that there are opportunities for a greater integration of the refining and chemicals operations. Lastly, combination of YPF and Repsol would facilitate the marketing of YPF's chemicals production in Europe and eliminate the need to import Repsol chemicals into Latin America.

Operating Synergies

Management believes that the acquisition of YPF will make it possible to achieve significant operating and capital expense synergies beginning in 2000. Operating cost savings are anticipated principally as a result of the consolidation of the worldwide E & P operations of both companies, the concentration of the YPF brand name in Latin America, the streamlining of refining and marketing activities in Latin America and the combination of certain corporate office functions of both companies. In addition, Repsol believes that value can be created by focusing on sharing "best practices" technology and know-how and on joint marketing opportunities, allowing YPF to benefit from Repsol's strengths in downstream operations and in the Spanish market and Repsol to benefit from YPF's strengths in E&P and in Argentina. Repsol expects that these types of operating efficiencies and cost reductions may generate annual pre-tax savings of \$300-350 million by the end of 2000. Capital expenditure synergies are anticipated principally as a result of YPF's extensive oil and gas reserves, which will allow Repsol to increase its reserves at a lower cost than by exploration. Repsol believes that the combined E&P operation will be in a position to save or avoid capital expenditures of approximately \$2 billion in E&P and refining and marketing, which were originally planned for 1999 through 2002.

Scale and Financial Strength

The Repsol and YPF businesses would in the aggregate have total assets and shareholders' equity at December 31, 1998 on a pro forma basis of US\$39.6 billion and US\$10.5 billion, respectively, and pro forma operating and net income for the year ended that date of US\$2.0 billion and US\$ 677 million, respectively. Following the acquisition, Repsol would be the largest private sector energy company in Latin America and the third largest of all Latin American energy companies. Repsol believes that combining the scale and financial strength of the two businesses will allow it to make investments and acquisitions that would be too large for either YPF or Repsol to have made independently. Management believes that such investments and acquisitions may be essential in order to remain competitive in the future.

Forward-Looking Statements

This Section contains certain forward-looking statements about Repsol and its proposed acquisition of YPF. Although Repsol believes its expectations are based on reasonable assumptions, any forward-looking statements

may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. The forward-looking statements in this Section may be identified by the words "anticipates," "believes," "expects," "intends," and similar expressions appearing in such statements. These forward-looking statements are subject to numerous risks and uncertainties. Important factors that could cause actual results to differ materially from those in forward-looking statements, certain of which are beyond the control of Repsol, include among other things: the difficulty of integrating Repsol's and YPF's large and complex operations on a timely basis and realizing synergies; adverse changes in the price of crude oil; a decline in the equity capital markets of the U.S., Argentina or Spain; adverse decisions by government regulators in Spain, Argentina or elsewhere (including with respect to the acquisition of control of YPF); exposure to fluctuations in exchange rates for foreign currencies. The actual results, performance or achievement by Repsol following the acquisition could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on the results of operations and financial condition of the businesses of Repsol and YPF.

Repsol's Plans for YPF, Transactions and Operations Following the Offers

Management of YPF

As soon as possible following successful completion of the tender offer, Repsol will seek majority representation on YPF's board of directors. Although Repsol expects that YPF's current management will stay in place, individual changes may occur during the process of combining the two businesses.

Consolidation of Latin American Operations under YPF

Following the acquisition of control of YPF, Repsol intends to transfer all of its Latin American subsidiaries and other assets and, possibly, certain corresponding liabilities to YPF in order to facilitate the management of all Latin American operations by YPF. As a consequence, Repsol would have a single Latin American subsidiary, YPF, under which all Latin American assets would be managed. All Latin American marketing operations would be conducted under the YPF brand, which Repsol's management believes will strengthen the branding of the group's combined operations. This transfer of assets is expected to be structured as a sale of assets by Repsol to YPF. However, the consideration to be paid for the sale has not been determined and could be comprised of cash, debt, shares of YPF or some combination of the three.

Disposal of Certain Assets

Repsol's core businesses are and, after the acquisition of YPF will continue to be, E&P, refining and marketing, chemicals and gas, including LPG, natural gas and electricity generation. The core geographic areas for these businesses are Spain, Latin America and North Africa. Following the acquisition of control of YPF, Repsol intends to dispose of non-core assets having an estimated market value of approximately U.S.\$2.5 billion and to apply the proceeds of such sales to reduction of the short-term financing entered into in connection with the offer. Approximately two-thirds of the expected disposals will be comprised of assets located outside Repsol's core geographic areas. The remaining assets relate principally to non-core businesses conducted in Latin America, and may include certain current assets of YPF to the extent such assets relate to non-core businesses. In addition, if Repsol acquires control of YPF, Repsol may be required to dispose of some refinery and service station assets as well as certain gas distributors in Argentina in order to address antitrust concerns in Argentina. Discussions with the Argentine antitrust authorities are still at a preliminary stage and Repsol is not certain what dispositions, if any, may be required. See "Section 16. Certain Legal Matters; Regulatory Approvals—Antitrust and Regulatory Laws, Argentina".

YPF Securities

Repsol does not have any present plans to cause Shares and ADSs which are not purchased pursuant to the Offers to be cashed out in a merger or similar transaction. Such a transaction would not be permitted under Argentine law without the consent of a majority of the holders of such Shares and ADSs. In addition, pursuant to the Bylaws, the approval of the holders of Class A Shares would be required for such a transaction.

Following the completion of the Offers, Repsol or one or more of its affiliates may from time to time seek to acquire additional YPF Securities not owned by Repsol or its affiliates. Such acquisitions, if any, may be by means of one or more tender offers, open market purchases, negotiated transactions or otherwise.

Except as described above or elsewhere in this U.S. Offer to Purchase, Repsol has no present plans or proposals that would relate to or result in an extraordinary corporate transaction involving YPF or its subsidiaries, any change in YPF's Board or management, any material change in its capitalization or dividend policy or any other material change in YPF's corporate structure or business.

13. Effect of the Offers on the Market for the Shares and ADSs; Registration of Shares under the Exchange Act and the Argentine Public Offering Law.

Effects on Market for Shares. Under the YPF Agreement, Repsol has agreed that it will not seek to delist the YPF Shares from the BASE unless it acquires 90% or more of the Class D Shares. This agreement was announced by the Ministry of Economy in a letter to the BASE dated January 21, 1999 and published in the BASE's bulletin of the same day. In view of this commitment and its view that continued listing of the YPF Securities is in the interest of YPF's stockholders, Repsol currently intends to maintain the listing of the Shares on the BASE after completion of the Offers. Following the Offers, Repsol will consider taking, to the extent necessary and appropriate, commercially reasonable actions to support a liquid trading market in the Shares. These actions might include, without limitation, making an effort to increase the visibility and coverage of YPF by market analysts; reoffering a portion of the Shares acquired in the Offer and financing any future expansion projects with offerings of equity securities.

Notwithstanding the commitments and intentions expressed above, holders should recognize that the purchase of Shares pursuant to the Offers will reduce the number of Shares that might otherwise trade publicly and could reduce substantially the number of holders of Shares. These reductions could adversely affect the liquidity and market value of the remaining Shares held by the public.

The Shares are listed on the BASE. Under Argentine law, the termination of the listing and registration of the Shares would require the consent of a majority of the holders of Shares, and any holder that voted against such action or did not attend the meeting at which such action was approved would have appraisal rights, so long as such rights were exercised on a timely basis. See "Section 16. Certain Legal Matters; Regulatory Approvals—Argentine Corporate Law". According to the Bylaws, any delisting of shares traded on the BASE requires the vote of 75% of the voting capital stock. In addition, Resolution 330 of the CNV, dated March 18, 1999, sets forth that the delisting requires an extraordinary shareholders' meeting and a resolution adopted by the required majority under the regulations of the BASE. As of the date hereof the BASE has not indicated what majority is required, and it is possible that the BASE may require a majority greater than that indicated in the Bylaws. According to Section 7.5 of the YPF Agreement, Repsol is required to maintain the listing of the Shares unless it has obtained ownership of at least 90% of the Class D Shares. In addition, such obligation was announced by the Ministry of Economy in a letter to the BASE dated January 21, 1999 and published in the BASE's bulletin of the same day.

Effects on Market for ADSs. In view of the commitment described above regarding the continued listing of the Class D Shares and its belief that the continued listing of the ADSs is in the best interest of the YPF shareholders, Repsol currently intends to maintain the listing of the ADSs on the NYSE following the completion of the Offers. Following the Offers, Repsol will consider taking, to extent necessary and appropriate, commercially reasonable actions to support a liquid trading market in the ADSs. These actions might include, without limitation, making an effort to increase the visibility and coverage of YPF by market analysts, reoffering a portion of the Shares acquired in the Offers, and financing any future expansion projects with offerings of equity securities.

Notwithstanding the commitments and intentions expressed above, holders should recognize that the purchase of ADSs pursuant to the Offers will reduce the number of ADSs that might otherwise trade publicly and could reduce substantially the number of holders of ADSs. These reductions could adversely affect the liquidity and market value of the remaining ADSs held by the public.

The ADSs are listed on the NYSE. According to the NYSE's published guidelines, the NYSE may consider delisting the ADSs if, among other things, the aggregate number of holders of record of ADSs and the number of beneficial holders of ADSs held in the name of NYSE members is less than 400 or the number of such holders of ADSs is less than 1,200 and the average monthly trading volume during the prior twelve months is less than 100,000 ADSs.

Given the number of beneficial holders of ADSs and the trading volume in the ADSs, Repsol considers it unlikely that consummation of the Offers will result in the delisting of the ADSs from the NYSE. Nonetheless, depending upon, among other things, the number of Shares and ADSs purchased pursuant to the Offers, it is possible that the ADSs will no longer meet the NYSE's published guidelines for continued listing after completion of the Offers and may be delisted from the NYSE.

If the ADSs are delisted from the NYSE, it is possible that the ADSs would continue to trade on other securities exchanges or in the over-the-counter market for so long as the Deposit Agreement continues in effect and that price quotations would be reported by such exchanges or through the Nasdaq Stock Market, Inc.'s National Market System or other sources. However, the extent of the public market for the ADSs and the availability of such quotations would depend upon such factors as the number of holders and/or the aggregate market value of the ADSs and/or Shares remaining at such time, the interest in maintaining a market in the ADSs on the part of securities firms, the possible termination of registration under the Exchange Act (as described below) and other factors.

The Shares and ADSs are currently "margin securities," as such term is defined under the rules of the Board of Governors of the United States Federal Reserve System (the "Federal Reserve Board"), which has the effect, among other things, of allowing brokers to extend credit on the collateral of such securities. Depending upon factors similar to those described above regarding listing and market quotations, following the Offers it is possible that the Shares and ADSs would no longer constitute "margin securities" for purposes of the margin regulations of the Federal Reserve Board, in which event such Shares and ADSs could no longer be used as collateral for loans made by brokers.

Registration of Shares and ADSs under Exchange Act. The Shares and ADSs are currently registered under the Exchange Act. Repsol does not currently intend to cause YPF to terminate these registrations upon the consummation of the Offers. Such registration may be terminated only if the ADSs are not listed on a national securities exchange and if the Shares and ADSs are held of record (as defined in Rule 12g5-1 of the Exchange Act) by less than 300 persons resident in the United States.

If registration of the Shares under the Exchange Act were terminated certain provisions of the Exchange Act, such as the requirements of Rule 13e-3 under the Exchange Act with respect to "going private" transactions and the reporting obligations under Section 13(d) and the rules relating thereto, no longer would be applicable to the Shares or ADSs. If registration of the Shares under the Exchange Act were terminated, the Shares and ADSs would no longer be "margin securities" under the rules of the Federal Reserve Board.

Registration of Shares under the Public Offering Law. The Shares are currently authorized by the CNV to be publicly offered in Argentina in accordance with Argentine Law No. 17,811 (the "Public Offering Law"). Pursuant to the YPF Agreement, Repsol is required to maintain the listing of the Shares and, as a consequence, the registration under the public offering law, unless it acquires at least 90% of the Class D Shares. In addition, such obligation was announced by the Ministry of Economy in a letter to the BVLSE dated January 21, 1999 and published in the BVLSE's bulletin of the same day.

14. Extension of Tender Period; Termination; Amendment. Repsol reserves the right, at any time or from time to time, in its sole discretion, subject to applicable law, and regardless of whether or not any of the conditions specified in Section 15 shall have been satisfied, to extend the period of time during which the U.S. Offer is open by giving oral or written notice of such extension to the Receiving Agents and by making a public announcement of such extension or to amend the U.S. Offer in any respect by making a public announcement of such amendment. There can be no assurance that Repsol will exercise its right to extend or amend the U.S. Offer. Under Argentine law and the rules of the CNV, Repsol may not extend the period of the U.S. Offer beyond July 7, 1999 and may not

amend the terms of the U.S. Offer without the approval of the CNV, except increases in the consideration, which must be made in increments of 5% or more.

If Repsol increases the consideration to be paid for Shares and ADSs pursuant to the U.S. Offer and the U.S. Offer is scheduled to expire at any time before the expiration of a period of 10 business days from, and including, the date that notice of such increase is first published, sent or given in the manner specified below, the U.S. Offer will be extended until the expiration of such period of 10 business days. Unless an exemption is obtained from the CNV, such extension will not comply with Argentine tender offer regulations if it would cause the U.S. Offer period to remain open after July 7, 1999. In the event such an extension is made, Repsol believes that it would be able to obtain exemptive relief from the CNV but there can be no assurance that it would be able to do so. If Repsol makes a material change in the terms of the U.S. Offer (other than a change in price or percentage of securities sought) or in the information concerning the U.S. Offer, or waives a material condition of the U.S. Offer, Repsol will extend the U.S. Offer, if required by applicable law, for a period sufficient to allow shareholders to consider the amended terms of the U.S. Offer. In a published release, the SEC has stated that in its view an offer must remain open for a minimum period of time following a material change in the terms of such offer and that the waiver of a material condition is a material change in the terms of an offer. The release states that an offer should remain open for a minimum of five business days from the date the material change is first published, sent or given to securityholders, and that if material changes are made with respect to information that approaches the significance of price and share levels, a minimum of 10 business days may be required to allow adequate dissemination and investor response. The term "business day" shall mean any day other than Saturday, Sunday or a U.S. or Argentine federal holiday and shall consist of the time period from 12:01 A.M. through 12:00 Midnight, New York City time.

Repsol also reserves the right, exercisable at any time prior to the Expiration Date, and in its sole discretion, subject to applicable law, in the event any of the conditions set forth in Section 15 of the U.S. Offer to Purchase shall not have been satisfied, to terminate the U.S. Offer and not accept for payment or pay for Shares and ADSs.

If Repsol extends the period of time during which the U.S. Offer is open, is delayed in accepting for payment or paying for Shares and/or ADSs or is unable to accept for payment or pay for Shares and/or ADSs pursuant to the U.S. Offer for any reason, then, without prejudice to Repsol's rights under the U.S. Offer, the Receiving Agents may, on behalf of Repsol, retain all Shares and ADSs, respectively, tendered, and such Shares and ADSs may not be withdrawn except as otherwise provided in Section 5. The reservation by Repsol of the right to delay acceptance for payment of or payment for Shares and ADSs is subject to applicable law, which requires that Repsol pay the consideration offered or return the Shares and ADSs deposited by or on behalf of shareholders promptly after the termination or withdrawal of the U.S. Offer.

Any extension, termination or amendment of the U.S. Offer will be followed as promptly as practicable by a public announcement thereof. Without limiting the manner in which Repsol may choose to make any public announcement, Repsol will have no obligation (except as otherwise required by applicable law) to publish, advertise or otherwise communicate any such public announcement other than by making a release to the Dow Jones News Service and other publications required by the applicable regulations in Argentina. In the case of an extension of the Offer, Repsol will make a public announcement of such extension no later than 9:00 A.M., New York City time, on the next business day after the previously scheduled Expiration Date.

15. Certain Conditions of the U.S. Offer. Notwithstanding any other provision of the U.S. Offer, Repsol shall not be required to accept for payment or pay for any YPF Securities tendered, and may terminate or amend the U.S. Offer or may postpone (subject to the requirements of the Exchange Act for prompt payment for or return of YPF Securities) the acceptance for payment of, and payment for, YPF Securities tendered, if at any time prior to acceptance for payment of or payment for any such YPF Securities (whether or not any YPF Securities have theretofore been accepted for payment or paid for pursuant to the U.S. Offer) any of the following shall have occurred:

- (a) the Minimum Condition shall not have been satisfied;

(b) the holders of the Class A Shares of YPF shall not have approved the Offers in accordance with the Estatutos;

(c) there shall have been threatened or instituted and pending any action or proceeding or any demand by any government or governmental, regulatory or administrative agency or authority or tribunal or any other person, domestic or foreign, or before any court, authority, agency or tribunal which prevents the making of either Offer, the acquisition of some or all of the YPF Securities pursuant to either Offer or materially alters the terms or conditions of either Offer.

(d) there shall have been any action taken, or approval withheld, or any statute, rule, regulation, judgment, order or injunction promulgated, enacted, entered, amended, enforced or be applicable to either Offer by any court or any authority, agency or tribunal which would directly or indirectly (i) make the acceptance for payment of, or payment for, some or all of the Shares illegal or otherwise restrict or prohibit consummation of either Offer or (ii) delay or restrict the ability of Repsol, or render Repsol unable, to accept for payment or pay for some or all of the YPF Securities;

(e) there shall have occurred (i) any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market, including the BASE, the NYSE and the Stock Exchange of Madrid, (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, Spain or Argentina, (iii) the commencement of a war, armed hostilities or other international or national calamity directly or indirectly involving the United States, Spain or Argentina, which has a material adverse effect on the business of YPF or Repsol or the extension of credit by banks or other lending institutions in the United States, Spain or Argentina, (iv) any limitation by any governmental, regulatory or administrative agency or authority on, or any event which affects the extension of credit by banks or other lending institutions in the United States, Spain or Argentina, (v) any decrease in the market price of the Shares or ADSs of 20% or more or any change in the general political, market, economic or financial conditions in the United States, Spain or Argentina or abroad that could have a material adverse effect on YPF's or Repsol's business, operations or prospects or the trading in or the value of the YPF Securities or Repsol's capital stock or (vi) in the case of any of the foregoing existing; at the time of the commencement of the Offer, a material acceleration or worsening thereof;

(f) any change shall occur that may have a material adverse effect on the business, condition (financial or other), income, operations, share ownership or prospects of YPF and its subsidiaries, taken as a whole; or

(g) YPF or any of its subsidiaries shall have (i) acquired or otherwise caused a reduction in the number of, or authorized or proposed the acquisition or other reduction in the number of, outstanding Shares or other securities, (ii) issued or sold, or authorized or proposed the issuance or sale of, (A) any additional Shares, shares of any other class or series of capital stock, other voting securities or any securities convertible into, or options, rights or warrants, conditional or otherwise, to acquire, any of the foregoing (other than the issuance of Shares pursuant to and in accordance with the terms in effect on January 1, 1988 of employee stock options outstanding prior to such date), or (B) any other securities or rights in respect of, in lieu of, or in substitution or exchange for any shares of its capital stock, (iii) permitted the issuance or sale of any shares of any class or capital stock or other securities of any subsidiary of YPF, (iv) declared, paid or proposed to declare or pay any dividend or other distribution on any shares of capital stock of YPF (other than regular quarterly cash dividends on the Shares not in excess of \$0.22 per Share having customary and usual record and payment dates), (v) altered or proposed to alter any material term of any outstanding security, (vi) issued or sold, or authorized or proposed the issuance or sale of, any debt securities or otherwise incurred or authorized or proposed the incurrence of any debt other than in the ordinary course of business or any debt containing burdensome covenants, including, without limitation, accelerated termination or triggering of financial penalties or increase in costs in case of a change of control or the appearance of a significant shareholder, (vii) authorized, recommended, proposed, announced its intent to enter into or entered into an agreement with respect to or effected any merger, consolidation, liquidation, dissolution, business combination, acquisition of assets, disposition of assets or relinquishment of any material contract or other right of YPF or any of its

subsidiaries or any comparable event not in the ordinary course of business, (viii) authorized, recommended, proposed, announced its intent to enter into or entered into any agreement or arrangement with any person or group that has or may have material adverse significance with respect to either the value of YPF or any of its subsidiaries or affiliates or the value of the Shares or (ix) entered into or amended any employment, severance or similar agreement, arrangement or plan with any of its employees other than in the ordinary course of business or entered into or amended any such agreements, arrangements or plans so as to provide for increased benefits to employees as a result of or in connection with the making of the U.S. Offer, the acceptance for payment of or payment for some of or all the Shares by Repsol or the consummation by Repsol of any merger or other similar business combination involving YPF; or (x) amended, or authorized or proposed any amendment to, its certificate of incorporation or bylaws (or other similar constituent documents) or Repsol shall have become aware that YPF or any of its subsidiaries shall have amendment to, its certificate of incorporation or bylaws (or other similar constituent documents) which shall not have been previously disclosed having a material adverse effect to Repsol or YPF;

and in any such case and regardless of the circumstances (including any action or omission to act by Repsol) giving rise to such condition, such event makes it inadvisable to proceed with the Offer or with such acceptance for payment or payment.

The foregoing conditions and any such condition (other than the condition in clause (a) may be waived by Repsol, in whole or in part, at any time and from time to time in its sole discretion, subject to applicable law. Repsol's failure at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and circumstances shall not be deemed a waiver with respect to any other facts or circumstances; and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by Repsol concerning the events described above will be final and binding on all parties.

16. Certain Legal Matters; Regulatory Approvals.

General. Based on its examination of publicly available information filed by YPF with the SEC and other publicly available information concerning YPF, Repsol is not aware of (i) any governmental license or regulatory permit that appears to be material to YPF's business that might be adversely affected by Repsol's acquisition of Shares and/or ADSs as contemplated herein, (ii) any approval or other action by any government or governmental administrative or regulatory authority or agency, domestic or foreign, that would be required for the acquisition of the Offer, any approval or other action by any government or governmental administrative regulatory authority or agency, domestic or foreign, or any consent, waiver or other approval that would be required as a result of or in connection with the Offers, including but not limited to, any consents or other approvals under any licenses, concessions, permits and agreements to which YPF or Repsol or any of their respective subsidiaries or affiliates is a party. Should any such approval or other action be required, Repsol currently contemplates that such approval or other action will be sought. Repsol is unable to predict whether it may determine that it is required to delay the acceptance for payment of or payment for Shares and/or ADSs tendered pursuant to the Offers pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that if such approvals were not obtained or such other actions were not taken adverse consequences might not result to YPF's business or certain parts of YPF's business might not have to be disposed of, any of which could cause Repsol to elect to terminate the Offer without the purchase of Shares and/or ADSs thereunder. Repsol's obligation under the Offer to accept for payment and pay for Shares and/or ADSs is subject to certain conditions. See "Section 15. Certain Conditions of the U.S. Offer."

Argentine Corporate Law

Holders of Shares and/or ADSs will not have appraisal rights as a result of the Offers. However, if Repsol were ever to seek to delist the Shares from the BASE then upon the approval of the termination of the listing of the Shares on the BASE and of the termination of the registration of the Shares under the Public Offering Law, any holder of Shares that voted against such action or did not attend the meeting at which such action was approved,

may receive the book value of such holders' Shares, determined on the basis of YPF's latest audited balance sheet prepared (or that should have been prepared) in accordance with Argentine laws and regulations, *provided*, that such holder exercises these appraisal rights on a timely basis. According to the YPF Agreement, Repsol agreed that it would not seek to delist the YPF Shares from the BASE unless it had acquired 90% or more of the Class D Shares. Appraisal rights would have to be exercised by delivering notice to such effect to YPF within five days of the adjournment of the meeting at which the resolution approving the delisting and termination of registration under the Public Offering Law was adopted, in the event that the dissenting holder of Shares voted against such resolution, or within fifteen days following such adjournment if the dissenting holder of Shares did not attend such meeting and can prove that such holder owned Shares on the date of such meeting. Payment on the appraisal rights must be made within sixty days of the date of the meeting approving the delisting and termination of registration under the Public Offering Law.

There is doubt as to whether holders of ADSs will be able to exercise appraisal rights without converting ADSs to Shares prior to the date of the meeting approving the delisting and termination of registration under the Public Offering Law. It is not clear under Argentine law that a holder of Shares that votes both for and against a proposal approving the delisting and termination of registration under the Public Offering Law (as the ADS Depository holding the ADSs might be required to do) would be able to exercise appraisal rights with respect to those Shares voted against the proposal.

In order for a holder of ADSs to withdraw the Shares underlying such ADSs to preserve his or her ability to exercise appraisal rights at an extraordinary shareholders' meeting, such holder must surrender the ADR evidencing such ADSs at the principal office at the ADS Depository at 101 Barclay Street, New York, New York 10286, and pay any applicable fees required to withdraw such Shares. The ADS Depository shall then be required to deliver such Shares by electronic delivery through Caja de Valores. Such holder must then deposit with YPF at least three business days prior to the shareholders' meeting a certificate from Caja de Valores stating the number of Shares held by book-entry for such holder in order to vote at the shareholders' meeting.

Antitrust and Regulatory Laws

United States

Under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended (the "HSR Act"), and the rules promulgated thereunder, certain transactions, including the Offers, may not be consummated unless certain waiting period requirements have been satisfied. As soon as practicable after the date hereof, Repsol intends to file a Premerger Notification and Report Form pursuant to the HSR Act with the Antitrust Division and the FTC. The waiting period applicable to the Offers will be scheduled to expire at 11:59 P.M., New York City time, on the fifteenth day after such Filing. However, prior to such time, the Antitrust Division or the FTC may extend the waiting period by requesting additional information or documentary material relevant to the Offers from Repsol. If such a request is made, the waiting period will be extended until 11:59 P.M., New York City time, on the tenth day after substantial compliance by Repsol with such request. Thereafter, such waiting period can be extended only by court order.

A request is being made pursuant to the HSR Act for early termination of the waiting period applicable to the Offers. There can be no assurance, however, that the 15-day HSR Act waiting period will be terminated early. Shares and ADSs will not be accepted for payment or paid for pursuant to the U.S. Offer until the expiration or earlier termination of the applicable waiting period under the HSR Act. Subject to Section 5, any extension of the waiting period will not give rise to any withdrawal rights not otherwise provided for by applicable law. If Repsol's acquisition of Shares and ADSs is delayed pursuant to a request by the Antitrust Division or the FTC for additional information or documentary material pursuant to the HSR Act, the Offers may, but need not, be extended.

Argentina

Antitrust laws and regulations in force in Argentina ("Argentine Antitrust Laws") do not limit nor sanction the consummation of mergers, but rather aim to prevent and sanction all acts related to the production and exchange

of goods or services that have the effect of limiting, restricting or distorting competition or which cause an abusive profit to be obtained from a dominant position in the market in such a way that could damage the Argentine economy. If Repsol acquires control of YPF, Repsol may be required to dispose of some refinery or service station assets in order to address competition concerns. The relevant Argentine antitrust authorities are the Argentine National Committee for the Protection of Competition (*Comisión Nacional de Defensa de la Competencia*) ("CNDC") and the Argentine Commercial and Mining Industry (*Secretaría de Industria, Comercio y Minería*).

The Argentine Antitrust Laws do not generally require prior authorization or notification in connection with the acquisition of control of companies operating in Argentina. However, although it is not anticipated that the CNDC will investigate the Offers, no assurance can be given that the CNDC will not consider that the Offers may lead to a restriction of competition and therefore be subject to investigation.

In addition, there are several proposed amendments to the Argentine Antitrust Laws currently under consideration by the Congress of Argentina. The most relevant proposal (the "Proposed Law") contemplates the prohibition of mergers that are deemed to have the effect of diminishing, limiting or affecting competition in Argentina. Furthermore, the Proposed Law sets forth that acquisitions of companies that have market shares equal to or greater than twenty-five per cent (25%) of a relevant market or a substantial part thereof shall be subject to approval by the National Court for Defense of Competition (*Tribunal Nacional de Defensa de la Competencia*) ("TNDC"). Under the Proposed Law, similar requirements are imposed in transactions whereby the entity being acquired has annual revenues equal to or greater than Ps.100,000,000. The Proposed Law authorizes the TNDC to request specific information, reports and opinions from governmental entities regarding the transaction under scrutiny before approving such transaction. Pursuant to the Proposed Law, transactions subject to TNDC approval shall be reported within fifteen (15) days from their consummation and the TNDC shall have a period of sixty (60) days to make any objections or impose conditions. If no comment is made by the TNDC during such 60-day period, the approval will be automatically deemed to be granted. As of the date hereof, neither the Proposed Law nor any of the other proposed amendments had been enacted and Repsol is unable to predict if or when such an amendment may take effect or its impact on the Offers if enacted.

Repsol will report the results of the Offer to the CNV and the BASE.

Spain and the European Union

The consummation of the Offers will not be subject to competition law in Spain or the European Union.

Other

Based upon Repsol's examination of publicly available information concerning YPF, it appears that YPF and its subsidiaries own property and conduct business in a number of foreign countries in addition to those described above. In connection with the acquisition of shares and/or ADSs pursuant to the Offers, the laws of certain of these foreign countries may require the filing of information with, or the obtaining of the approval of, governmental authorities therein. After commencement of the Offers, Repsol will seek further information regarding the applicability of any such laws and currently intends to take such action as they may require, but no assurance can be given that such approvals will be obtained. If any action is taken prior to completion of the Offers by any such government or governmental authority, Repsol may not be obligated to accept for payment or pay for any tendered Shares and/or ADSs. See "Section 15. Certain Conditions of the U.S. Offer."

17. Fees and Expenses. Except as set forth below, Repsol will not pay any fees or SBCs to any broker, dealer or other person for soliciting tenders of Shares and/or ADSs pursuant to the Offers.

Goldman Sachs International ("GSI") and Merrill Lynch International ("MLI") are acting as financial advisors to Repsol, and Goldman, Sachs & Co., an affiliate of GSI, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, an affiliate of MLI, are acting as Dealer Managers to Repsol, in connection with the Offers. GSI and MLI will receive customary fees from acting in the foregoing capacities. Such fees will not exceed \$35 million, in the aggregate. In addition, Repsol has agreed to reimburse GSI and MLI for certain out-of-pocket expenses incurred in connection with the Offers (including the reasonable fees and disbursements of outside counsel) and

Repsol has agreed to indemnify GSI, MLI and their respective affiliates against certain liabilities, including certain liabilities under the U.S. federal securities laws.

Repsol has retained The Bank of New York to act as the U.S. Receiving Agent in connection with the Offers. The U.S. Receiving Agent has not been retained to make solicitations or recommendations in its role as receiving agent. The U.S. Receiving Agent will receive reasonable and customary compensation for its services, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities in connection therewith, including certain liabilities under the U.S. federal securities laws.

Repsol has retained Merrill Lynch S.A. Sociedad de Bolsa to act as the Argentine Receiving Agent and Franco Francés S.A. to act as Argentine Sub-Agent in connection with the Offers. The Argentine Receiving Agent and the Argentine Sub-Agent have not been retained to make solicitations or recommendations in their role as agents. The Argentine Receiving Agent and the Argentine Sub-Agent will receive reasonable and customary compensation for their services, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities in connection therewith, including certain liabilities under the U.S. federal securities laws.

Repsol has retained D.F. King & Co., Inc. to act as the Information Agent in connection with the Offers. The Information Agent may contact holders of Shares and/or ADSs by mail, telephone, telex, telegraph and personal interviews and may request brokers, dealers and other nominee shareholders to forward materials relating to the Offers to beneficial owners. The Information Agent will receive reasonable and customary compensation for its services, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities in connection therewith, including certain liabilities under the federal securities laws.

18. Miscellaneous. The U.S. Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of Shares or ADSs in any jurisdiction in which the making of the U.S. Offer or acceptance thereof would not be in compliance with the laws of such jurisdiction. However, Repsol may, in its discretion, take such action as it may deem necessary to make the U.S. Offer in any such jurisdiction and extend the U.S. Offer to holders of Shares and ADS in such jurisdiction.

No person has been authorized to give any information or make any representation on behalf of Repsol not contained in this U.S. Offer to Purchase or in the U.S. Form of Acceptance, U.S. Form of Withdrawal, ADS Letter of Transmittal or A/S Notice of Guaranteed Delivery and, if given or made, such information or representation must not be relied upon as having been authorized.

Repsol has filed with the SEC a Tender Offer Statement on Schedule 14D-1, together with exhibits, pursuant to Rule 14d-3 of the General Rules and Regulations under the Exchange Act, furnishing certain additional information with respect to the Offer. The Schedule 14D-1 and any amendments thereto, including exhibits, may be examined and copies may be obtained from the offices of the SEC in the manner set forth in Section 8 of this U.S. Offer to Purchase (except that such information will not be available at the regional offices of the SEC).

REPSOL, S.A.

April 30, 1999

SCHEDULE I

DIRECTORS AND EXECUTIVE OFFICERS

1. **Directors of Repsol.** The name, business address, present principal occupation or employment and five-year employment history of each director of Repsol and certain other information are set forth below. Unless otherwise indicated below, the address of each director is Paseo de la Castellana, 278, 28046, Madrid, Spain. Unless otherwise indicated, each occupation set forth opposite an individual's name refers to employment with Repsol. Unless otherwise indicated in the footnotes, all directors listed below are citizens of Spain.

Name	Year Appointed to Board	Current Term Expires	Current Position and Present Principal Occupation or Employment	Material Positions Held During Past Five Years*
Alfonso Cortina de Alcocer(1)(2)	1996	2000	Chairman and Director, Repsol, S.A.; Director, Banco de Bilbao Vizcaya; Director, Ferrovial; President, Portland-Valderribas, S.A.	
Emilio de Ybarra y Churruga(1)(3)	1992	2000	Vice-Chairman and Director, Repsol, S.A.; President, Banco de Bilbao Vizcaya	
Antonio Hernández-Gil Alvarez Cienfuegos(4)	1997	2001	Director, Repsol, S.A.; Professor of Civil Law	
Ignacio Bayón Marín(4)	1997	1999	Director, Repsol, S.A.; President, Grucyosa; President, Círculo Hispania, S.A.; Corporate Manager, Fomento de Construcciones y Contratas;	
Gonzalo Anes Alvarez Castrillón(4)	1997	2000	Director, Repsol, S.A.; President, Real Academia de la Historia; Director, Fomento de Construcciones y Contratas	
PMI Holdings B.V.(1)(5)	1990	2002	Director, Repsol, S.A.	
PEMEX Services Europe Ltd.(5)	1996	1999	Director, Repsol, S.A.	
Juan Molins Amat(1)(4)	1994	2002	Director, Repsol, S.A.; Vice President, Cementos Molins, S.A.; President, Cementos Avellaneda, S.A.; President, Corporación Motezuma	
Robert Malpas(4)(7)	1991	2002	Director, Repsol, S.A.; President, Eurotunnel.	
Ramón Blanco Balín(4)	1996	2000	Director, Repsol, S.A.; Director, ERCROS, S.A.; Director, NH Hoteles, S.A.; Director, Prima Inmobiliaria, S.A.; Inspector of Tax and Finance, Government of Spain; Economist	
Antonio Brufau Niubó(6)	1996	1999	Director, Repsol, S.A.; Corporate Manager, La Caixa; President, Gas Natural	
José Vilarasau Salat(1)(6)	1996	2001	Director, Repsol, S.A.; President, La Caixa; President, Sociedad de Aparcamientos de Barcelona, S.A.; President, Autopistas Concesionarias Españolas, S.A.	
José María Abril Pérez(3)	1996	1999	Director, Repsol, S.A.; General Manager, Banco de Bilbao Vizcaya	
José Antonio Pérez-Nievas Heredero(3)	1996	2001	Director, Repsol, S.A.; President, Iberfomento; Director, INDRA, S.A.; Director, INSEAD; Director, APD.	
Enrique de Aldama y Miñón(4)	1996	2002	Director, Repsol, S.A.; President, Construcciones Lain, S.A.;	
Repsol Exploración, S.A.	1999	2002	Director, Repsol, S.A.	

- (1) Member of the Delegate Committee.
- (2) Member of the Executive Committee.
- (3) Appointed for membership by Banco de Bilbao Vizcaya, S.A.
- (4) Directors not linked to significant shareholders.

- (5) PMI Holdings, B.V. (a corporation duly existing and organized under the laws of the Netherlands) is represented on the Board of Repsol by Adrian Lajous, and PEMEX Services Europe, Ltd., (a corporation duly existing and organized under the laws of the United Kingdom) by Pablo Espresate.
- (6) Appointed for membership by La Caixa.
- (7) Citizen of the United Kingdom.

* Where no position is shown, principal occupation for past five years was as a director of Repsol.

Spanish law permits limited liability companies to serve as members of the Board of Directors. A Company serving in such a capacity must appoint a natural person to represent it at the meetings of the Board.

The Delegate Committee is responsible for reviewing important corporate and business issues. The members of the Delegate Committee are Alfonso Cortina de Alcocer, Emilio de Ybarra y Churruga, PMI Holdings, Juan Molins Amat and José Vilarasau Salat.

The Audit Committee is responsible for selecting external auditors and monitoring Repsol's relationship with them as well as supervising the internal system of financial control and the annual audit. The Audit Committee is composed of Ramón Blanco Balin, Antonio Brufau and PEMEX Services Europe Ltd.

The Compensation and Senior Management Development Committee reviews and establishes the compensation of members of the Board of Directors and senior management and devises policies for the hiring, development and promotion of senior management. This Committee may, from time to time, propose to the Board of Directors modifications to the structure and composition of the Board of Directors, including the addition of new Directors. The members of the Compensation and Senior Management Development Committee are Alfonso Cortina de Alcocer, Juan Molins Amat, Emilio de Ybarra y Churruga and Antonio Hernández-Gil Álvarez-Cienfuegos.

2. **Executive Officers of Repsol.** The name, business address, present principal occupation or employment and five-year employment history of each executive officer of Repsol and certain other information are set forth below. Unless otherwise indicated below, the address of each officer is Paseo de la Castellana, 278, 28046, Madrid, Spain. Unless otherwise indicated, each occupation set forth opposite an individual's name refers to employment with Repsol. All officers listed below are citizens of Spain.

Name	Position	Year Appointed to Current Office
Alfonso Cortina de Alcocer.....	Chairman and Chief Executive Officer, Repsol S.A.;	1996
	President, Portland-Valdeiribas, S.A.	
Guzmán Solana Gómez.....	Executive Director, Gas Natural SDG, S.A.; Vice	1996
	President, Repsol, S.A.	
Juan Sancho Rof.....	President, Repsol Petróleo:	1996
	President, Compañía Logística de Hidrocarburos,	1994
	S.A.	
	President, Petróleos del Norte, S.A.	1992
	President, Repsol Comercial de Productos	1996
	Petrolíferos, S.A.	
Antonio González-Adalid García-Zozaya.....	President, Repsol Exploración, S.A.,	1989
	President, Repsol Química, S.A.	1995
Juan Badosa Pagés.....	President, Repsol Butano, S.A.; Executive Director,	1996
	Gas Natural SDG, S.A.	
José Manuel Revuelta Lapique.....	Director, Assistant to the Chairman; Executive	1996
	Officer, Grupo Prisa, S.A.	
Miguel Angel Remón Gil.....	Director of Planning and Control, Repsol, S.A.	1989
Jesús Fernández de la Vega Sanz.....	Director of Human Resources, Repsol, S.A.	1987

Francisco Carballo Cotanda.....	Secretary of the Board and Director of Legal Affairs. Repsol, S.A.	1987
Carmelo de las Morenas López.....	Director of Finance, Repsol, S.A.	1989
Jorge Segrelles García.....	Director of External Relations, Repsol, S.A.; Director of Marketing, Repsol Comercial de Productos Petroliferos, S.A.	1987
Ramón Pérez Sinarro.....	Director of Engineering, Systems and Environment, Repsol, S.A.	1993
Isaac Alvarez Fernández.....	Managing Director, Repsol Exploración, S.A.	1992
Eduardo Llorens-BreitBarth.....	Managing Director, CLH; Managing Director, Repsol Petroleo, S.A.	1997
Enrique Locutura Rupérez.....	Managing Director, Repsol Química, S.A.	1993

The Chairman and Vice-Chairman of Repsol, in conjunction with the Executive Committee, manage the Company aided by the Central Advisory Group. The Executive Committee was created in 1990 as the main executive body for the day-to-day business of the Company. It meets weekly and is composed of Alfonso Cortina de Alcocer, Guzmán Solana Gómez, Juan Badosa Pagés, Antonio González-Adulid y García-Zozaya, Juan Sancho Rof, Miguel Angel Remón Gil, Jesús Fernández de la Vega Sanz and José Manuel Revuelta Lapique.

The Central Advisory Group, consisting of the General Directors of each of Legal Affairs, Finance, Planning and Control, External and International Relations, Human Resources and Engineering, Systems and Environment, provides management of the corporate operations of Repsol.

Copies of the U.S. Form of Acceptance, properly completed and duly signed, will be accepted. Completed U.S. Forms of Acceptance accompanied by *Certificado(s)* issued by the Caja de Valores evidencing tendered Shares and all other required documents should be delivered to the Argentine Receiving Agent as follows:

Merrill Lynch S.A. Sociedad de Bolsa

Boulevard 547
Buenos Aires 1106, Argentina
For Information:
(54 11) 4317-7500

The Argentine Sub-Agent for the U.S. Offer is.

Banco Francés S.A.

Reconquista 1999
Buenos Aires 1003, Argentina
(54 11) 4346-4000

Copies of the Letter of Transmittal, properly completed and duly signed, will be accepted. The Letter of Transmittal, ADRs for the ADSs tendered and all other required documents should be delivered to the U.S. Receiving Agent as follows:

The Bank of New York

By Hand or Overnight Courier:
Tender & Exchange Department
101 Barclay Street
Receive and Deliver Window
New York, New York 10286

*Facsimile Transmission
(for Eligible Institutions Only)*
(212) 815-6213

For Information:
(800) 507-9357

By Mail:
Tender & Exchange Department
P.O. Box 11248
Church Street Station
New York, New York 10286-1248

Questions and requests for assistance may be directed to the Information Agent, the Argentine Sub-Agent, the Argentine Receiving Agent or the Dealer Managers at their respective addresses and telephone numbers set forth in this back cover of the U.S. Offer to Purchase. Additional copies of this U.S. Offer to Purchase, the Form of Acceptance, the ADS Letter of Transmittal and other related tender offer materials may be obtained from the Information Agent or the Argentine Receiving Agent. A holder of Shares and/or ADSs may also contact a broker, dealer, commercial bank or trust company or other nominee for assistance concerning the U.S. Offer.

The Information Agent for the Offer is:

D.F. KING & CO., INC.

77 Water Street
New York New York 10005
Banks and Brokers Call Collect: (212) 267-5550
All Others Call Toll-Free: (800) 741-1306

Goldman, Sachs & Co.

85 Broad Street
New York, New York 10004
(212) 902-1000

Merrill Lynch & Co.

World Financial Center
New York, New York 10281
(212) 449-1000