

ULTRAPAR HOLDINGS INC
Form 6-K
February 21, 2013

Form 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report Of Foreign Private Issuer
Pursuant To Rule 13a-16 Or 15d-16 Of
The Securities Exchange Act Of 1934

For the month of February, 2013

Commission File Number: 001-14950

ULTRAPAR HOLDINGS INC.
(Translation of Registrant's Name into English)

Avenida Brigadeiro Luis Antonio, 1343, 9º Andar
São Paulo, SP, Brazil 01317-910
(Address of Principal Executive Offices)

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

| | |
|--------|------|
| Form X | Form |
| 20-F | 40-F |

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

| | | |
|-----|----|---|
| Yes | No | X |
|-----|----|---|

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

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| Yes | No | X |
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ULTRAPAR HOLDINGS INC.

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MANAGEMENT REPORT 2012

Dear Shareholders,

The Management of ULTRAPAR PARTICIPAC O ES S.A. (Ultrapar) hereby presents its Management Report and Financial Statements for the fiscal year 2012. This information is accompanied by an independent auditor's report with an unqualified opinion (clean opinion), which was discussed and reviewed by the Management.

COMPANY PROFILE

In 2012 Ultrapar completed 75 years of history marked by value creation to its shareholders, outstanding products and services to its customers and growth and development opportunities to for its employees. Ultrapar holds leading positions in its markets: fuel distribution through Ultragaz and Ipiranga, production of specialty chemicals through Oxiteno, and liquid bulk storage services through Ultracargo.

The company performs its activities throughout the entire Brazilian territory, with businesses that have a widespread reach and are present in the Brazilians' everyday life. Ultrapar also has a growing presence outside Brazil, through Oxiteno, with industrial plants in the United States, Mexico, Uruguay and Venezuela, as well as commercial offices in Argentina, Belgium, China and Colombia. By the end of 2012, Ultrapar had 9 thousand employees in Brazil and in its foreign units.

In 2012, Ultrapar continued its strategy of value creation and investments to increase operating scale, maintaining the trajectory of robust and consistent earnings growth. As a result of this strategy, and supported by a corporate culture based on continuous innovation, sustainability of its businesses and a corporate governance designed to ensure the continuity of the company and its growth, Ultrapar completed this year 26 consecutive quarters of EBITDA growth, attesting the resilience and consistency of its growth.

In May 2012, we announced the succession process of Ultrapar's Chief Executive Officer. Ultrapar's solid and strengthened management system enabled a planned and organized transition process, a renewal with no disruption. This was another evidence of Ultrapar's institutionalization – the corporate governance and culture of the company allow that decisions are taken by professionals aligned towards a common goal to the benefit of the company's interests.

Since 1999, Ultrapar's shares have been listed at the BM&FBOVESPA (São Paulo Securities, Commodities and Futures Exchange) and at the New York Stock Exchange (NYSE), with ADRs level III, and since 2011 in the Novo Mercado listing segment, complying with the highest standards of corporate governance in both markets. In 2012, the company's shares appreciated by 45%, being one of the companies with the highest appreciation among those that compose the Ibovespa.

ECONOMIC AND OPERATIONAL ENVIRONMENT

In 2012, the Brazilian economy presented a modest growth level. In order to foster the economic activity, the Brazilian government adopted counter-cyclical measures during the year, with an emphasis on the reduction of the base interest rate, which decreased from 11.0% at the end of 2011 to 7.25% at the end of 2012, and on the reduction of federal taxes on the automotive sector. In 2012, approximately 3.6 million light vehicles were licensed, a 6% growth over the previous year, representing approximately 11% of the light vehicle fleet by the end of 2011. Despite the government measures, GDP growth during the first nine months of 2012 was 1%, below the 3% growth recorded in the same period of the previous year. The effects of the lower economic growth, the lower interest rate and the unstable international scenario resulted in a 17% more depreciated Real in 2012 compared to 2011.

ULTRAPAR IN 2012

Corporate governance

- The Board of Directors approved, in May 2012, the nomination of Thilo Mannhardt to succeed Pedro Wongtschowski starting January 1st, 2013. Pedro Wongtschowski, in turn, replaced Thilo Mannhardt in the Board of Directors.

Acquisitions, investments and divestments

- Ipiranga expanded its reseller network by 374 service stations and 391 new am/pm and JetOil franchises. The company also invested in the construction and expansion of 12 storage facilities.

- Oxiteno concluded two acquisitions outside Brazil: a specialty chemicals plant in Pasadena, Texas (USA), and American Chemical, a specialty chemicals company in Uruguay.

- Ultracargo acquired Terminal Marítimo do Maranhão S.A. - Temmar, establishing a footprint in the port region of Itaqui, in Maranhão. Ultracargo also increased its storage capacity by approximately 10% through the expansion of its terminals in Santos and Aratu.

- Ultragaz directed its investments mainly to capturing new clients in the LPG bulk segment.

Shareholders' return and capital markets

- Ultrapar's shares presented a 45% and 30% appreciation during the year on the BM&FBOVESPA and the NYSE, respectively. In the same period, both market indexes appreciated by 7%.

- Ultrapar closed 2012 with a market value of R\$ 25 billion, approximately three times higher than that of five years ago.

- Dividends declared totaled R\$ 627 million, corresponding to a 62% payout over 2012 net income and a 3% dividend yield.

- Once more, Ultrapar has been selected to be part of the portfolio of the BM&FBOVESPA's Corporate Sustainability Index (ISE), comprised of companies with outstanding recognition regarding their commitment to social and environmental responsibility, corporate governance and corporate sustainability.

Results

- Net sales of R\$ 54 billion in 2012, a growth of 11% over the previous year.

- EBITDA of R\$ 2.4 billion, 18% higher than that in 2011.

- Net earnings of R\$ 1.0 billion, a 19% growth over the previous year.

Main recognitions

- Winner of the 2012 corporate governance award in the category listed companies - Instituto Brasileiro de Governança Corporativa - IBGC (Brazilian Institute of Corporate Governance).
- 2nd place in the "Best Companies for the Shareholders" award in the category of companies with market value over R\$ 15 billion - Revista Capital Aberto.
- One of the world's 100 most innovative companies by The World's Most Innovative Companies award – Forbes.
- 5th place in the World's Most Admired Companies 2012 ranking in the energy sector - Fortune Magazine.

Corporate governance, strategy and value creation

Throughout its history, Ultrapar was a pioneer in the development of corporate governance, anticipating market trends and contributing to the evolution of the topic in Brazil. The corporate governance structure built by the company was a key element for the strategic decisions and implementations that defined the success of its businesses.

Ultrapar's current corporate governance structure, renewed in 2011, is the result of a process started in the 1970s and that has been deepened since then. By that time, the company had experienced a fast-growing phase and, consequently, the complexity of its businesses increased. The then manager and main shareholder of Ultrapar, Pery Igel, opted to hire professional executives for the company's management in the 1970s, with the objective of preserving and increasing the company's value. In the 1980s, Pery Igel enhanced this process, implementing an unparalleled deferred stock plan for executives, linked to a 20-year vesting period. By doing that, he turned the executives into his partners, aligning interests to build a better and more solid company, under the belief that the "owner" mentality guides a manager in this direction. Over the following decade, with the leadership of Paulo Cunha, the company decided to divest its operations in various sectors, such as engineering and agriculture, and focus on the three businesses in which it had prominent positions: LPG distribution, chemicals production and logistics services for bulk liquids. This redesign process allowed the company to strengthen these three businesses and was followed in the late 1990s by the Ultrapar's simultaneous initial public offering (IPO) on the BM&FBOVESPA and the NYSE, the first Brazilian company to do so.

In the post-IPO period, Ultrapar contributed significantly to the development of the Brazilian capital markets. This contribution occurred both through the pioneering introduction of provisions such as the granting of 100% tag along rights in 2000 as a tool of alignment of interests between all shareholders in the company, and also through the engagement in discussions related to the theme, such as the participation as a founding member and active participant in the Companies Circle of the Latin American Corporate Governance Roundtable.

Also during this period, the corporate governance based on the alignment of interests between shareholders and executives, leading the latter to a permanent focus on creating value for the company, was essential for the pursue and realization of acquisitions of high strategic impact, such as Ipiranga, Texaco and União Terminais, at the same time that Paulo Cunha led Ultrapar to separate in 2007 the roles of chief executive officer and chairman of the Board of Directors. Pedro Wongtschowski was nominated his successor in the executive activities, and Paulo Cunha began to devote himself exclusively to the role of chairman of the Board of Directors.

Ultrapar always considered the capital markets as an important enabling agent of growth and endurance of the company, not only as a source of funds for its investments but also as a source of development and reinforcement of a delegation and accountability culture, meritocratic management and alignment of interests. The implementation of the new corporate governance structure in 2011 provided Ultrapar an increased investment capacity, allowing the conception of even more audacious projects for the coming years. In addition, it is a definitive move towards the professional management of the company, which now has its future untied from specific issues of any particular shareholder.

The new corporate governance structure involved the conversion of all Ultrapar's preferred shares of into common shares at a 1-to-1 ratio. With this conversion, all shareholders began to enjoy exactly the same economic and political rights. As a consequence, the controlling shareholders gave up their legal control right for leadership through performance to endure the company and its growth. Additionally, Ultrapar adhered to the highest level of corporate governance in the Brazilian market, joining the Novo Mercado segment of BM&FBOVESPA, and incorporated, in its new bylaws, provisions inspired by international standards with no precedent in Brazil and that exceed the requirements of the Novo Mercado. With this evolution in its corporate governance, the company has prepared the

foundations for Ultrapar to become an increasingly solid, profitable and long-lasting company.

In 2012, as part of the constant evolution of its corporate governance, Ultrapar conducted again the succession of its chief executive officer, after a six-year term of Pedro Wongtschowski. The Board of Directors approved, in May 2012, the nomination of Thilo Mannhardt as chief executive officer starting January 1st, 2013. The succession process happened in accordance with Ultrapar's philosophy: adequately planned and conducted with transparency. The succession was performed as part of a process of continuity for the company's planning, growth and value creation.

Investments

In 2012, Ultrapar continued an investment strategy oriented to support the leadership position in its businesses and to grow volumes as an enabler of value creation. Ultrapar's investments, net of disposals, totaled R\$ 1,491 million, of which R\$ 1,323 million were related to organic investments and R\$ 169 million were related to acquisitions. Additionally, the company assumed R\$ 124 million net debt in connection with the acquisitions made during the year.

At Ipiranga, R\$ 942 million were invested, of which (i) R\$ 514 million in the expansion of its distribution network (through the conversion of unbranded service stations, the opening of new gas stations and new customers) and Jet Oil

and am/pm franchises, focused on the Midwest, Northeast and North regions of Brazil, (ii) R\$ 63 million in expanding its logistics infrastructure to support the growing demand, through the construction and expansion of 12 logistics facilities, and (iii) R\$ 365 million in the maintenance of its operations, mainly in the renewal of contracts of its distribution network and the renovation of service stations. Out of the total amount invested, R\$ 914 million were related to property, plant, equipment and intangible assets and R\$ 28 million were related to financing to clients, net of repayments.

At Oxiteno, the total investments in 2012 amounted to R\$ 115 million, mainly directed to the specialty chemicals plant in the United States and the maintenance of its plants. Oxiteno also acquired American Chemical, a specialty chemicals plant in Uruguay, with the disbursement of R\$ 107 million, in addition to the assumption of R\$ 33 million in net debt.

Ultracargo's investments totaled R\$ 84 million, mainly allocated to the expansion of 72,000 cubic meters in the Aratu and Santos terminals. Additionally, Ultracargo disbursed R\$ 68 million for the acquisition of Temmar, at the port of Itaquí, and assumed R\$ 91 million in net debt.

At Ultragaz, R\$ 157 million were invested mainly in new clients in the bulk segment, replacement of bottles and maintenance of its bottling facilities.

Ultrapar's investment plan for 2013, excluding acquisitions, amounts to R\$ 1,437 million and aims at growth through increased scale and productivity gains, as well as modernization of existing operations.

| Organic investments plan for 2013 ¹ | R\$ million |
|---|----------------|
| Ipiranga | 872 |
| Oxiteno | 278 |
| Ultracargo | 103 |
| Ultragaz | 160 |
| Others ² | 24 |
| Total | 1,437 |

1 Net of disposals

2 Includes mainly Refinaria de
Petróleo Riograndense and
corporate IT services

Ipiranga will invest (i) R\$ 360 million to continue the expansion of its distribution network (through the conversion of unbranded service stations, the opening of new gas stations and new customers) and Jet Oil and am/pm franchises, focused on the Midwest, Northeast and North regions of Brazil, (ii) R\$ 182 million in the expansion of its logistic infrastructure to support the growing demand, through the construction and expansion of logistics facilities, and (iii) R\$ 331 million in the maintenance of its operations, mainly in the renewal of contracts of its distribution network and the renovation of service stations. Out of Ipiranga's total investment budget, R\$ 868 million refer to additions to property, plant, equipment and intangible assets, and R\$ 4 million refer to financing to clients, net of repayments. Oxiteno will direct R\$ 203 million for expansion investments, mainly to continue the expansion of its production capacity in Pasadena, in the United States, and in Coatzacoalcos, in Mexico. These two plants will add approximately 130,000 tons per year of production capacity, 30,000 tons of which will be operational by 2013 and 100,000 tons will

start-up in 2014. Additionally, Oxiteno will invest in the maintenance of its plants. Ultracargo will direct its investments mainly to expansions in its terminals, especially in Itaqui and Suape terminals, in addition to the maintenance of the infrastructure of the other terminals. Ultragaz will focus its investments mainly on (i) UltraSystem (small bulk), due to the prospects of capturing new clients, (ii) the modernization of its filling plants, mainly in the Southeast region of Brazil, and expansion of facilities in the Northeast region of Brazil and (iii) the replacement and purchase of LPG bottles.

Shareholders' return and capital markets

The year 2012 was marked by the appreciation of the shares of the company and the increase in trading liquidity. Ultrapar's shares recorded an average daily trading volume of R\$ 56 million/day, 60% above the R\$ 35 million/day average of 2011. This volume considers trading on both the BM&FBOVESPA and the NYSE. The number of tradings of Ultrapar's shares presented a significant increase of 29%, from a daily average of 2,561 transactions in 2011 to 3,310 transactions in 2012.

Once more Ultrapar's shares appreciated far over the reference indexes, reflecting the recognition by the capital markets of Ultrapar's earnings growth, as a result of its management practices based on planning and execution capability, and of the evolution in its corporate governance. At BM&FBOVESPA, Ultrapar's shares closed the year quoted at R\$ 46.3, with an accumulated appreciation of 45% in 2012. During the same period, the Ibovespa index appreciated by 7%. At the NYSE, Ultrapar's shares appreciated by 30% in 2012, higher than the 7% appreciation of the Dow Jones index during the same period.

Therefore, the strong performance presented by Ultrapar's shares since its initial public offering, in October 1999, continued in 2012. Considering the period between its IPO and the end of 2012, Ultrapar's shares had an average appreciation of 24% per year, with dividends reinvested. In this period, this appreciation exceeded the appreciation of Ibovespa, which was 14% per year; of the CDI, which was 15% per year; and was well above inflation, which was 7% per year.

Social and environmental philosophy, innovation and operational excellence

Ultrapar considers its social and environmental philosophy and innovation as tools to achieve operational excellence.

Ultrapar's philosophy of sustainable development is shown, from the environmental perspective, through programs aimed at reducing emissions of greenhouse gases (GHG), at reducing consumption of energy and water, as well as at the management and treatment of wastes and effluents produced by the company. The convergence of the adoption of these programs with the search for operational efficiency provides a high degree of assertiveness in Ultrapar's practices related to this issue.

At Ipiranga, the activity of monitoring the emissions of GHG is already consolidated within the company. In 2012, more than 3 million data in more than 78 distribution facilities were analyzed, regarding the emissions in 2011. Innovation and sustainability are combined in the Posto Ecoeficiente project (Eco-Efficient service station), which provides a revolutionary approach to sustainable management of a service station, with a range of solutions offered in the construction and operation of stations in order to reduce the consumption of materials and natural resources and that includes the reduction of wastes generated during the construction. The new sustainability concepts in this project fit Ultrapar's strategy to provide effective results. Ipiranga reached 231 Postos Ecoeficientes by the end of 2012 that provided, for example, approximately 35% savings in energy expenses.

Oxiteno has built a solid reputation in the chemical industry for its innovative initiatives, anchored in continued investments and a structure designed for research and development (R&D). At Oxiteno, 7% of its staff is involved in the innovation of products, processes and new applications. It has the support of a scientific council, composed of experts in the world, and of partnerships with leading institutions dedicated to research in the field of specialty chemicals.

New researches have enabled Oxiteno to compete with important differentials in segments such as agribusiness. In 2012, Oxiteno continued launching products used in the composition of agricultural defensives with lower levels of toxicity, meeting the growing demand for products with less environmental impact and lower health risks to users. Since 2011, Oxiteno is part of the Roundtable on Sustainable Palm Oil (RSPO), a recognized international institution that certifies the deployment of sustainable standards by palm kernel oil producers that supply the product as raw material to the company. In 2012, 24% of the raw materials used in Oxiteno were obtained from renewable sources, mainly palm kernel oil, ethanol, sugar and soy oil.

Ultracargo has been developing, since 2009, improvements in the drainage network at the terminal in Santos, which aims at reducing the waste generated. This project is scheduled to be concluded in 2015. With the same objective, the company conducts activities such as inspections and analysis of the compatibility of stored products, which avoid unnecessary cleaning. Initiatives to reduce effluents generation resulted, in 2012, in a 4% reduction in waste discharge compared with 2011.

Ultragaz implemented, in 2011, a system directed to standardize the environmental management of the company, through an assessment of environmental needs based on a benchmark of companies recognized for their environmental management. It is possible, for example, to set goals with indicators for environmental management through the system. In 2012, a software started to be used in monitoring all production facilities. Aiming at providing a more efficient use of energy in Ultragaz's production units, the company implements the Programa Redução do Consumo de Energia (Energy Consumption Reduction Program), using a software that allows online monitoring of the consumption. Ultragaz launched, in 2012, an application for mobile phones that offers features to provide comfort and convenience for the consumer, through online purchase of LPG bottles and access to cooking recipes and expert tips. For the bulk segment, Ultragaz seeks to expand its sales by creating new niches for LPG consumption. As a result of this strategy, LPG has been used in new applications in agribusiness, to dry out grains and in plague control, with great operational and economic efficiency.

Relationship with stakeholders

Ultrapar's successful trajectory has in its foundation the solid relationship with its various stakeholders, built upon the sharing of principles and values, goals and objectives, based on ethics, transparency and sustainable development.

People

Human capital is a central component in the long and increasing growth trajectory of Ultrapar, in its more than 75 years of existence, based on meritocracy and alignment of interests. In late 2012, Ultrapar had the support of 9,282 employees.

People management at Ultrapar aims at the development of leaders through challenging goals, improvement and growth opportunities, and the meritocratic recognition of the evolution of its professionals. Behind this strategy there is a compensation system intrinsically linked to Ultrapar's corporate governance structure, which aligns individual goals to value creation in the short and long term. One of the main tools used is the variable compensation linked to economic value added growth targets measured through the EVA®, which constitutes a significant portion of total compensation.

Through its internship and trainee programs, Ultrapar and its businesses offer opportunities and challenges to high-potential youngsters. Currently, these programs represent the main means to attract new talents at Ultrapar. Every year, Ultrapar's internship and trainee programs attract approximately 320 young professionals who become part of a development program that differentiates itself by providing a broad overview of the various business areas. This model eases the identification, by the young professionals, of the path to follow in their trajectory at Ultrapar.

People management – main initiatives in 2012

- Programa Geral de Treinamento Ipiranga (Ipiranga's General Training Program) – The purpose of the program is the training and development in all the company's hierarchical levels. The program counts with the support of institutions such as Fundação Dom Cabral, Instituto Brasileiro de Mercado de Capitais (Brazilian Institute of Capital Markets) and Fundação Getulio Vargas in defining customized courses, aligned with Ipiranga's needs. In 2012, the program focused on sustainability. During the year, 71% of the staff went through the Programa Geral de Treinamento.
- Modelo de gestão integrada da Oxiteno (Oxiteno's integrated management model) - The model is intended to align the practices of people management and ensures a unique corporate identity in the various countries where it operates. In 2012, Oxiteno defined policies and procedures for the new operations in Colombia, China and the United States.
- Portal do Saber Ultracargo (Ultracargo's Knowledge Portal) - It is a tool for development with diversified means of disseminating knowledge, through channels such as podcast, online videos, seminars and text formats. The program, that relies on content produced by the universities of Chicago and Harvard, aims at developing leadership skills and update knowledge on business and people management, contemplating all areas and hierarchical levels of the organization. In 2012, the program was reformulated, expanding the audience and partnerships with content providers.
- Academia Ultragaz (Ultragaz Academy) – Provides the leadership development, through training and development programs that provide access to new tools for people management. The content used is developed by institutions such as Fundação Getúlio Vargas, Fundação Dom Cabral, Fundação Instituto de Administração (FIA), INSEAD and Kellogg School of Management. In 2012, Ultragaz Academy provided approximately 18,000 hours of training to more than 1,100 participants.
- Programa de Desenvolvimento de Liderança – PDL (Ultrapar's Leadership Development Program) - Structured in modules with theoretical, practical and a personalized coaching program, the PDL for the Corporate Center was implemented two years ago and has been contributing consistently to the improvement of leaders of the Corporate Center - more than 80% of coordinators and managers have gone through the PDL, which had more than 2,400 hours of training.
- Programa de Capacitação Oracle (Ultrapar's Oracle Training Program) - Aiming at developing and expanding the professionals' skills on the Oracle platform, especially the ERP Oracle Applications, the IT staff at Ultrapar developed the Oracle Training Program, which was implemented in 2012 and had more than 2,500 hours of specialized technical training, of operations assisted by experienced professionals and of a group coaching program, ensuring the technical and behavioral improvement in preparation for future projects of the company, and multiplication of knowledge.

Clients

Passion for the client is a feeling that guides Ultrapar's and its businesses' relationship with their clients. The focus on client satisfaction regarding the products and services offered by all the group's companies is the main driver of a business philosophy based on ethics, sustainability, continuity and the constant search for new ideas and solutions, enabling Ultrapar to expand and perpetuate this relationship.

At Ipiranga, the focus on client is evidenced by the wide offer of specific products and services to each segment. In

2012, the main ones were the announcement of ConectCar and the strengthening of the “Posto Virtual” (Virtual Service Station), which innovates by allowing the sale of fuel credits vouchers over the internet, providing clients, such as owners of small vehicle fleets, a new payment method. Also with a focus on differentiation in convenience, Ipiranga expanded initiatives already established, such as the “Km de Vantagens” loyalty program, and expanded its JetOil and am/pm franchise network, including the expansion of the number of am/pm bakeries, an initiative that leverages the revenues of the convenience stores. These differentiation initiatives by Ipiranga result in a better value proposition for clients and resellers, creating benefits for the whole chain - the client has access to differentiated products, the reseller has its revenues increased, and the service stations has a differentiated positioning, contributing to the evolution of the company's results.

Oxitenos sought to expand, in 2012, the clients' communication channels as a strategy to increase the dissemination of alternatives and innovative aspects of its products and, at the same time, to adjust itself more efficiently to the demands of the market. To this end, Oxitenos launched a quarterly newsletter, "Click Oxitenos", addressed to clients, composed of the company's news as well as news about its main markets (agrochemicals, cosmetics and detergents, and coatings). The company also conducts workshops with large customers to present its products and gather important feedback. In order to be aware of, for example, the needs of an important client, the coatings area held, in July, a seminar to introduce the Greenformance concept and new developments (products for decorative coatings).

The success of Ultracargo's businesses is a result of its flexibility in meeting the customers' demands, as well as the quality and safety of the services provided. As a result, Ultracargo maintains itself in a state of constant improvement to obtain an accurate perception of the market's needs and provide timely and efficient solutions. As an example of this philosophy, the recent expansions carried out at its terminals derive from projects in partnership with clients drawn from specific demands.

Ultragaz guides its relationship with clients on the excellence in the supply of its products and services, ensuring appropriate solutions to its needs. To monitor the degree of customer satisfaction, the company frequently conducts surveys with residential consumers (every six months), who acquire bottled gas, and with customers in the corporate segment (monthly), consumers of bulk LPG. In 2012, the surveys resulted in an 89% level of approval.

Resellers and suppliers

Ultrapar developed strong partnerships with its suppliers and resellers by sharing the principles that govern its business and the benefits of its business model. These are partnerships founded in common ethics and management principles, in sustainable financial results, and in the vision that good partners provide benefits to the whole chain. To promote an increasingly closer alignment with this group, Ultrapar's companies make use of a broad set of initiatives.

As a business strategy, Ipiranga seeks to make its service stations increasingly attractive to its customers, offering a range of products, services and convenience, expanding the aggregated value for the entire Ipiranga chain. Ipiranga's resellers, the primary link between the company and the end consumer, benefit from this strategy, which provides them with an improved and more competitive business. To promote a closer relationship between the reseller and Ipiranga, the company has a Marketing Services Center for the Reseller, to obtain information about marketing and business opportunities, allowing a more efficient interaction with the resellers. The resellers also participate annually in incentive and relationship programs, such as the "Clube do Milhão", which awards those who have excelled in meeting pre-established goals with international trips. In addition, the services stations' employees, internally called VIPs (Ipiranga pump attendants), who are the Ipiranga brand and service ambassadors, continue to be contemplated with specific training initiatives to enhance performance. Ipiranga maintains special mobile training units, which support the training of the VIPs in their own workplace all over Brazil. In 2012, about 25 thousand VIPs were trained, a growth of over 50% compared to 2011.

Oxitenos and Ultracargo are signatories to the ABIQUIM Responsible Care program, by which they base their relationships with suppliers on social and environmental issues.

Ultragaz promotes the sharing of its training system with its reseller network. Since 2007, the Academia Ultragaz Revenda (Ultragaz Resellers Academy) promotes training programs for teams of resellers within the Academia Ultragaz – Especialista em Atendimento (Ultragaz Academy – Specialist in Customers Care), a program offered by the Academia Ultragaz Revenda. Ultragaz has the Programa de Qualificação de Revendas (Reseller Qualification Program) to standardize good management practices within its resellers, which includes brand standardization, quality management and knowledge of the industry legislation. Through an evaluation process, resellers are classified into

five categories (blue diamond, diamond, gold, bronze and opportunity), enabling the participants to check their level of performance in relation to management excellence standard of Ultragaz and working as an incentive for constant improvement. In 2012, more than 4 thousand resellers participated in the program, a significant growth since the beginning of the program, in 2008, when approximately 700 resellers were evaluated.

Communities

Ultrapar and its businesses consider fundamental the development of the communities with which they interact, acting as driver of social inclusion and dissemination of culture, education and professional development for the members of their respective communities.

Aiming to contribute to the entrance into the professional life of low-income young students from the Bela Vista, neighborhood of the corporate headquarters, Ultrapar develops the Projeto Formare (Formare Project). This is a vocational training and free course, allowing training for their insertion into the labor market. Once graduated, students are able to work as administrative assistant. In 2012, the year in which Ultra Formare graduated its 11th class, the project surpassed 200 young graduates since its beginning in 2002.

Ipiranga develops the Alfabetização Solidária (Solidarity in Literacy) program, which contributes to the social inclusion in cities in the North and Northeast regions of Brazil by offering literacy classes to youths and adults. In 2012, Alfabetização Solidária was expanded to allow for the continuation of studies and integration into the labor market for newly literate students. During 2012, one thousand students became literate through the program.

Oxitenó develops the Programa Ver de Dentro (See from Inside Program), by which it opens the doors of its premises in Camaçari to the population, and promotes interactions with local communities. The program aims at disseminating information about Oxitenó to audiences such as students, teachers and neighborhood associations, thus contributing to the dialogue with the communities. Also through this program, Oxitenó shares data on its health, safety and environmental program.

Every year, Ultracargo holds the “Comprometidos com a Solidariedade” (Engaged with Solidarity), a campaign to collect food to help charity institutions in cities in the surroundings of its terminals and operation centers. The campaign encourages volunteerism among Ultracargo’s employees, in addition to strengthen its ties with neighboring communities to its premises. Nineteen thousand tons of food were donated in 2012 in a positive competition between the company’s terminals. Additionally, Ultracargo develops, together with a group of companies, the “Polo Cidadania” project, which launched initiatives such as emergency trainings in case of occasional accidents, and reaches approximately 5,000 residents surrounding the Camaçari Complex.

In 2012, Ultragaz continued the "Ultragaz Cultural" initiative that aims to bring culture to disadvantaged communities across the country through music, theater, literature and movies. One of the actions of Ultragaz Cultural, the moving theater, launched in 2008, has already visited more than 70 cities in 22 states and reached approximately 100 thousand youngsters and children. Additionally, Ultragaz held in 2012, for the second consecutive year, the “Museu Itinerante Ultragaz” (Ultragaz Moving Museum) program, a free exhibition that consists of 40 reproductions of famous paintings that visited 12 cities during the year, reaching around 11 thousand people. Ultragaz provided, in partnership with Junior Achievement – the oldest nonprofit organization dedicated to business education in the world – additional training for public school students in 13 states or Brazil.

Relationship with Independent Auditors

Ultrapar and its subsidiaries’ policies on contracting services from its independent auditors aims to ensure that there is no conflict of interest, loss of independence or objectivity, being based on principles that preserve the auditor’s independence. To avoid any subjectivity in the definition of the principles of independence in services provided by external auditors, procedures for the approval of hiring such services have been established, expressly defining the services that are (i) previously authorized, (ii) subject to prior approval by the Fiscal Council/Audit Committee, and (iii) prohibited.

For the year ending December 31st, 2012, Ultrapar and its subsidiaries did not contract any service from their independent auditors not directly linked to the auditing of financial statements.

Deloitte Touche Tohmatsu began to provide external audit services to Ultrapar in 2012.

ANALYSIS OF FINANCIAL PERFORMANCE IN 2012

Standards and criteria adopted in preparing the information

The financial information presented in this document has been prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and in accordance with the accounting practices adopted in Brazil, as issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission ("CVM").

The financial information of Ultrapar corresponds to the company's consolidated information. The financial information of Ultragaz, Ipiranga, Oxitenó and Ultracargo is reported without elimination of intercompany transactions. Therefore, the sum of such information may not correspond to the consolidated financial information of Ultrapar. In addition, except when otherwise indicated, the amounts presented in this document are expressed in millions of Reais and, therefore, are subject to rounding off. Consequently, the total amounts presented in the tables may differ from the direct sum of the amounts that precede them.

On October 4th, 2012, CVM issued the Instruction Nr 527 ("ICVM 527"), which governs the disclosure by listed companies of the EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization, and EBIT - Earnings Before Interest and Taxes, for the results disclosed from January 1st, 2013 onwards. The EBITDA according to ICVM 527 differs from the EBITDA previously reported by the company as it includes the income in the sale of assets and equity in earnings (losses) of affiliates, as shown below for the years ended on December 31st, 2011 and 2012:

| R\$ million | 2012 | 2011 | D (%) 2012v2011 |
|--|-------|-------|--------------------|
| EBITDA prior to ICVM 527 | 2,402 | 2,011 | 19% |
| (+) Income from disposal of assets | 4 | 21 | |
| (+) Share of profit of subsidiaries and associates | 0 | 0 | |
| EBITDA according to ICVM 527 | 2,405 | 2,032 | 18% |

The information on EBIT and EBITDA included in this document was prepared in accordance with ICVM 527 and, therefore, differs from the information previously disclosed by the company.

The EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) presented in this document represents the net income before (i) income and social contribution taxes, (ii) net financial expense (income) and (iii) depreciation and amortization. The purpose of including EBITDA information is to provide a measure used by the management for internal assessment of our operating results, in addition to linking EBITDA performance to a portion of our employee profit sharing plan. It is also a financial indicator widely used by investors and analysts to measure our ability to generate cash from operations and our operating performance. We also calculate EBITDA in connection with covenants related to some of our financing, as described in note 14 to the financial statements. We believe EBITDA allows a better understanding not only of our financial performance but also of our capacity of meeting the payment of interest and principal from our debt and of obtaining resources for our investments and working capital.

Our definition of EBITDA may differ from, and, therefore, may not be comparable with similarly titled measures used by other companies, thereby limiting its usefulness as a comparative measure. Because EBITDA excludes net financial expense (income), income tax and social contribution, depreciation and amortization, it provides an indicator of general economic performance that is not affected by debt restructurings, fluctuations in interest rates or changes in income tax and social contribution, depreciation and amortization. EBITDA is not a measure of financial performance under accounting practices adopted in Brazil or IFRS. EBITDA should not be considered in isolation, or as a substitute for net income, as a measure of operating performance, as a substitute for cash flows from operations or as a measure of liquidity. EBITDA has material limitations that impair its value as a measure of a company's overall profitability since it does not address certain ongoing costs of our business that could significantly affect profitability such as financial expenses and income taxes, depreciation or capital expenditures and associated charges. The calculation of the EBITDA from the net earnings is presented below:

| R\$ million | 2012 | 2011 | D (%) 2012v2011 |
|--|-------|-------|--------------------|
| Net income for the year | 1,018 | 855 | 19% |
| (+) Income and social contribution taxes | 429 | 301 | |
| (+) Net financial expense | 262 | 297 | |
| (+) Depreciation and amortization | 696 | 580 | |
| EBITDA according to ICVM 527 | 2,405 | 2,032 | 18% |

Comparative performance 2012-2011
(R\$ million)

| | 2012 | | | | | 2011 | | | | |
|---|----------|----------|---------|------------|----------|----------|----------|---------|------------|----------|
| | Ultrapar | Ipiranga | Oxiten | Ultracargo | Ultragaz | Ultrapar | Ipiranga | Oxiten | Ultracargo | Ultragaz |
| Net revenue from sales and services | 53,919 | 46,833 | 2,929 | 301 | 3,847 | 48,661 | 42,224 | 2,409 | 267 | 3,767 |
| Cost of products and services sold | (49,797) | (44,055) | (2,312) | (123) | (3,313) | (45,140) | (39,898) | (1,931) | (115) | (3,214) |
| Gross profit | 4,122 | 2,778 | 616 | 178 | 534 | 3,522 | 2,326 | 478 | 152 | 553 |
| Selling, marketing, general and administrative expenses | (2,495) | (1,622) | (389) | (76) | (412) | (2,143) | (1,365) | (320) | (67) | (388) |
| Other operating income, net | 78 | 81 | (1) | 4 | (0) | 52 | 53 | (3) | 3 | (1) |
| Income from disposal of assets | 4 | 12 | 1 | 0 | (10) | 21 | 23 | 0 | 0 | (2) |
| Operating income | 1,709 | 1,249 | 227 | 106 | 112 | 1,452 | 1,037 | 155 | 89 | 163 |
| Share of profit of subsidiaries and associates | 0 | 0 | (0) | - | 0 | 0 | 0 | 0 | - | 0 |
| EBITDA | 2,405 | 1,640 | 350 | 145 | 243 | 2,032 | 1,353 | 261 | 118 | 280 |
| Depreciation and amortization | 696 | 391 | 123 | 39 | 131 | 580 | 316 | 106 | 29 | 117 |

Sales volume

Ipiranga's sales volume in 2012 grew by 8% over 2011, totaling 23,364 thousand cubic meters. Sales volume of gasoline, ethanol and natural gas for vehicles increased by 10%, as a result of an estimated 8% growth of the light vehicles fleet and investments made to expand Ipiranga network. Diesel volumes, in turn, grew by 7% as a result of investments made to capture new clients and, to a lesser extent, the growth of the Brazilian economy, particularly the agricultural sector. At Oxiten, sales volume totaled 761 thousand tons in 2012, up 15% compared with 2011, mainly due to (i) investments to expand production capacity, completed in September 2011, (ii) the growth of segments served by Oxiten in Brazil, in particular cosmetics and detergents, agrochemicals and coatings, and (iii) the increased volume of exports. Ultracargo's average storage grew by 5% compared with 2011, mainly due to the acquisition of Temmar, a terminal in the port of Itaquí, in August 2012 and by higher volumes of ethanol handled at the Santos terminal. Ultragaz's sales volume reached 1,681 thousand tons in 2012, up 2% over 2011, as a consequence of the 6% growth in the bulk segment, resulting from the acquisition of Repsol in October 2011, which exclusively operated in this segment, and the investments to capture new clients.

Net revenue from sales and services

Ultrapar's net revenue from sales and services amounted to R\$ 53,919 million in 2012, an 11% growth over 2011. Ipiranga's net revenue from sales and services totaled R\$ 46,833 million in 2012, up 11% over 2011, mainly due to (i) increased sales volume, (ii) the 6% increase in diesel costs by Petrobras in July 2012, and (iii) the increased share of gasoline in the sales mix. Oxitenó reported R\$ 2,929 million in net revenue from sales and services, a 22% increase compared with 2011, mainly due to the 15% growth in sales volume and a 17% weaker Real, partially offset by the 10% lower average price in dollar, mainly as result of the increased share of glycol in the product mix, with lower prices. Ultracargo's net revenue from sales and services totaled R\$ 301 million, up 13% over 2011, mainly due to the growth in average storage, tariff adjustments, and an improved mix of handled products and contracts. Ultragaz's net revenue from sales and services amounted to R\$ 3,847 million in 2012, up 2% over 2011, in line with the volume sold.

Cost of products and services sold

Ultrapar's cost of products and services sold amounted to R\$ 49,797 million in 2012, growth of 10% over 2011. Ipiranga's cost of products sold amounted to R\$ 44,055 million, up 10% over 2011, mainly due to (i) the increased sales volume, (ii) the 6% increase in diesel costs by Petrobras in July 2012, and (iii) the increased share of gasoline in the sales mix. Oxitenó's cost of products sold totaled R\$ 2,312 million, a 20% increase over 2011, mainly due to the 15% growth in sales volume and the 17% weaker Real, partially offset by a 10% reduction in unit variable costs in dollar. Ultracargo's cost of services provided totaled R\$ 123 million, up 7% over 2011, mainly due to higher depreciation resulting from recent capacity expansions and the acquisition of Temmar. Ultragaz's cost of products sold amounted R\$ 3,313 million, up 3% over 2011, due to the growth in sales volume and the effects of inflation on personnel and on freight costs, partially offset by cost reduction initiatives in bottling and storage facilities.

Gross profit

Ultrapar reported gross profit of R\$ 4,122 million in 2012, 17% growth over 2011, as a consequence of the growth in the gross profit of Ipiranga, Oxitenó and Ultracargo.

Selling, marketing, general and administrative expenses

Ultrapar's selling, marketing, general and administrative expenses amounted to R\$ 2,495 million in 2012, up 16% over 2011. Ipiranga's selling, marketing, general and administrative expenses totaled R\$ 1,622 million, 19% higher than that in 2011, as a result of (i) higher sales volume, (ii) the effects of inflation on expenses, (iii) the expansion of the distribution network, and (iv) increased advertising and marketing expenses. Oxitenó's selling, marketing, general and administrative expenses amounted to R\$ 389 million, up 22% over 2011, mainly due to (i) higher logistics expenses, resulting from increased sales volume and the effect of exchange rate on international freight expenses, (ii) the effects of inflation on expenses, and (iii) expenses with the expansion projects in the United States and Uruguay. Ultracargo's selling, marketing, general and administrative expenses amounted to R\$ 76 million in 2012, 14% growth compared to 2011, mainly as a result of higher expenses related to expansion projects and the acquisition of Temmar. Ultragaz's selling, marketing, general and administrative expenses totaled R\$ 412 million, up 6% over 2011, mainly due to (i) the effects of inflation on personnel expenses, (ii) higher expenses with marketing and sales campaigns, and (iii) the higher sales volume, partially offset by expense reduction initiatives.

Income from disposal of assets

Ultrapar recorded in 2012 an income from disposal of assets in the total amount of R\$ 4 million, R\$ 18 million lower than that in 2011, mainly due to lower income from the sale of land by Ipiranga and of vehicles by Ultragaz.

EBITDA

Ultrapar's consolidated EBITDA reached R\$ 2,405 million in 2012, an 18% growth over 2011, as a result of EBITDA growth of Ipiranga, Oxitenó and Ultracargo. Ipiranga reported an EBITDA of R\$ 1,640 million in 2012, up 21% from 2011, mainly due to (i) increased sales volume, (ii) improved sales mix, with a higher share of gasoline, and (iii) the strategy of constant innovation in services and convenience at the service station, creating increased customer satisfaction and loyalty. Ipiranga's unit EBITDA margin in 2012 was R\$ 70/m³, corresponding to an EBITDA margin of 3.5%, higher than the unit EBITDA margin of R\$ 62/m³ in 2011. Oxitenó's EBITDA totaled R\$ 350 million, growth of 34% over 2011, as a result of (i) the 15% growth in sales volume, and (ii) the effect of the 17% weaker Real. Oxitenó's unit EBITDA reached US\$ 235/ton in 2012, in line with that of 2011. Ultracargo reached an EBITDA of R\$ 145 million in 2012, an increase of 23% over 2011, mainly due to the acquisition of Temmar, higher average storage, and the improved mix of handled products and contracts. In 2012, Ultracargo's EBITDA margin reached 48%, higher than the 44% margin of 2011. Ultragaz's EBITDA amounted to R\$ 243 million, 13% below that of 2011, mainly due to the effects of inflation on costs and expenses and higher expenses with marketing and sales campaigns, partially offset by costs and expenses reduction initiatives.

Depreciation and amortization

Total depreciation and amortization costs and expenses in 2012 amounted to R\$ 696 million, up R\$ 116 million (20%) over 2011, due to (i) increased investments in the expansion of Ipiranga's network of services stations and logistics infrastructure, (ii) the start-up of operations of Oxitenó's and Ultracargo's capacity expansions throughout 2011 and 2012, and (iii) acquisitions.

Financial result

Ultrapar reported net financial expenses of R\$ 262 million in 2012, R\$ 34 million below that of 2011, mainly due to the reduction of interest rates (CDI) in 2012.

Net income

Ultrapar's consolidated net income in 2012 reached R\$ 1,018 million, 19% higher than that of 2011, mainly as a result of the growth in the EBITDA between the periods.

Indebtedness

Ultrapar closed the fiscal year 2012 with a gross debt of R\$ 6,239 million, resulting in a net debt of R\$ 3,077 million, an increase of 11% over 2011, mainly due to investments in expansion and maintenance in all businesses, acquisitions and dividends distributed over the last 12 months.

Outlook

The nature of Ultrapar's businesses, which are at the same time resilient and leveraged on the Brazilian economic growth, combined with the investments and acquisitions made in recent years, allow the company to have visibility to keep the earnings growth trajectory.

Ipiranga will continue to invest in expanding its distribution network and logistics infrastructure, leveraging the benefits from the growth of the vehicle fleet in Brazil and the growth of the Brazilian economy. Additionally, Ipiranga will intensify its differentiation initiatives, based on increasing the offer of products, services and convenience to its consumers.

Oxiteno will continue capturing benefits from the completion and maturing process of investments in Brazil in a more favorable exchange rate environment, in addition to focusing on its international expansion plan, with investments underway in the United States and Mexico, and on the implementation of the business plan for the acquisition in Uruguay, made in 2012.

The completion by Ultracargo, in 2012, of a cycle of capacity expansions in its terminals, in order to meet the growing demand for liquid bulk storage in Brazil, and the acquisition of the terminal at the port of Itaquí, will strengthen its operating scale and produce significant benefits in 2013.

At Ultragas, investments made and the economic growth will continue to contribute to the growth in sales volume in the bulk LPG segment, coupled with the focus on managing costs and expenses for earnings recovery.

The company will remain attentive to acquisition and investment opportunities in all of its businesses, aiming at continued growth and value creation of Ultrapar. Ultrapar closes 2012 with the satisfaction for the results and recognitions achieved, confident that it has solid foundations to continue its success story.

(Convenience Translation into English from the Original
Previously Issued in Portuguese)

Ultrapar Participações S.A.
and Subsidiaries

Individual and Consolidated
Financial Statements for the Year
Ended December 31, 2012 and
Independent Auditors' Report
on Financial Statements

Ultrapar Participações S.A. and Subsidiaries

Individual and Consolidated Financial Statements for the Year Ended December 31, 2012

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders, Board of Directors and Management of
Ultrapar Participações S.A.
São Paulo - SP

We have audited the accompanying individual and consolidated financial statements of Ultrapar Participações S.A. (the "Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as of December 31, 2012 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Company's Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with accounting practices adopted in Brazil and of the consolidated financial statements in accordance with International Financial Reporting Standards - IFRSs, issued by the International Accounting Standards Board - IASB, and in accordance with accounting practices adopted in Brazil, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and international standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the individual financial statements

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of Ultrapar Participações S.A. as of December 31, 2012, its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ultrapar Participações S.A. as of December 31, 2012, its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with IFRSs, issued by IASB, and accounting practices adopted in Brazil.

Emphasis of matter

We draw attention to note 2 to the financial statements, which states that the individual financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of Ultrapar Participações S.A., these accounting practices differ from the IFRSs, applicable to separate financial statements, only with respect to the measurement of investments in subsidiaries, associates and joint ventures by the equity method of accounting, which, for purposes of IFRSs, would be measured at cost or fair value. Our opinion is not qualified in respect of this matter.

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added for the year ended December 31, 2012, prepared under the responsibility of the Company's Management, the presentation of which is required by Brazilian Corporate Law for publicly-traded companies, and as supplemental information for IFRS, that do not require the presentation of the statements of value added. These statements were subject to the same auditing procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Audit of individual and consolidated financial statements for the year ended December 31, 2011

The information and amounts for the year ended December 31, 2011, presented for comparison purposes, were previously audited by other independent auditors, whose report, without qualification, was issued and dated on February 15, 2012.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, February 20, 2013

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Edimar Facco
Engagement Partner

Ultrapar Participações S.A. and Subsidiaries

Balance sheets

as of December 31, 2012 and 2011

(In thousands of Brazilian Reais)

| Assets | Note | Parent 2012 | 2011 | Consolidated 2012 | 2011 |
|---|-----------|----------------|-----------|----------------------|------------|
| Current assets | | | | | |
| Cash and cash equivalents | 4 | 76,981 | 178,672 | 2,050,051 | 1,790,954 |
| Financial investments | 4 | 216 | 52,902 | 962,136 | 916,936 |
| Trade receivables | 5 | - | - | 2,306,798 | 2,026,417 |
| Inventories | 6 | - | - | 1,299,807 | 1,310,132 |
| Recoverable taxes | 7 | 63,266 | 48,706 | 483,201 | 470,511 |
| Dividends receivable | | 57,014 | 73,526 | - | - |
| Other receivables | | 314 | 1,971 | 20,541 | 20,323 |
| Prepaid expenses | 10 | - | - | 54,036 | 40,221 |
| Total current assets | | 197,791 | 355,777 | 7,176,570 | 6,575,494 |
| Non-current assets | | | | | |
| Financial investments | 4 | - | - | 149,530 | 74,437 |
| Trade receivables | 5 | - | - | 137,359 | 117,716 |
| Related parties | 8.a | 781,312 | 779,531 | 10,858 | 10,144 |
| Deferred income and social contribution taxes | 9.a | 43 | 690 | 465,190 | 510,135 |
| Recoverable taxes | 7 | 25,999 | 39,906 | 49,070 | 81,395 |
| Escrow deposits | | 232 | 232 | 534,009 | 469,381 |
| Other receivables | | - | - | 10,949 | 1,312 |
| Prepaid expenses | 10 | - | - | 80,856 | 69,198 |
| | | 807,586 | 820,359 | 1,437,821 | 1,333,718 |
| Investments | | | | | |
| In subsidiaries | 11.a | 5,802,691 | 5,291,099 | - | - |
| In associates | 11.b | - | - | 12,670 | 12,626 |
| Other | | - | - | 2,843 | 2,793 |
| Property, plant and equipment | 12 ; 14.h | - | - | 4,701,406 | 4,278,931 |
| Intangible assets | 13 | 246,163 | 246,163 | 1,968,615 | 1,539,177 |
| | | 6,048,854 | 5,537,262 | 6,685,534 | 5,833,527 |
| Total non-current assets | | 6,856,440 | 6,357,621 | 8,123,355 | 7,167,245 |
| Total assets | | 7,054,231 | 6,713,398 | 15,299,925 | 13,742,739 |

The accompanying notes are an integral part of these financial statements.

Ultrapar Participações S.A. and Subsidiaries

Balance sheets

as of December 31, 2012 and 2011

(In thousands of Brazilian Reais)

| Liabilities | Note | Parent 2012 | 2011 | Consolidated 2012 | 2011 |
|---|------|----------------|------------|----------------------|------------|
| Current liabilities | | | | | |
| Loans | 14 | - | - | 1,573,463 | 1,300,326 |
| Debentures | 14.g | 50,412 | 1,002,451 | 65,663 | 1,002,451 |
| Finance leases | 14.h | - | - | 1,974 | 2,222 |
| Trade payables | 15 | 177 | 54 | 1,312,268 | 1,075,103 |
| Salaries and related charges | 16 | 138 | 128 | 254,566 | 268,345 |
| Taxes payable | 17 | 3,059 | 2,361 | 107,822 | 109,653 |
| Dividends payable | 20.g | 213,992 | 156,076 | 222,370 | 163,802 |
| Income and social contribution taxes payable | | - | - | 75,363 | 38,620 |
| Post-employment benefits | 24.b | - | - | 11,624 | 13,282 |
| Provision for assets retirement obligation | 18 | - | - | 3,719 | 7,251 |
| Provision for tax, civil and labor risks | 23.a | - | - | 50,052 | 41,347 |
| Other payables | | 214 | 214 | 52,514 | 55,643 |
| Deferred revenue | 19 | - | - | 18,054 | 19,731 |
| Total current liabilities | | 267,992 | 1,161,284 | 3,749,452 | 4,097,776 |
| Non-current liabilities | | | | | |
| Loans | 14 | - | - | 3,153,096 | 3,196,102 |
| Debentures | 14.g | 795,479 | - | 1,403,571 | 19,102 |
| Finance leases | 14.h | - | - | 40,939 | 41,431 |
| Related parties | 8.a | - | - | 3,872 | 3,971 |
| Deferred income and social contribution taxes | 9.a | - | - | 84,924 | 37,980 |
| Post-employment benefits | 24.b | - | - | 120,619 | 96,751 |
| Provision for assets retirement obligation | 18 | - | - | 66,692 | 60,253 |
| Provision for tax, civil and labor risks | 23.a | 519 | 1,047 | 551,606 | 512,788 |
| Other payables | | - | - | 99,565 | 90,625 |
| Deferred revenue | 19 | - | - | 9,853 | 8,724 |
| Total non-current liabilities | | 795,998 | 1,047 | 5,534,737 | 4,067,727 |
| Shareholders' equity | | | | | |
| Share capital | 20.a | 3,696,773 | 3,696,773 | 3,696,773 | 3,696,773 |
| Capital reserve | 20.c | 20,246 | 9,780 | 20,246 | 9,780 |
| Treasury shares | 20.b | (114,885) | (118,234) | (114,885) | (118,234) |
| Revaluation reserve | 20.d | 6,713 | 7,075 | 6,713 | 7,075 |
| Profit reserves | 20.e | 2,221,555 | 1,837,667 | 2,221,555 | 1,837,667 |
| | 20.g | 147,195 | 122,239 | 147,195 | 122,239 |

Additional dividends to the minimum mandatory dividends

| | | | | | |
|--|------------|-----------|-----------|------------|------------|
| Valuation adjustments | 2.c ; 20.f | 23 | 193 | 23 | 193 |
| Cumulative translation adjustments | 2.q ; 20.f | 12,621 | (4,426) | 12,621 | (4,426) |
| Shareholders' equity attributable to: | | | | | |
| Shareholders of the Company | | 5,990,241 | 5,551,067 | 5,990,241 | 5,551,067 |
| Non-controlling interests in subsidiaries | | - | - | 25,495 | 26,169 |
| Total shareholders' equity | | 5,990,241 | 5,551,067 | 6,015,736 | 5,577,236 |
| Total liabilities and shareholders' equity | | 7,054,231 | 6,713,398 | 15,299,925 | 13,742,739 |

The accompanying notes are an integral part of these financial statements.

Ultrapar Participações S.A. and Subsidiaries

Income statements

Years ended December 31, 2012 and 2011

(In thousands of Brazilian Reais, except earnings per share)

| | Note | Parent 2012 | 2011 | Consolidated 2012 | 2011 |
|--|-----------------|----------------|------------|----------------------|--------------|
| Net revenue from sales and services | 2.a); 25 | - | - | 53,919,424 | 48,661,304 |
| Cost of products and services sold | 2.a); 25 | - | - | (49,797,200) | (45,139,601) |
| Gross profit | | - | - | 4,122,224 | 3,521,703 |
| Operating income (expenses) | | | | | |
| Selling and marketing | 26 | - | - | (1,581,501) | (1,349,880) |
| General and administrative | 26 | (879) | (1,351) | (913,389) | (793,224) |
| Income from disposal of assets | 27 | - | - | 3,676 | 21,390 |
| Other operating income, net | | 852 | 1,575 | 77,916 | 52,010 |
| Operating income before financial income (expenses) and share of profit of subsidiaries and associates | | (27) | 224 | 1,708,926 | 1,451,999 |
| Financial income | 28 | 109,211 | 161,084 | 218,061 | 322,372 |
| Financial expenses | 28 | (94,672) | (139,640) | (480,557) | (618,876) |
| Share of profit of subsidiaries and associates | 11.a); 11.b) | 1,023,215 | 851,433 | 190 | 192 |
| Income before income and social contribution taxes | | 1,037,727 | 873,101 | 1,446,620 | 1,155,687 |
| Income and social contribution taxes | | | | | |
| Current | 9.b) | (26,071) | (24,842) | (364,952) | (243,241) |
| Deferred | 9.b) | (647) | 505 | (107,246) | (85,851) |
| Tax incentives | 9.b); 9.c) | - | - | 43,442 | 28,192 |
| | | (26,718) | (24,337) | (428,756) | (300,900) |
| Net income for the year | | 1,011,009 | 848,764 | 1,017,864 | 854,787 |
| Net income for the year attributable to: | | | | | |
| Shareholders of the Company | | 1,011,009 | 848,764 | 1,011,009 | 848,764 |
| Non-controlling interests in subsidiaries | | - | - | 6,855 | 6,023 |
| Earnings per share (based on weighted average of shares outstanding) – R\$ | 29 | | | | |
| Basic | | 1.8933 | 1.5895 | 1.8933 | 1.5895 |

| | | | | |
|---------|--------|--------|--------|--------|
| Diluted | 1.8856 | 1.5833 | 1.8856 | 1.5833 |
|---------|--------|--------|--------|--------|

The accompanying notes are an integral part of these financial statements.

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Ultrapar Participações S.A. and Subsidiaries

Statements of comprehensive income

Years ended December 31, 2012 and 2011

(In thousands of Brazilian Reais)

| | Note | Parent 2012 | 2011 | Consolidated 2012 | 2011 |
|--|----------------|----------------|---------|----------------------|---------|
| Net income for the year attributable to shareholders of the Company | | 1,011,009 | 848,764 | 1,011,009 | 848,764 |
| Net income for the year attributable to non-controlling interests in subsidiaries | | - | - | 6,855 | 6,023 |
| Net income for the year | | 1,011,009 | 848,764 | 1,017,864 | 854,787 |
| Valuation adjustment | 2.c); 20.f) | (170) | 2,596 | (170) | 2,596 |
| Cumulative translation adjustments | 2.q); 20.f) | 17,047 | 14,171 | 17,047 | 14,171 |
| Total comprehensive income for the year | | 1,027,886 | 865,531 | 1,034,741 | 871,554 |
| Total comprehensive income for the year attributable to shareholders of the Company | | 1,027,886 | 865,531 | 1,027,886 | 865,531 |
| Total comprehensive income for the year attributable to non-controlling interest in subsidiaries | | - | - | 6,855 | 6,023 |

The accompanying notes are an integral part of these financial statements.

Ultrapar Participações S.A. and Subsidiaries

Statements of changes in equity

Years ended December 31, 2012 and 2011

(In thousands of Brazilian Reais, except dividends per share)

| | | | | | Profit reserve | | | Other comprehensive income | | | |
|--|-------------|---------------|-----------------|---------------------|----------------|---------------------|----------------------|----------------------------|------------------------------------|-------------------|-----------------|
| | Note | Share capital | Capital reserve | Revaluation reserve | Legal reserve | Investments reserve | Retention of profits | Valuation adjustments | Cumulative translation adjustments | Retained earnings | Treasury shares |
| Balance as of December 31, 2010 | | 3,696,773 | 7,688 | 7,590 | 180,854 | - | 1,333,066 | (2,403) | (18,597) | - | (119,764) |
| Net income for the year | | - | - | - | - | - | - | - | - | 848,764 | - |
| Other comprehensive income: | | | | | | | | | | | |
| Valuation adjustments for financial instruments | 2.c); 20.f) | - | - | - | - | - | - | 2,596 | - | - | - |
| Currency translation of foreign subsidiaries | 2.q); 20.f) | - | - | - | - | - | - | - | 14,171 | - | - |
| Total comprehensive income for the year | | - | - | - | - | - | - | 2,596 | 14,171 | 848,764 | - |
| Sale of treasury shares | | - | 2,092 | - | - | - | - | - | - | - | 1,730 |
| Realization of revaluation reserve | 20.d) | - | - | (515) | - | - | - | - | - | 515 | - |
| Income and social contribution taxes on realization of revaluation reserve of subsidiaries | 20.d) | - | - | - | - | - | - | - | - | (130) | - |

| | | | | | | | | | | | |
|---|--------------|-----------|-------|-------|---------|---------|-----------|-----|----------|-----------|-----------|
| Transfer to investment reserve | | - | - | - | - | 385 | - | - | - | (385) | - |
| Approval of additional dividends by the Shareholders' Meeting | | - | - | - | - | - | - | - | - | - | - |
| Acquisition of non-controlling interest | | - | - | - | - | - | - | - | - | - | - |
| Allocation of net income: | | | | | | | | | | | |
| Legal reserve | 20.e); 20.g) | - | - | - | 42,438 | - | - | - | - | (42,438) | - |
| Interim dividends (R\$ 0.47 per share of the Company) | 20.g) | - | - | - | - | - | - | - | - | (251,949) | - |
| Proposed dividends (R\$0.51 per share of the Company) | 20.g) | - | - | - | - | - | - | - | - | (273,453) | - |
| Retention of profits | 20.e); 20.g) | - | - | - | - | 280,924 | - | - | - | (280,924) | - |
| Balance as of December 31, 2011 | | 3,696,773 | 9,780 | 7,075 | 223,292 | 281,309 | 1,333,066 | 193 | (4,426) | - | (118,426) |

The accompanying notes are an integral part of these financial statements.

Ultrapar Participações S.A. and Subsidiaries

Statements of changes in equity

Years ended December 31, 2012 and 2011

(In thousands of Brazilian Reais, except dividends per share)

| | Note | Share capital | Capital reserve | Revaluation reserve | Legal reserve | Profit reserves | | Retention of profits | Valuation adjustments | Other comprehensive income | | Retained earnings | Treasury shares |
|--|-----------|---------------|-----------------|---------------------|---------------|---------------------|---|----------------------|-----------------------|------------------------------------|---|-------------------|-----------------|
| | | | | | | Investments reserve | | | | Cumulative translation adjustments | | | |
| Balance as of December 31, 2011 | | 3,696,773 | 9,780 | 7,075 | 223,292 | 281,309 | | 1,333,066 | 193 | (4,426) | - | - | (118,000) |
| Net income for the year | | - | - | - | - | - | - | - | - | - | - | 1,011,009 | - |
| Other comprehensive income: | | | | | | | | | | | | | |
| Valuation adjustments for financial instruments | 2.c; 20.f | - | - | - | - | - | - | - | (170) | - | - | - | - |
| Currency translation of foreign subsidiaries | 2.q; 20.f | - | - | - | - | - | - | - | - | 17,047 | - | - | - |
| Total comprehensive income for the year | | - | - | - | - | - | - | - | (170) | 17,047 | - | 1,011,009 | - |
| Sale of treasury shares | | - | 10,466 | - | - | - | - | - | - | - | - | - | 3,340 |
| Realization of revaluation reserve | 20.d | - | - | (362) | - | - | - | - | - | - | - | 362 | - |
| Income and social contribution taxes on realization of revaluation reserve of subsidiaries | 20.d | - | - | - | - | - | - | - | - | - | - | (59) | - |
| | | - | - | - | - | 303 | - | - | - | - | - | (303) | - |

| | | | | | | | | | | | |
|---|--------------|-----------|--------|-------|---------|---------|-----------|----|--------|------------|------|
| Transfer to investment reserve | | | | | | | | | | | |
| Approval of additional dividends by the Shareholders' Meeting | | - | - | - | - | - | - | - | - | - | - |
| Acquisition of non-controlling interest | | - | - | - | - | - | - | - | - | - | - |
| Redemption of shares of non-controlling interests | | - | - | - | - | - | - | - | - | - | - |
| Allocation of net income: | | | | | | | | | | | |
| Legal reserve | 20.e); 20.g) | - | - | - | 50,550 | - | - | - | - | (50,550) | - |
| Interim dividends (R\$ 0.51 per share of the Company) | 20.g) | - | - | - | - | - | - | - | - | (273,392) | - |
| Proposed dividends payable (R\$0.66 per share of the Company) | 20.g) | - | - | - | - | - | - | - | - | (354,032) | - |
| Retention of profits | 20.e); 20.g) | - | - | - | - | 333,035 | - | - | - | (333,035) | - |
| Balance as of December 31, 2012 | | 3,696,773 | 20,246 | 6,713 | 273,842 | 614,647 | 1,333,066 | 23 | 12,621 | - | (114 |

The accompanying notes are an integral part of these financial statements.

Ultrapar Participações S.A. and Subsidiaries

Statements of cash flows - Indirect method

Years ended December 31, 2012 and 2011

(In thousands of Brazilian Reais)

| | Note | Parent 2012 | 2011 | Consolidated 2012 | 2011 |
|--|------|----------------|------------|----------------------|------------|
| Cash flows from operating activities | | | | | |
| Net income for the year | | 1,011,009 | 848,764 | 1,017,864 | 854,787 |
| Adjustments to reconcile net income to cash provided by operating activities | | | | | |
| Share of profit of subsidiaries and associates | 11 | (1,023,215) | (851,433) | (190) | (192) |
| Depreciation and amortization | | - | - | 696,332 | 580,076 |
| PIS and COFINS credits on depreciation | | - | - | 11,683 | 10,169 |
| Assets retirement expenses | 18 | - | - | (2,477) | (3,022) |
| Interest, monetary and exchange variations | | 14,115 | 30,567 | 613,857 | 736,049 |
| Deferred income and social contribution taxes | 9.b | 647 | (505) | 107,246 | 85,851 |
| Income from disposal of assets | 27 | - | - | (3,676) | (21,390) |
| Others | | - | - | 2,319 | 2,555 |
| Dividends received from subsidiaries | | 694,953 | 335,399 | - | - |
| (Increase) decrease in current assets | | | | | |
| Trade receivables | 5 | - | - | (245,111) | (303,145) |
| Inventories | 6 | - | - | 46,027 | (164,276) |
| Recoverable taxes | 7 | (14,560) | 21,191 | (5,789) | (115,102) |
| Other receivables | | 1,657 | (1,165) | 1,317 | (1,585) |
| Prepaid expenses | 10 | - | - | (10,535) | (5,037) |
| Increase (decrease) in current liabilities | | | | | |
| Trade payables | 15 | 123 | (56) | 204,529 | 155,599 |
| Salaries and related charges | 16 | 10 | 18 | (17,511) | 38,609 |
| Taxes payable | 17 | 698 | 2,354 | (2,765) | (48,330) |
| Income and social contribution taxes | | - | (5) | 205,812 | 93,317 |
| Post-employment benefits | 24.b | - | - | (1,658) | 1,943 |
| Provision for tax, civil and labor risks | 23.a | - | - | 8,705 | 1,721 |
| Other payables | | - | - | (10,829) | 27,568 |
| Deferred revenue | 19 | - | - | (1,677) | 5,159 |
| (Increase) decrease in non-current assets | | | | | |
| Trade receivables | 5 | - | - | (19,644) | (21,048) |
| Recoverable taxes | 7 | 13,907 | (30,893) | 32,326 | (26,359) |
| Escrow deposits | | - | - | (64,628) | (88,631) |
| Other receivables | | - | - | (9,637) | (617) |
| Prepaid expenses | 10 | - | - | 1,649 | (28,589) |

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Increase (decrease) in non-current liabilities

| | | | | | |
|---|------|---------|----------|------------|------------|
| Post-employment benefits | 24.b | - | - | 23,869 | 3,589 |
| Provision for tax, civil and labor risks | 23.a | (528) | (2,210) | 38,684 | 41,669 |
| Other payables | | - | - | 1,714 | 27,461 |
| Deferred revenue | 19 | - | - | 1,129 | 2,812 |
| Income and social contribution taxes paid | | - | - | (169,069) | (131,478) |
| Net cash provided by operating activities | | 698,816 | 352,026 | 2,449,866 | 1,710,133 |

The accompanying notes are an integral part of these financial statements.

Ultrapar Participações S.A. and Subsidiaries

Statements of cash flows - Indirect method

Years ended December 31, 2012 and 2011

(In thousands of Brazilian Reais)

| | Note | Parent 2012 | 2011 | Consolidated 2012 | 2011 |
|--|------|----------------|------------|----------------------|--------------|
| Cash flows from investing activities | | | | | |
| Financial investments, net of redemptions | | 52,686 | (40,144) | (120,293) | (413,414) |
| Acquisition of subsidiaries, net | | - | - | (168,668) | (76,430) |
| Cash and cash equivalents of acquired subsidiaries | | - | - | 8,915 | 2,151 |
| Financial investments of acquired subsidiaries | | - | - | 3,426 | - |
| Acquisition of property, plant and equipment | 12 | - | - | (763,132) | (705,548) |
| Increase in intangible assets | 13 | - | - | (598,093) | (365,825) |
| Capital increase in subsidiaries | | (150,000) | (320,000) | - | - |
| Capital reduction to subsidiaries | | - | 500,000 | - | - |
| Proceeds from disposal of assets | 27 | - | - | 66,098 | 101,190 |
| Net cash provided by (used in) investing activities | | (97,314) | 139,856 | (1,571,747) | (1,457,876) |
| Cash flows from financing activities | | | | | |
| Loans and debentures | | | | | |
| Borrowings | 14 | 793,485 | - | 2,755,245 | 975,588 |
| Repayments | 14 | (1,000,000) | (200,000) | (2,437,906) | (1,226,535) |
| Interest paid | 14 | (44,136) | (134,246) | (331,917) | (348,130) |
| Payment of financial lease | 14.h | - | - | (4,611) | (6,996) |
| Dividends paid | | (544,553) | (501,842) | (548,610) | (502,036) |
| Acquisition of non-controlling interests | | - | - | (33) | (82) |
| Payment of loan with Noble Brasil S.A. | 3.b | - | - | (49,982) | - |
| Sale of treasury shares | | 13,815 | 3,822 | - | - |
| Related parties | | 78,196 | 111,352 | (813) | 3,772 |
| Net cash used in financing activities | | (703,193) | (720,914) | (618,627) | (1,104,419) |
| Effect of exchange rate changes on cash and cash equivalents in foreign currency | | - | - | (395) | 698 |
| Increase (decrease) in cash and cash equivalents | | (101,691) | (229,032) | 259,097 | (851,464) |
| Cash and cash equivalents at the beginning of the year | 4 | 178,672 | 407,704 | 1,790,954 | 2,642,418 |
| Cash and cash equivalents at the end of the year | 4 | 76,981 | 178,672 | 2,050,051 | 1,790,954 |

Additional information:

| | | | | | |
|-------------------------------|-----------|---|---|---------|---|
| Loan of acquired subsidiaries | 3.a ; 3.b | - | - | 136,256 | - |
|-------------------------------|-----------|---|---|---------|---|

The accompanying notes are an integral part of these financial statements.

Ultrapar Participações S.A. and Subsidiaries

Statements of value added

Years ended December 31, 2012 and 2011

(In thousands of Brazilian Reais, except percentages)

| | Note | 2012 | Parent % | 2011 | % | 2012 | Consolidated % | 2011 | % |
|---|------|----------|-------------|-----------|---|--------------|-------------------|--------------|---|
| Revenue | | | | | | | | | |
| Gross revenue from sales and services, except rents and royalties | 25 | - | - | | | 55,427,371 | | 50,104,852 | |
| Rebates, discounts and returns | 25 | - | - | | | (261,085) | | (222,770) | |
| Allowance for doubtful accounts - Reversal (allowance) | | - | - | | | (1,765) | | 3,260 | |
| Income from disposal of assets | 27 | - | - | | | 3,676 | | 21,390 | |
| | | - | - | | | 55,168,197 | | 49,906,732 | |
| Materials purchased from third parties | | | | | | | | | |
| Raw materials used | | - | - | | | (2,777,546) | | (2,314,464) | |
| Cost of goods, products and services sold | | - | - | | | (46,822,861) | | (42,683,500) | |
| Third-party materials, energy, services and others | | (4,521) | | (10,773) | | (1,472,569) | | (1,330,858) | |
| Reversal of impairment losses | | 9,244 | | 15,314 | | 2,242 | | 8,551 | |
| | | 4,723 | | 4,541 | | (51,070,734) | | (46,320,271) | |
| Gross value added | | 4,723 | | 4,541 | | 4,097,463 | | 3,586,461 | |
| Deductions | | | | | | | | | |
| Depreciation and amortization | | - | - | | | (708,015) | | (590,245) | |
| Net value added by the Company | | 4,723 | | 4,541 | | 3,389,448 | | 2,996,216 | |

| | | | | | | | | | |
|--|-------------|-----------|---------------|---------------|---------------|-----|--|--|--|
| Value added received in transfer | | | | | | | | | |
| Share of profit of subsidiaries and associates | 11.a ; 11.b | 1,023,215 | 851,433 | 190 | 192 | | | | |
| Dividends and interest on equity at cost | | 27 | 31 | - | - | | | | |
| Rents and royalties | 25 | - | - | 71,559 | 62,684 | | | | |
| Financial income | 28 | 109,211 | 161,084 | 218,061 | 322,372 | | | | |
| | | 1,132,453 | 1,012,548 | 289,810 | 385,248 | | | | |
| Total value added available for distribution | | 1,137,176 | 1,017,089 | 3,679,258 | 3,381,464 | | | | |
| Distribution of value added | | | | | | | | | |
| Labor and benefits | | 4,016 | - 3,683 | - 1,088,972 | 29 1,001,871 | 29 | | | |
| Taxes, fees and contributions | | 27,687 | 2 23,056 | 2 1,025,367 | 28 851,376 | 25 | | | |
| Financial expenses and rents | | 94,464 | 9 141,586 | 14 547,055 | 15 673,431 | 20 | | | |
| Dividends paid | | 627,424 | 55 525,402 | 52 629,417 | 17 527,260 | 16 | | | |
| Retained earnings | | 383,585 | 34 323,362 | 32 388,447 | 11 327,526 | 10 | | | |
| Value added distributed | | 1,137,176 | 100 1,017,089 | 100 3,679,258 | 100 3,381,464 | 100 | | | |

The accompanying notes are an integral part of these financial statements.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

1. Operations

Ultrapar Participações S.A. (“Ultrapar” or “Company”), is a publicly-traded company headquartered at the Brigadeiro Luis Antônio Avenue, 1343 in the city of São Paulo – SP, Brazil.

The Company engages in the investment of its own capital in services, commercial and industrial activities, by the subscription or acquisition of shares of other companies. Through its subsidiaries, it operates in the segments of liquefied petroleum gas - LPG distribution (“Ultragaz”), fuel distribution and related businesses (“Ipiranga”), production and marketing of chemicals (“Oxiten”), and storage services for liquid bulk (“Ultracargo”). The Company also operates in oil refining through its joint-venture in Refinaria de Petróleo Riograndense S.A. (“RPR”).

2. Summary of significant accounting policies

The Company’s consolidated financial statements are presented in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with accounting practices adopted in Brazil (“BR GAAP”), as issued by the Accounting Pronouncements Committee (“CPC”) and approved by the Brazilian Securities and Exchange Commission (“CVM”).

The Company’s individual financial statements are presented in accordance with BR GAAP. The investments in subsidiaries, associates and joint ventures are measured by the equity method of accounting, which, for purposes of IFRS, would be measured at cost or fair value.

The presentation currency of the Company’s individual and consolidated financial statements is the Brazilian Real, which is the Company’s functional currency.

The accounting policies described below were applied by the Company and its subsidiaries in a consistent manner for all years presented in these individual and consolidated financial statements.

a. Recognition of income

Revenue and cost of sales are recognized when all risks and benefits associated with the products are transferred to the purchaser. Revenue from services provided and their costs are recognized when the services are provided. Costs of products and services sold provided include goods (mainly fuels/lubricants and LPG), raw materials (chemicals and petrochemicals) and production, distribution, storage and filling costs.

b. Cash and cash equivalents

Include cash, banks deposits and short-term highly-liquid investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of change in value. See Note 4 for further details on cash and cash equivalents of the Company and its subsidiaries.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

c. Financial instruments

In accordance with International Accounting Standards (“IAS”) 32, 39 and IFRS 7 (CPC 38, 39 and 40 (R1)), the financial instruments of the Company and its subsidiaries are classified in accordance with the following categories:

Measured at fair value through profit or loss: financial assets and liabilities held for trading, that is, acquired or incurred principally for the purpose of selling or repurchasing in the near term, and derivatives. The balances are stated at fair value. The interest earned, the exchange variation and changes in fair value are recognized in profit or loss.

Held to maturity: non-derivative financial assets with fixed or determinable payments, and fixed maturities for which the entity has the positive intention and ability to hold to maturity. The interest earned and the foreign currency exchange variation are recognized in profit or loss, and balances are stated at acquisition cost plus the interest earned through the date of the financial statements, using the effective interest rate method.

Available for sale: non-derivative financial assets that are designated as available for sale or that are not classified into other categories at initial recognition. The balances are stated at fair value and the interest earned and the foreign currency exchange variation are recognized in profit or loss. Differences between fair value and acquisition cost plus the interest earned are recognized in a specific account in the shareholders’ equity. Accumulated gains and losses recognized in the shareholders’ equity are reclassified to profit or loss in case of prepayment.

Loans and receivables: non-derivative financial assets with fixed or determinable payments or receipts, not quoted in an active market, except: (i) those which the entity intends to sell immediately or in the near term and which the entity classified as measured at fair value through profit or loss; (ii) those classified as available for sale; or (iii) those for which the Company may not recover substantially all of its initial investment for reasons other than credit deterioration. The interest earned and the foreign currency exchange variation are recognized in profit or loss. The balances are stated at acquisition cost plus the interests, using the effective interest rate method. Loans and receivables include cash and banks, trade receivables, dividends receivable and other trade receivables.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

The Company and its subsidiaries use derivative financial instruments for hedging purposes, applying the concepts described below:

Fair value hedge: derivative financial instrument used to hedge exposure to changes in the fair value of an item, attributable to a particular risk, which can affect the entity's profit or loss.

Hedge accounting: In the initial designation of the fair value hedge, the relationship between the hedging instrument and the hedged item is documented, including the objectives of risk management, the strategy in conducting the transaction and the methods to be used to evaluate its effectiveness. Once the fair value hedge has been qualified as effective, the hedge item is also measured at fair value. Gains and losses from hedge instruments and hedge items are recognized in profit or loss. The hedge accounting must be discontinued when the hedge becomes ineffective.

For further detail on financial instruments of the Company and its subsidiaries, see Notes 4, 14, and 22.

d. Trade receivables

Trade receivables are recognized at the amount invoiced, adjusted to present value if applicable, including all direct taxes attributable to the Company and its subsidiaries. An allowance for doubtful accounts is recorded based on estimated losses and is set at an amount deemed by management to be sufficient to cover any probable loss on realization of trade receivables (see Note 22 - Customer credit risk).

e. Inventories

Inventories are stated at the lower of acquisition cost or net realizable value. The cost value of inventory is measured using the weighted average cost and includes the costs of acquisition and processing directly related to the units produced based on the normal capacity of production. Estimates of net realizable value are based on the average selling prices at the end of the reporting period, net of applicable direct selling expenses. Subsequent events related to the fluctuation of prices and costs are also considered, if relevant. If net realizable values are below inventory costs, a provision corresponding to this difference is recognized. Provisions are also made for obsolescence of products, materials or supplies that (i) do not meet the Company and its subsidiaries' specifications, (ii) have exceeded their expiration date or (iii) are considered slow-moving inventory. This classification is made by management with the support of its industrial team.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

f. Investments

Investments in subsidiaries are accounted for under the equity method of accounting in the individual financial statements of the parent company. Investments in associates in which management has a significant influence or in which it holds 20% or more of the voting stock, or that are part of a group under shared control are also accounted for under the equity method of accounting (see Note 11).

In the consolidated financial statements, the investments in joint venture entities are proportionally consolidated by the Company (see Note 3). Other investments are stated at acquisition cost less provision for losses, unless the loss is considered temporary.

g. Property, plant and equipment

Property, plant and equipment is recognized at acquisition or construction cost, including financial charges incurred on property, plant and equipment under construction, as well as maintenance costs resulting from scheduled plant outages and estimated costs to remove, to decommission or to restore assets (see Note 18).

Depreciation is calculated using the straight-line method, for the periods mentioned in Note 12, taking into account the useful life of the assets, which are reviewed annually.

Leasehold improvements are depreciated over the shorter of the lease contract term and useful life of the property.

h. Leases

• Finance leases

Certain lease contracts transfer substantially all the risks and benefits associated with the ownership of an asset to the Company and its subsidiaries. These contracts are characterized as finance leases, and assets thereunder are capitalized at lease commencement at their fair value or, if lower, present value of the minimum lease payments under the contracts. The items recognized as assets are depreciated and amortized using the straight-line method based on the useful lives applicable to each group of assets as mentioned in Notes 12 and 13. Financial charges under the finance lease contracts are allocated to profit or loss over the lease contract term, based on the amortized cost and the effective interest rate method of the related lease obligation (see Note 14.h).

•Operating leases

There are lease transactions where the risks and benefits associated with the ownership of the asset are not transferred and where there is no purchase option or the purchase option at the end of the contract is equivalent to the market value of the leased asset. Payments made under an operating lease contract are recognized as cost or expenses in the income statement on a straight-line basis over the term of the lease contract (see Note 23.g).

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

i. Intangible assets

Intangible assets include assets acquired by the Company and its subsidiaries from third parties, according to the criteria below (see Note 13):

- Goodwill is carried net of accumulated amortization as of December 31, 2008, when it ceased to be amortized. Goodwill generated since January 1, 2009 is shown as intangible asset corresponding to the positive difference between the amount paid or payable to the seller and the fair value of the identified assets and liabilities assumed of the acquired entity, and is tested annually for impairment. Goodwill is allocated to the respective cash generating units (“CGU”) for impairment testing purposes.

- Bonus disbursements as provided in Ipiranga’s agreements with reseller service stations and major consumers are recognized as distribution rights when paid and amortized using the straight-line method according to the term of the agreement.

- Other intangible assets acquired from third parties, such as software, technology and commercial property rights, are measured at the total acquisition cost and amortized using straight-line method, for the periods mentioned in Note 13, taking into account their useful life, which is reviewed annually.

The Company and its subsidiaries have not recognized intangible assets that were created internally. The Company and its subsidiaries have not recognized intangible assets that have an indefinite useful life, except for goodwill and the “am/pm” brand acquired in 2012.

j. Other assets

Other assets are stated at the lower of cost and realizable value, including, if applicable, interest earned, monetary changes and changes in exchange rates incurred or less a provision for loss and, if applicable, adjustment to present value (see Note 2.u).

k. Financial liabilities

The Company and its subsidiaries’ financial liabilities include trade payables and other payables, loans, debentures and hedging instruments. Financial liabilities are classified as “financial liabilities at fair value through profit or loss” or “financial liabilities at amortised cost”. The financial liabilities at fair value through profit or loss refer to derivative financial instruments and financial liabilities designated as hedged items in a fair value hedge relationship upon initial recognition (see Note 2.c – fair value hedge). The financial liabilities at amortised cost are stated at the initial transaction amount plus related charges and transaction costs, net of amortization. The charges are recognized in profit or loss using the effective interest rate method.

Transaction costs incurred and directly attributable to the activities necessary for contracting loans or for issuing bonds, as well as premiums and discounts upon issuance of debentures and other debt or equity instruments, are allocated to the instrument and amortized to profit or loss over its term, using the effective interest rate method.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

l. Income and social contribution taxes on income

Current and deferred income tax (“IRPJ”) and social contribution on net income tax (“CSLL”) are calculated based on the current rates of IRPJ and CSLL, including the value of tax incentives. Taxes are recognized based on the rates of IRPJ and CSLL provided for by the laws enacted on the last day of the financial statements. For further details about recognition and realization of IRPJ and CSLL, see Note 9.

m. Provision for assets retirement obligation – fuel tanks

The Company and its subsidiaries have the legal obligation to remove Ipiranga’s underground fuel tanks located at Ipiranga-branded service stations after a certain period. The estimated cost of the obligation to remove these fuel tanks is recognized as a liability when tanks are installed. The estimated cost is recognized in property, plant and equipment and depreciated over the respective useful life of the tanks. The amounts recognized as a liability are monetarily restated until the respective tank is removed (see Note 18). An increase in the estimated cost of the obligation to remove the tanks could result in negative impact in future results. The estimated removal cost is reviewed and updated annually or when there is significant change in its amount.

n. Provisions for tax, civil and labor risks

A provision for tax, civil and labor risks is recognized for quantifiable risks, when the chance of loss is more-likely-than-not in the opinion of management and internal and external legal counsel, and the amounts are recognized based on evaluation of the outcomes of the legal proceedings (see Note 23 items a,b,c,d).

o. Post-employment benefits

Post-employment benefits granted and to be granted to employees, retirees, and pensioners are based on an actuarial calculation prepared by an independent actuary, using the projected unit credit method (see Note 24.b). The actuarial gains and losses are recognized in profit or loss.

p. Other liabilities

Other liabilities are stated at known or measurable amounts plus, if applicable, related charges, monetary restatement and changes in exchange rates incurred. When applicable, other liabilities are recognized at present value based on interest rates that reflect the term, currency and risk of each transaction.

q. Foreign currency transactions

Foreign currency transactions carried out by the Company or its subsidiaries are remeasured into their functional currency at the exchange rate prevailing at the date of each transaction. Outstanding monetary assets and liabilities of the Company and its subsidiaries are translated using the exchange rate at the end of the reporting period. The effect of the difference between those exchange rates is recognized in profit or loss until the conclusion of each transaction.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

r. Basis for translation of financial statements of foreign subsidiaries

Assets and liabilities of the foreign subsidiaries, denominated in currencies other than that of the Company (functional currency: Brazilian Real), which have administrative autonomy, are translated using the exchange rate at the end of the reporting period. Revenues and expenses are translated using the average exchange rate of each period and shareholders' equity are translated at the historic exchange rate of each transaction affecting shareholders' equity. Gains and losses resulting from changes in these foreign investments are directly recognized in the shareholders' equity as cumulative translation adjustments and will be recognized in profit or loss if these investments are disposed of. The recognized balance in other comprehensive income and presented in the shareholders' equity as cumulative translation adjustments in 2012 was a gain of R\$ 12,621 (loss of R\$ 4,426 in 2011).

The foreign subsidiaries with functional currency different from the Company and which have administrative autonomy, are listed below:

| Subsidiary | Functional currency | Location |
|---|---------------------|---------------|
| Oxiteno México S.A. de C.V. | Mexican Peso | Mexico |
| Oxiteno Servicios Corporativos S.A. de C.V. | Mexican Peso | Mexico |
| Oxiteno Servicios Industriales de C.V. | Mexican Peso | Mexico |
| Oxiteno USA LLC | U.S. Dollar | United States |
| Oxiteno Andina, C.A. | Bolivar Forte | Venezuela |
| American Chemical I.C.S.A. | U.S. Dollar | Uruguay |

The subsidiary American Chemical I.C.S.A. ("American Chemical") determined its functional currency as the U.S. dollar, as its sales and purchases of goods, and financing activities are performed substantially in this currency.

According to IAS 29, Venezuela is classified as a hyperinflationary economy. As a result, the financial statements of Oxiteno Andina, C.A. ("Oxiteno Andina") were adjusted by the Venezuelan Consumer Price Index.

Assets and liabilities of the other foreign subsidiaries, which do not have administrative autonomy, are considered as an extension of the activities of their parent company and are translated using the exchange rate at the end of the reporting period. Gains and losses resulting from changes in these foreign investments are directly recognized as financial income or loss. The gain recognized as income in 2012 amounted to R\$ 2,347 (R\$ 1,811 gain in 2011).

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

s. Use of estimates, assumptions and judgments

The preparation of financial statements requires the use of estimates, assumptions and judgments for the accounting of certain assets, liabilities and income. Therefore, Company and subsidiaries' management use the best information available at the time of preparation of the financial statements, as well as the experience of past and current events, also considering assumptions regarding future events. The financial statements therefore include estimates, assumptions and judgments related mainly to determining the fair value of financial instruments (Notes 4, 14 and 22), the determination of the allowance for doubtful accounts (Note 5), the determination of provisions for income taxes (Note 9), the useful life of property, plant and equipment (Note 12), the useful life of intangible assets and the determination of the recoverable amount of goodwill (Note 13), provisions for assets retirement obligations (Note 18), tax, civil and labor provisions (Note 23 items a,b,c,d) and estimates for the preparation of actuarial reports (Note 24.b). The actual result of the transactions and information may differ from their estimates.

t. Impairment of assets

The Company and its subsidiaries review, at least annually, the existence of indication that an asset may be impaired. If there is an indication, the Company and its subsidiaries estimate the recoverable amount of the asset. Assets that cannot be evaluated individually are grouped in the smallest group of assets that generate cash flow from continuous use and that are largely independent of cash flows of other assets (CGU). The recoverable amount of assets or CGUs corresponds to the greater of their fair value net of applicable direct selling costs and their value in use.

To assess the value in use, the Company and its subsidiaries consider the projections of future cash flows, trends and outlooks, as well as the effects of obsolescence, demand, competition and other economic factors. Such cash flows are discounted to their present values using the discount rate before tax that reflects market conditions for the period of impairment testing and the specific risks of the asset or CGU being evaluated. In cases where the expected discounted future cash flows are less than their carrying amount, the impairment loss is recognized for the amount by which the carrying value exceeds the fair value of these assets. Losses for impairment of assets are recognized in profit or loss. In case goodwill has been allocated to a CGU, the recognized losses are first allocated to reduce the corresponding goodwill. If the goodwill is not enough to absorb such losses, the surplus is allocated to the assets on a pro-rata basis. An impairment of goodwill cannot be reversed. For other assets, impairment losses may be reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if the impairment had not been recognized.

No impairment was recognized in the years presented.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

u. Adjustment to present value

The Company's subsidiaries recognized a present value adjustment to Tax on Goods and Services ("ICMS", the Brazilian VAT) credit balances related to property, plant and equipment (CIAP – see Note 7). Because recovery of these credits occurs over a 48 months period, the present value adjustment reflects, in the financial statements, the time value of the ICMS credits to be recovered.

The Company and its subsidiaries reviewed all items classified as non-current and, when relevant, current assets and liabilities and did not identify the need to recognize other present value adjustments.

v. Statements of value added

As required by Brazilian Corporate Law, the Company and its subsidiaries prepare the individual and consolidated statements of value added ("DVA") according to CPC 09 – Statement of Value Added, as an integral part of the financial statements as applicable to publicly-traded companies, and as supplemental information for IFRS, that do not require the presentation of DVA.

w. New and revised standards in issue but not yet effective

Certain standards, amendments and interpretations to IFRS issued by IASB that have been issued but are not yet effective were not applied in the year ended December 31, 2012, as follows:

| | Related CPC | Effective date |
|---|----------------|-------------------|
| • Consolidated financial statements – IFRS 10 and transition guidance (1) | CPC 36(R3) | 2013 |
| • Joint arrangements – IFRS 11 and transition guidance (1) | CPC 19(R2) | 2013 |
| • Disclosure of interests in other entities– IFRS 12 and transition guidance (1) | CPC 45 | 2013 |
| • Amendments to IAS 27 – Separate financial statements (1) | CPC 35(R2) | 2013 |
| • Amendments to IAS 28 – Investments in associates and joint ventures (1) | CPC 18(R2) | 2013 |
| • Amendments to IAS 19 – Employee benefits (2) | CPC 33(R1) | 2013 |
| • Amendments to IFRS 7 – Financial instruments: offsetting financial assets and liabilities (3) (4) | | 2013 |
| • Fair value measurement – IFRS 13 (3) | CPC 46 | 2013 |
| • Amendments to IAS 1 – Presentation of financial statements: other comprehensive income (3) (4) | | 2013 |
| • Amendments to IAS 32 – Financial instruments: presentation (4) | | 2014 |

- IFRS 9 – Financial instruments’ classification and measurement 2015
(4)

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

- (1) For 2013, the Company and its subsidiaries expect that the adoption of IFRS 11 - Joint arrangements will impact the financial statements. The investments in RPR, Maxfácil Participações S.A. (“Maxfácil”), União Vopak Armazéns Gerais Ltda. (“União Vopak”) and ConectCar Soluções de Mobilidade Eletrônica S.A. (“Conectcar”) will no longer be proportionally consolidated and will be accounted for using the equity method. IFRS 10 - Consolidated financial statements, IFRS 12 - Disclosure of interests in other entities, amendments to IAS 27 - Separate financial statements and amendments to IAS 28 - Investments in associates and joint ventures, must be adopted in conjunction with IFRS 11, and do not produce impact on the financial statements of the Company and its subsidiaries.
- (2) The Company and its subsidiaries estimate that the amendments to IAS 19 - Employee benefits will impact the financial statements. Currently, the Company and its subsidiaries recognize actuarial gains and losses in income and, from 2013, actuarial gains and losses will be recognized in shareholders' equity as other comprehensive income. In 2012, the actuarial losses recognized in income in the amount of R\$ 13,501, will be reversed from income and will be presented in shareholders' equity, net of deferred IRPJ and CSLL.

The table below summarizes the main effects of adopting these standards on the consolidated financial statements as of December 31, 2012, that will be restated for the comparative financial statements as of December 31, 2013.

Mainly balance sheet effects

| | IFRS 11 effects | IAS 19 effects |
|--|--------------------|-------------------|
| Current assets | (43,532) | - |
| Non-current assets | (11,814) | 4,975 |
| Total assets | (55,346) | 4,975 |
| | | |
| Current liabilities | (28,202) | - |
| Non-current liabilities | (27,144) | 14,633 |
| Shareholders' equity | - | (9,658) |
| Total liabilities and shareholders' equity | (55,346) | 4,975 |

Mainly income statement effects

| | IFRS 11 effects | IAS 19 effects |
|--|--------------------|-------------------|
| Net revenue from sales and services | (50,498) | - |
| Cost of products and services sold | 29,063 | - |
| Selling and marketing, general and administrative and other operating income, net | 6,917 | 13,501 |
| Financial income, net | (7,826) | - |
| Income and social contribution taxes | 12,074 | (4,590) |

| | | |
|-------------------------------|--------|-------|
| Share of profit of associates | 10,290 | - |
| Net income for the year | - | 8,911 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

Mainly statement of cash flow effects

| | IFRS 11 effects | IAS 19 effects |
|--|--------------------|-------------------|
| Net cash provided by operating activities | (20,771) | - |
| Net cash used in investing activities | 7,774 | - |
| Net cash used in financing activities | 9,508 | - |
| | | |
| Increase in cash and cash equivalents | (3,489) | - |
| Cash and cash equivalents at the beginning of the year | (25,448) | - |
| Cash and cash equivalents at the end of the year | (28,937) | - |

- (3) Amendments to IFRS 7 - Disclosures - offsetting financial assets and liabilities, amendments to IAS 1 - Presentation of other comprehensive income and the adoption of IFRS 13 - Fair value measurement will not produce an impact on the financial statements of the Company and its subsidiaries.
- (4) CPC has not yet issued pronouncements equivalent to these IAS/IFRS, but is expected to do so before the date they become effective. The early adoption of IFRS pronouncements is subject to prior approval by the CVM.

x. Authorization for issuance of the financial statements

These financial statements were authorized for issue by the Board of Directors on February 20, 2013.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

3. Principles of consolidation and investments in subsidiaries

The consolidated financial statements were prepared following the basic principles of consolidation established by IAS 27 (CPC 36 (R2)). Investments of one company in another, balances of asset and liability accounts and revenues and expenses were eliminated, as well as the effects of transactions conducted between the companies. Non-controlling interests in subsidiaries are presented within consolidated shareholders' equity and net income.

The consolidated financial statements include the following direct and indirect subsidiaries:

| | Location | % interest in the share | | | |
|---|----------------|-------------------------|------------------|----------------|------------------|
| | | 2012 | | 2011 | |
| | | Control | | Control | |
| | | Direct control | Indirect control | Direct control | Indirect control |
| Ultracargo - Operações Logísticas e Participações Ltda. | Brazil | 100 | - | 100 | - |
| Terminal Químico de Aratu S.A. – Tequima | Brazil | - | 99 | - | 99 |
| União Vopak Armazéns Gerais Ltda. (*) | Brazil | - | 50 | - | 50 |
| Temmar- Terminal Marítimo do Maranhão S.A. | Brazil | - | 100 | - | - |
| Melamina Ultra S.A. Indústria Química | Brazil | - | 99 | - | 99 |
| Oxiten S.A. Indústria e Comércio | Brazil | 100 | - | 100 | - |
| Oxiten Nordeste S.A. Indústria e Comércio | Brazil | - | 99 | - | 99 |
| Oxiten Argentina Sociedad de Responsabilidad Ltda. | Argentina | - | 100 | - | 100 |
| Oleoquímica Indústria e Comércio de Produtos Químicos Ltda. | Brazil | - | 100 | - | 100 |
| American Chemical I.C.S.A. | Uruguay | - | 100 | - | - |
| Barrington S.L. | Spain | - | 100 | - | 100 |
| Oxiten México S.A. de C.V. | Mexico | - | 100 | - | 100 |
| Oxiten Servicios Corporativos S.A. de C.V. | Mexico | - | 100 | - | 100 |
| Oxiten Servicios Industriales S.A. de C.V. | Mexico | - | 100 | - | 100 |
| Oxiten USA LLC | United States | - | 100 | - | 100 |
| Global Petroleum Products Trading Corp. | Virgin Islands | - | 100 | - | 100 |
| Oxiten Overseas Corp. | Virgin Islands | - | 100 | - | 100 |
| Oxiten Andina, C.A. | Venezuela | - | 100 | - | 100 |
| Oxiten Europe SPRL | Belgium | - | 100 | - | 100 |
| Oxiten Colombia S.A.S | Colombia | - | 100 | - | 100 |
| Oxiten Shanghai Trading LTD. | China | - | 100 | - | - |

| | | | | | |
|---|----------------|-----|-----|-----|-----|
| Empresa Carioca de Produtos Químicos | | | | | |
| S.A. | Brazil | - | 100 | - | 100 |
| Ipiranga Produtos de Petróleo S.A. | Brazil | 100 | - | 100 | - |
| am/pm Comestíveis Ltda. | Brazil | - | 100 | - | 100 |
| Centro de Conveniências Millennium | | | | | |
| Ltda. | Brazil | - | 100 | - | 100 |
| Conveniência Ipiranga Norte Ltda. | Brazil | - | 100 | - | 100 |
| Ipiranga Trading Limited | Virgin Islands | - | 100 | - | 100 |
| Tropical Transportes Ipiranga Ltda. | Brazil | - | 100 | - | 100 |
| Ipiranga Imobiliária Ltda. | Brazil | - | 100 | - | 100 |
| Ipiranga Logística Ltda. | Brazil | - | 100 | - | 100 |
| Maxfácil Participações S.A. (*) | Brazil | - | - | - | 50 |
| Isa-Sul Administração e Participações Ltda. | Brazil | - | 100 | - | 100 |
| ConectCar Soluções de Mobilidade | | | | | |
| Eletrônica S.A. (*) | Brazil | - | 50 | - | - |
| Companhia Ultragaz S.A. | Brazil | - | 99 | - | 99 |
| Distribuidora de Gás LP Azul S.A. | Brazil | - | - | - | 100 |
| Bahiana Distribuidora de Gás Ltda. | Brazil | - | 100 | - | 100 |
| Utingás Armazenadora S.A. | Brazil | - | 57 | - | 57 |
| LPG International Inc. | Cayman Islands | - | 100 | - | 100 |
| Imaven Imóveis Ltda. | Brazil | - | 100 | - | 100 |
| Oil Trading Importadora e Exportadora | | | | | |
| Ltda. | Brazil | - | 100 | - | 100 |
| SERMA - Ass. dos usuários equip. proc. de dados | | | | | |
| | Brazil | - | 100 | - | 100 |
| Refinaria de Petróleo Riograndense S.A. (*) | Brazil | 33 | - | 33 | - |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

(*)The Company and its subsidiaries maintain a shared equity interest in these companies, whose bylaws establish joint control. These joint ventures are recognized by the Company and its subsidiaries using proportionate consolidation, as allowed by IAS 31 (CPC 19 (R1)). RPR is primarily engaged in oil refining, Maxfácil is primarily engaged in the management of Ipiranga-branded credit cards, and União Vopak is primarily engaged in liquid bulk storage in the port of Paranaguá. ConectCar is a joint venture with Odebrecht TransPort Participações, formed in November 2012, and is engaged in electronic payment of tolls, parking and fuel, with start-up scheduled for the first quarter of 2013 in the State of São Paulo.

The subsidiary Oxiteno Shanghai Trading LTD. was formed in May 2012 and is engaged in commercial representation.

In November 2012, Maxfácil was split between the partners in proportion to their shareholdings and subsequently merged by each partner.

In December 2012, in order to simplify the corporate structure, the subsidiary Distribuidora de Gás LP Azul S.A. was merged into Companhia Ultragaz S.A. ("Cia. Ultragaz").

a) Business combination – acquisition of American Chemical I.C.S.A.

On November 1st, 2012, the Company, through its subsidiary Oxiteno S.A. Indústria e Comércio ("Oxiteno S.A."), purchased 100% of the shares of American Chemical I.C.S.A. ("American Chemical"), a Uruguayan specialty chemicals company. American Chemical owns a plant in Montevideo, with production capacity of 81 thousand tons of specialty chemicals, particularly sulfonate and sulfate surfactants for the home and personal care industries, as well as products for the leather industry. The amount paid at closing was R\$ 107,435, subject to the customary final adjustments of working capital and net debt.

The purchase price paid for the shares is being allocated among the identified assets acquired and liabilities assumed, measured at fair value. The fair values of inventories, property, plant and equipment and intangible assets are being determined and were not concluded as of December 31, 2012. The conclusion of the determination of fair values is expected for the first quarter of 2013. During the process of identification of assets and liabilities, intangible assets which were not recognized in the acquired entity's books will also be taken into account. The temporary goodwill is R\$ 54,927.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

The table below summarizes the assets acquired and liabilities assumed as of the acquisition date:

| Current assets | | Current liabilities | |
|---|---------|------------------------------|---------|
| Cash and cash equivalents | 7,147 | Loans | 32,481 |
| Trade receivables | 31,169 | Trade payables | 32,443 |
| Inventories | 35,526 | Salaries and related charges | 3,431 |
| Recoverable taxes | 3,163 | Other | 1,869 |
| Other | 1,906 | | 70,224 |
| | 78,911 | | |
| Non-current assets | | Non-current liabilities | |
| Property, plant and equipment | 43,614 | Loans | 7,362 |
| Intangible assets | 104 | | |
| Deferred income and social contribution taxes | 7,465 | | |
| Temporary goodwill | 54,927 | | |
| | 106,110 | Total liabilities assumed | 77,586 |
| Total assets acquired and goodwill | 185,021 | Consideration transferred | 107,435 |

For details on property, plant and equipment and intangible assets acquired, see Notes 12 and 13, respectively.

The following summary presents the Company's pro forma information for 2012, as if the acquisition had been completed at the beginning of this year. The pro forma information is only presented for comparative purposes and does not purport to be indicative of what would have occurred had the acquisition actually been made at such date, nor is it necessarily indicative of future operating results:

| | 2012 |
|--|------------|
| Net revenue from sales and services | 53,947,270 |
| Operating income | 1,708,005 |
| Net income for the year | 1,016,615 |
| Earnings per share basic - whole R\$ (see Note 29) | 1.8910 |
| Earnings per share diluted - whole R\$ (see Note 29) | 1.8833 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

b) Business combination – acquisition of Temmar - Terminal Marítimo do Maranhão S.A.

On July 31, 2012, the Company, through its subsidiary Terminal Químico de Aratu S.A. (“Tequimar”), concluded the acquisition of Temmar - Terminal Marítimo do Maranhão S.A. (“Temmar”). Temmar is located in the port area of Itaqui, in the state of Maranhão, in the Northeast region of Brazil, with a capacity of 55 thousand cubic meters and used mainly for the handling of fuels and biofuels. Temmar has contracts with clients for the entire capacity of the terminal and a long-term lease contract, which includes a large area for future expansions.

The amount paid in the settlement of acquisition was R\$ 68,196. Tequimar will disburse a minimum extra value of R\$ 12,000, which may reach approximately R\$ 30,000 as a result of possible future expansions in the storage capacity of the terminal, provided that such expansions are implemented within the next 7 years, restated by General Market Price Index (“IGP-M”). The total purchase price of the acquisition, in the amount of R\$ 80,196 was allocated among the identified assets acquired and liabilities assumed, measured at fair value. During the process of identification of assets and liabilities, intangible assets and provision for tax, civil and labor risks which were not recognized in the acquired entity’s books were also taken into account. The goodwill is R\$ 43,781 and is based on expected future profitability. The additional value for the assets acquired, which was determined by an independent appraiser and amounts R\$ 30,857 based on its report, reflects the difference between the fair value and the book value of such assets.

The table below summarizes the estimated fair values of the assets acquired and liabilities assumed as of the acquisition date:

| Current assets | | Current liabilities | |
|---|---------|--|---------|
| Cash and cash equivalents | 1,768 | Loans | 755 |
| Trade receivables | 1,099 | Trade payables | 193 |
| Recoverable taxes | 3,738 | Salaries and related charges | 301 |
| Other | 307 | Taxes payable | 371 |
| | 6,912 | | 1,620 |
| Non-current assets | | Non-current liabilities | |
| Financial investments | 3,426 | Loans | 45,676 |
| Deferred income and social contribution taxes | 11,862 | Provision for tax, civil and labor risks | 203 |
| Property, plant and equipment | 88,361 | Related parties | 49,982 |
| Intangible assets | 21,243 | Contingent consideration | 12,000 |
| Other | 2,092 | | 107,861 |
| Goodwill | 43,781 | | |
| | 170,765 | Total liabilities assumed | 109,481 |
| Total assets acquired and goodwill | 177,677 | Consideration transferred | 68,196 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

The amount of R\$ 49,982 of “Related parties” refers to the loan of Temmar with Noble Brasil S.A. and was settled at the acquisition date.

For details on property, plant and equipment and intangible assets acquired, see Notes 12 and 13, respectively.

The loan assumed refers to Banco do Nordeste do Brasil with maturities between October, 2013 and September, 2021, and interest of 10.0% p.a. A discount of 15% over the interest rate is granted for timely payments.

The following summary presents the Company’s pro forma information for 2012, as if the acquisition had been completed at the beginning of this year. The pro forma information is only presented for comparative purposes and does not purport to be indicative of what would have occurred had the acquisition actually been made at such date, nor is it necessarily indicative of future operating results:

| | 2012 |
|--|------------|
| Net revenue from sales and services | 53,932,190 |
| Operating income | 1,712,426 |
| Net income for the year | 1,014,026 |
| Earnings per share basic - whole R\$ (see Note 29) | 1.8861 |
| Earnings per share diluted - whole R\$ (see Note 29) | 1.8785 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

c) Business combination – acquisition of Repsol Gás Brasil S.A.

On October 20, 2011, the Company, through its subsidiary Cia. Ultragaz, acquired a 100% equity interest in Repsol Gás Brasil S.A. (“Repsol”). The total acquisition amount was R\$ 49,822. This acquisition strengthens Ultragaz’s bulk LPG business, providing economies of scale in logistics and management, and a better position for growth in the bulk segment in the Southeast. After the acquisition, its name was changed to Distribuidora de Gás LP Azul S.A.

The purchase price paid for the shares was allocated among the identified assets acquired and liabilities assumed, measured at fair value. During the process of identification of assets and liabilities, intangible assets which were not recognized in the acquired entity’s books were also taken into account. The goodwill is R\$ 13,403. The additional value for the assets acquired, which was determined by an independent appraiser and amounts R\$ 16,555 based on its report, reflects the difference between the fair value and the book value of such assets. The table below summarizes the fair values of the assets acquired and liabilities assumed as of the acquisition date:

| Current assets | | Current liabilities | |
|------------------------------------|--------|------------------------------|--------|
| Cash and cash equivalents | 2,151 | Trade payables | 3,838 |
| Trade receivables | 2,875 | Salaries and related charges | 1,521 |
| Inventories | 995 | Other | 67 |
| Prepaid expenses | 1,596 | | 5,426 |
| Recoverable taxes | 1,092 | | |
| Other | 360 | | |
| | 9,069 | | |
| Non-current assets | | Non-current liabilities | |
| Property, plant and equipment | 22,026 | Provision for tax, civil and | |
| Intangible assets | 11,625 | labor risks | 1,140 |
| Other | 265 | | |
| Goodwill | 13,403 | | |
| | 47,319 | Total liabilities assumed | 6,566 |
| Total assets acquired and goodwill | 56,388 | Consideration transferred | 49,822 |

For details on property, plant and equipment and intangible assets acquired, see Notes 12 and 13, respectively.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

The following summary presents the Company's pro forma information for 2011, as if the acquisition had been completed at the beginning of that year. The pro forma information is only presented for comparative purposes and does not purport to be indicative of what would have occurred had the acquisition actually been made at such date, nor is it necessarily indicative of future operating results:

| | 2011 |
|--|------------|
| Net revenue from sales and services | 48,708,540 |
| Operating income | 1,451,106 |
| Net income for the year | 854,182 |
| Earnings per share basic - whole R\$ (see Note 29) | 1.5883 |
| Earnings per share diluted - whole R\$ (see Note 29) | 1.5822 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

4. Cash and cash equivalents and financial investments

Cash equivalents and financial investments, excluding cash and bank deposits, are substantially represented by investments: (i) in Brazil, in certificates of deposit of first-rate financial institutions linked to the Interbank Certificate of Deposit (“CDI”), in debentures and in short term investments funds, whose portfolio comprised exclusively of Brazilian Federal Government bonds; (ii) outside Brazil, in certificates of deposit of first-rate financial institutions and in short-term investment funds with a portfolio composed exclusively of bonds issued by the U.S. Government; and (iii) in currency and interest rate hedging instruments.

The financial assets of the Company and its subsidiaries were classified in Note 22, according to their characteristics and intention of the Company and its subsidiaries.

- Cash and cash equivalents

Cash and cash equivalents are considered: (i) cash and bank deposits, and (ii) highly-liquid short-term investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of change in value.

| | Parent | | Consolidated | |
|-----------------------------------|--------|---------|--------------|-----------|
| | 2012 | 2011 | 2012 | 2011 |
| Cash and bank deposits | | | | |
| In local currency | 173 | 71 | 36,088 | 78,077 |
| In foreign currency | - | - | 43,866 | 29,523 |
| Financial investments | | | | |
| In local currency | | | | |
| Fixed-income securities and funds | 76,808 | 178,601 | 1,940,852 | 1,668,178 |
| In foreign currency | | | | |
| Fixed-income securities and funds | - | - | 29,245 | 15,176 |
| Total cash and cash equivalents | 76,981 | 178,672 | 2,050,051 | 1,790,954 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

• Financial investments

The financial investments of the Company and its subsidiaries are distributed as follows:

| | Parent | | Consolidated | |
|--|--------|--------|--------------|---------|
| | 2012 | 2011 | 2012 | 2011 |
| Financial investments | | | | |
| In local currency | | | | |
| Fixed-income securities and funds | 216 | 52,902 | 641,974 | 638,879 |
| In foreign currency | | | | |
| Fixed-income securities and funds | - | - | 290,636 | 259,091 |
| Currency and interest rate hedging instruments (a) | - | - | 179,056 | 93,403 |
| Total financial investments | 216 | 52,902 | 1,111,666 | 991,373 |
| Current | 216 | 52,902 | 962,136 | 916,936 |
| Non-current | - | - | 149,530 | 74,437 |

(a) Accumulated gains, net of income tax (see Note 22).

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

5. Trade receivables (Consolidated)

| | 2012 | 2011 |
|-------------------------------------|------------|------------|
| Domestic customers | 2,131,093 | 1,885,901 |
| Reseller financing - Ipiranga | 276,937 | 239,588 |
| Foreign customers | 164,943 | 135,098 |
| (-) Allowance for doubtful accounts | (128,816) | (116,454) |
| Total | 2,444,157 | 2,144,133 |
| Current | 2,306,798 | 2,026,417 |
| Non-current | 137,359 | 117,716 |

Reseller financing is provided for renovation and upgrading of service stations, purchase of products, and development of the automotive fuels and lubricants distribution market.

The breakdown of trade receivables, gross, is as follows:

| | Total | Current | Past due less than 30 days | Past due 31-60 days | Past due 61-90 days | Past due 91-180 days | Past due more than 180 days |
|------|-----------|-----------|----------------------------------|---------------------------|---------------------------|----------------------------|-----------------------------------|
| 2012 | 2,572,973 | 2,270,909 | 81,666 | 18,463 | 8,932 | 25,885 | 167,118 |
| 2011 | 2,260,587 | 1,994,399 | 80,635 | 18,088 | 5,788 | 14,944 | 146,733 |

Movements in the allowance for doubtful accounts are as follows:

| | |
|------------------------------|-----------|
| Balance at December 31, 2010 | 119,932 |
| Repsol acquisition | 520 |
| Additions | 19,766 |
| Write-offs | (23,764) |
| Balance at December 31, 2011 | 116,454 |
| Additions | 20,616 |
| Write-offs | (8,254) |
| Balance at December 31, 2012 | 128,816 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

| 6. Inventories (Consolidated) | | | | | | |
|--|-----------|---------------------------------|----------------|-----------|---------------------------------|----------------|
| | Cost | 2012 Provision for losses | Net balance | Cost | 2011 Provision for losses | Net balance |
| Finished goods | 262,667 | (6,314) | 256,353 | 272,377 | (14,605) | 257,772 |
| Work in process | 3,619 | - | 3,619 | 2,841 | - | 2,841 |
| Raw materials | 208,446 | (297) | 208,149 | 197,982 | (114) | 197,868 |
| Liquefied petroleum gas (LPG) | 36,820 | - | 36,820 | 41,147 | - | 41,147 |
| Fuels, lubricants and greases | 630,439 | (635) | 629,804 | 633,035 | (710) | 632,325 |
| Consumable materials and bottles for resale | 65,049 | (1,197) | 63,852 | 58,126 | (1,696) | 56,430 |
| Advances to suppliers | 74,378 | - | 74,378 | 89,103 | - | 89,103 |
| Properties for resale | 26,832 | - | 26,832 | 32,646 | - | 32,646 |
| | 1,308,250 | (8,443) | 1,299,807 | 1,327,257 | (17,125) | 1,310,132 |

Movements in the provision for losses are as follows:

| | |
|---|----------|
| Balance in 2010 | 14,024 |
| Additions of realizable value adjustment | 3,989 |
| Recoveries of obsolescence and other losses | (888) |
| Balance in 2011 | 17,125 |
| Recoveries of realizable value adjustment | (8,141) |
| Recoveries of obsolescence and other losses | (541) |
| Balance in 2012 | 8,443 |

The breakdown of provisions for losses related to inventories is shown in the table below:

| | 2012 | 2011 |
|-------------------------------|-------|--------|
| Realizable value adjustment | 5,410 | 13,551 |
| Obsolescence and other losses | 3,033 | 3,574 |
| Total | 8,443 | 17,125 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

7. Recoverable taxes

Recoverable taxes are substantially represented by credits of ICMS, Taxes for Social Security Financing (COFINS), Employee's Profit Participation Program (PIS), IRPJ and CSLL.

| | Parent 2012 | 2011 | Consolidated 2012 | 2011 |
|--|----------------|--------|----------------------|-----------|
| IRPJ and CSLL | 89,265 | 88,591 | 191,220 | 177,244 |
| ICMS | - | - | 198,589 | 178,202 |
| Provision for ICMS losses (*) | - | - | (61,717) | (41,146) |
| Adjustment to present value of ICMS on property, plant and equipment - CIAP (see Note 2.u) | - | - | (747) | (3,007) |
| PIS and COFINS | - | 21 | 159,819 | 211,332 |
| Value-Added Tax (IVA) of subsidiaries Oxitenox Mexico, Oxitenox Andina and American Chemical | - | - | 32,626 | 19,513 |
| Excise tax - IPI | - | - | 4,117 | 3,552 |
| Other | - | - | 8,364 | 6,216 |
| Total | 89,265 | 88,612 | 532,271 | 551,906 |
| Current | 63,266 | 48,706 | 483,201 | 470,511 |
| Non-current | 25,999 | 39,906 | 49,070 | 81,395 |

(*) The provision for ICMS losses relates to tax credits that the subsidiaries believe to be unable to offset in the future and its movements are as follows:

| | |
|-----------------|----------|
| Balance in 2010 | 56,130 |
| Reversals | (7,114) |
| Write-offs | (7,870) |
| Balance in 2011 | 41,146 |
| Additions | 23,473 |
| Write-offs | (2,902) |
| Balance in 2012 | 61,717 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

8. Related parties

a. Related parties

| | Parent company | | | Financial income |
|---|-------------------|------------|---------|------------------|
| | Assets | | Total | |
| | Trade receivables | Debentures | | |
| Companhia Ultragaz S.A. | 7,293 | - | 7,293 | - |
| Terminal Químico de Aratu S.A. - Tequimar | 3,003 | - | 3,003 | - |
| Oxiteno S.A. Indústria e Comércio | 858 | - | 858 | - |
| Ipiranga Produtos de Petróleo S.A. | 3,861 | 766,297 | 770,158 | 94,091 |
| Total in 2012 | 15,015 | 766,297 | 781,312 | 94,091 |

| | Assets | | | Financial income |
|------------------------------------|-------------------|------------|---------|------------------|
| | Trade receivables | Debentures | Total | |
| Companhia Ultragaz S.A. | 955 | - | 955 | - |
| Oxiteno S.A. Indústria e Comércio | 2,867 | - | 2,867 | - |
| Ipiranga Produtos de Petróleo S.A. | - | 775,709 | 775,709 | 128,577 |
| Total in 2011 | 3,822 | 775,709 | 779,531 | 128,577 |

In March 2009, Ipiranga made its first private offering in a single series of 108 debentures at each face value of R\$ 10,000,000.00 (ten million Brazilian Reais), nonconvertible into shares, unsecured debentures. The Company subscribed 75 debentures with maturity on March 31, 2016 and semiannual remuneration linked to CDI.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

| | Consolidated | | | |
|--|--------------|-------------|--------------------------|-----------------------|
| | Loans | | Commercial transactions | |
| | Assets | Liabilities | Receivables ¹ | Payables ¹ |
| Braskem S.A. (*) | - | - | - | 18,200 |
| Copagaz Distribuidora de Gas Ltda. | - | - | 571 | - |
| Liquigás Distribuidora S.A. | - | - | 559 | - |
| Oxicap Indústria de Gases Ltda. | 10,368 | - | - | 926 |
| Petróleo Brasileiro S.A. – Petrobras (*) | - | - | - | 573,485 |
| Química da Bahia Indústria e Comércio S.A. | - | 3,046 | - | - |
| Braskem Qpar S.A. (*) | - | - | - | 2,427 |
| Refinaria de Petróleo Riograndense S.A. (**) | - | - | - | 275 |
| Other | 490 | 826 | 295 | - |
| Total in 2012 | 10,858 | 3,872 | 1,425 | 595,313 |

| | Loans | | Commercial transactions | |
|---|--------|-------------|--------------------------|-----------------------|
| | Assets | Liabilities | Receivables ¹ | Payables ¹ |
| Braskem S.A. (*) | - | - | - | 9,105 |
| Copagaz Distribuidora de Gas Ltda. | - | - | 450 | - |
| Liquigás Distribuidora S.A. | - | - | 159 | - |
| Oxicap Indústria de Gases Ltda. | 9,654 | - | - | 965 |
| Petróleo Brasileiro S.A. – Petrobras (*) | - | - | - | 394,908 |
| Química da Bahia Indústria e Comércio S.A. | - | 3,145 | - | - |
| Quattor Participações S.A., current Braskem Qpar S.A. (*) | - | - | - | 4,803 |
| Refinaria de Petróleo Riograndense S.A. (**) | - | - | - | 204 |
| Other | 490 | 826 | 328 | - |
| Total in 2011 | 10,144 | 3,971 | 937 | 409,985 |

¹ Included in “trade receivables” and “trade payables”, respectively.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

| | Commercial transactions | |
|--|-------------------------|------------|
| | Sales | Purchases |
| Braskem S.A. (*) | 27,217 | 765,749 |
| Copagaz Distribuidora de Gas Ltda. | 4,528 | - |
| Liquigás Distribuidora S.A. | 5,781 | - |
| Oxicap Indústria de Gases Ltda. | 6 | 12,844 |
| Petróleo Brasileiro S.A. – Petrobras (*) | 20,574 | 33,279,273 |
| Braskem Qpar S.A. (*) | 5,200 | 231,540 |
| Refinaria de Petróleo Riograndense S.A. (**) | - | 17,246 |
| Others | 2,975 | - |
| Total in 2012 | 66,281 | 34,306,652 |

| | Commercial transactions | |
|---|-------------------------|------------|
| | Sales | Purchases |
| Braskem S.A. (*) | 23,401 | 689,463 |
| Copagaz Distribuidora de Gas Ltda. | 4,940 | - |
| Liquigás Distribuidora S.A. | 6,021 | - |
| Oxicap Indústria de Gases Ltda. | 6 | 11,221 |
| Petróleo Brasileiro S.A. – Petrobras (*) | 24,760 | 28,822,978 |
| Quattor Participações S.A., current Braskem Qpar S.A. (*) | - | 175,069 |
| Refinaria de Petróleo Riograndense S.A. (**) | - | 122,304 |
| Others | 3,476 | - |
| Total in 2011 | 62,604 | 29,821,035 |

(*)See Note 15 for further information on the relationship of these suppliers with the Company and its subsidiaries.

(**)Relates to the non-eliminated portion of the transactions between RPR and Ipiranga Produtos de Petróleo S.A. (“IPP”), since RPR is proportionally consolidated and IPP is fully consolidated.

Purchase and sale transactions relate substantially to the purchase of raw materials, feedstock, transportation and storage services based on an arm’s-length market prices and terms with customers and suppliers with comparable operational performance. Borrowing agreements are for an indeterminate period and do not contain interest clauses. In the opinion of the Company’s management, transactions with related parties are not subject to credit risk, which is why no allowance for doubtful accounts or collaterals are provided. Collaterals provided by the Company in loans of subsidiaries and affiliates are mentioned in Note 14.j). Intercompany loans are contracted in light of temporary cash surpluses or deficits of the Company, its subsidiaries and its associates.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

b. Key executives - Compensation (Consolidated)

The Company's compensation strategy combines short and long-term elements, following the principles of alignment of interests and of maintenance of a competitive compensation, and is aimed at retaining key officers and remunerating them adequately according to their attributed responsibilities and the value created to the Company and its shareholders.

Short-term compensation is comprised of: (a) fixed monthly compensation paid with the objective of rewarding the executive's experience, responsibility and his/her position's complexity, and includes salary and benefits such as medical coverage, check-up, life insurance and other similar benefits; (b) variable compensation paid annually with the objective of aligning the executive's and the Company's objectives, which is linked to: (i) the business performance measured through its economic value creation and (ii) the fulfillment of individual annual goals that are based on the strategic plan and are focused on expansion and operational excellence projects, people development and market positioning, among others. Further details about the Deferred Stock Plan are contained in Note 8.c) and about post employment benefits in Note 24.b). In addition, in 2011 the Company had a long-term variable compensation plan with the purpose of aligning the long-term interests of executive officers and shareholders, as well as the retention of these executives, which provided the payment in 2012 to Ultrapar's executive officers relating to the Company's shares' performance between 2006 and 2011, reflecting the goal of at least doubling the value of the Company's share within 5 years.

In 2012, the Company and its subsidiaries recognized expenses for compensation of its key executives (Company's directors and executive officers) in the amount of R\$ 31,639 (R\$ 26,030 in 2011). Out of this total, R\$ 25,793 relates to short-term compensation (R\$ 20,852 in 2011), R\$ 3,337 to stock compensation (R\$ 3,232 in 2011) and R\$ 2,509 (R\$ 1,946 in 2011) to post-employment benefits. In addition to the above amounts, the Company accrued, in 2011, R\$ 24,945 related to the variable long-term remuneration plan.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

c. Deferred Stock Plan

On April 27, 2001, the General Shareholders' Meeting approved a benefit plan to members of management and employees in executive positions in the Company and its subsidiaries. On November 26, 2003, the Extraordinary General Shareholders' Meeting approved certain amendments to the original plan of 2001 (the "Deferred Stock Plan"). In the Deferred Stock Plan, certain members of management of the Company and its subsidiaries have the voting and economic rights of shares and the ownership of these shares is retained by the subsidiaries of the Company. The Deferred Stock Plan provides for the transfer of the ownership of the shares to those eligible members of management after five to ten years from the initial concession of the rights subject to uninterrupted employment of the participant during the period. The total number of shares to be used for the Deferred Stock Plan is subject to the availability in treasury of such shares. It is incumbent on Ultrapar's executive officers to select the members of management eligible for the plan and propose the number of shares in each case for approval by the Board of Directors. At December 31, 2012, the amount granted to the company's executives, including tax charges, amounted R\$ 63,643 (R\$ 44,436 until December 31, 2011). This amount is amortized over the vesting period of Deferred Stock Plan. The amortization in 2012 in the amount of R\$ 6,426 (R\$ 6,083 in 2011) was recognized as a general and administrative expense. The fair value of the awards were determined on the grant date based on the market value of the shares on the BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros ("BM&FBOVESPA"), the Brazilian Securities, Commodities and Futures Exchange.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

The table below summarizes shares provided to the Company and its subsidiaries' management:

| Grant date | Number of shares granted | Vesting period | Market price of shares on the grant date (in R\$ per share) | Total compensation costs, including taxes | Accumulated recognized compensation costs | Accumulated unrecognized compensation costs |
|-------------------|--------------------------------|-------------------|---|---|--|--|
| November 7, 2012 | 350,000 | 5 to 7 years | 42.90 | 20,710 | (586) | 20,124 |
| December 14, 2011 | 120,000 | 5 to 7 years | 31.85 | 5,272 | (971) | 4,301 |
| November 10, 2010 | 260,000 | 5 to 7 years | 26.78 | 9,602 | (3,533) | 6,069 |
| December 16, 2009 | 250,000 | 5 to 7 years | 20.75 | 7,155 | (3,747) | 3,408 |
| October 8, 2008 | 576,000 | 5 to 7 years | 9.99 | 8,090 | (5,882) | 2,208 |
| December 12, 2007 | 106,640 | 5 to 7 years | 16.17 | 3,570 | (3,062) | 508 |
| November 9, 2006 | 207,200 | 10 years | 11.62 | 3,322 | (2,049) | 1,273 |
| December 14, 2005 | 93,600 | 10 years | 8.21 | 1,060 | (751) | 309 |
| October 4, 2004 | 167,900 | 10 years | 10.20 | 2,361 | (1,948) | 413 |
| December 18, 2003 | 239,200 | 10 years | 7.58 | 2,501 | (2,272) | 229 |
| | 2,370,540 | | | 63,643 | (24,801) | 38,842 |

The table below shows the movement in the number of shares vested and transferred to members of the Company and its subsidiaries' management:

| Grant date | Number of shares in 2011 | Shares vested and transferred | Number of shares in 2012 |
|-------------------|-----------------------------------|-------------------------------------|--------------------------------|
| December 12, 2007 | 160,000 | (53,360) | 106,640 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

9. Income and social contribution taxes

a. Deferred income and social contribution taxes

The Company and its subsidiaries recognize tax credits and debits, which are not subject to statute of limitations, resulting from tax loss carryforwards, temporary differences, negative tax bases and revaluation of property, plant and equipment, among others. Credits are sustained by the continued profitability of their operations. Deferred IRPJ and CSLL are recognized under the following main categories:

| | Parent 2012 | 2011 | Consolidated 2012 | 2011 |
|---|----------------|------|----------------------|---------|
| Assets - Deferred income and social contribution taxes on: | | | | |
| Provision for impairment of assets | - | - | 27,503 | 22,645 |
| Provisions for tax, civil and labor risks | 6 | 690 | 110,563 | 105,160 |
| Provision for post-employment benefit (see Note 24.b) | - | - | 38,475 | 31,594 |
| Provision for differences between cash and accrual basis | - | - | 21,710 | 2,500 |
| Goodwill (see Note 13) | - | - | 134,598 | 220,668 |
| Provision for assets retirement obligation | - | - | 13,855 | 13,067 |
| Other provisions | 37 | - | 61,120 | 61,494 |
| Tax losses and negative basis for social contribution carryforwards (d) | - | - | 57,366 | 53,007 |
| Total | 43 | 690 | 465,190 | 510,135 |
| Liabilities - Deferred income and social contribution taxes on: | | | | |
| Revaluation of property, plant and equipment | - | - | 3,259 | 3,379 |
| Lease | - | - | 6,255 | 6,644 |
| Provision for differences between cash and accrual basis | - | - | 65,299 | 22,071 |
| Provision for goodwill/negative goodwill | - | - | 950 | 810 |
| Temporary differences of foreign subsidiaries | - | - | 3,489 | 871 |
| Other provisions | - | - | 5,672 | 4,205 |
| Total | - | - | 84,924 | 37,980 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

The estimated recovery of deferred tax assets relating to IRPJ and CSLL is stated as follows:

| | Parent | Consolidated |
|--------------------|--------|--------------|
| Up to 1 year | 37 | 190,604 |
| From 1 to 2 years | - | 85,841 |
| From 2 to 3 years | - | 46,536 |
| From 3 to 5 years | 6 | 48,222 |
| From 5 to 7 years | - | 62,382 |
| From 7 to 10 years | - | 31,605 |
| | 43 | 465,190 |

b. Reconciliation of income and social contribution taxes

IRPJ and CSLL are reconciled to the statutory tax rates as follows:

| | Parent | | Consolidated | |
|--|-----------|-----------|--------------|------------|
| | 2012 | 2011 | 2012 | 2011 |
| Income before taxes and share of profit of subsidiaries and associates | 14,512 | 21,668 | 1,446,430 | 1,155,495 |
| Statutory tax rates - % | 34 | 34 | 34 | 34 |
| Income and social contribution taxes at the statutory tax rates | (4,934) | (7,367) | (491,786) | (392,868) |
| Adjustments to the statutory income and social contribution taxes: | | | | |
| Operating provisions and nondeductible expenses/nontaxable revenues | 9 | 1,848 | (343) | 38,516 |
| Adjustment to estimated income | - | - | 25,919 | 26,083 |
| Interest on equity | (22,132) | (18,851) | - | - |
| Other adjustments | 339 | 33 | (5,988) | (823) |
| Income and social contribution taxes before tax incentives | (26,718) | (24,337) | (472,198) | (329,092) |
| Tax incentives - SUDENE | - | - | 43,442 | 28,192 |
| Income and social contribution taxes in the income statement | (26,718) | (24,337) | (428,756) | (300,900) |
| Current | (26,071) | (24,842) | (364,952) | (243,241) |
| Deferred | (647) | 505 | (107,246) | (85,851) |
| Tax incentives - SUDENE | - | - | 43,442 | 28,192 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

c. Tax incentives - SUDENE

The following subsidiaries are entitled to federal tax benefits providing for IRPJ reduction under the program for development of northeastern Brazil operated by the Superintendency for the Development of the Northeast ("SUDENE"):

| Subsidiary | Units | Incentive - % | Expiration |
|--|--------------------|---------------|------------|
| Oxiteno Nordeste S.A. Indústria e Comércio | eCamaçari plant | 75 | 2016 |
| Bahiana Distribuidora de Gás Ltda. | Caucaia base (*) | 75 | 2012 |
| | Mataripe base | 75 | 2013 |
| | Aracaju base | 75 | 2017 |
| | Suape base | 75 | 2018 |
| Terminal Químico de Aratu S.A. Tequimar | Aratu terminal (*) | 75 | 2012 |
| | Suape terminal | 75 | 2020 |
| Oleoquímica Indústria e Comércio de Produtos Químicos Ltda. (**) | Camaçari plant | 75 | 2022 |

(*) In the first quarter of 2013 the subsidiaries will request the extension of the recognition of tax incentive for another 10 years, due the production increase and modernization verified in the Caucaia base and Aratu terminal, respectively.

(**) In November 2012 the Federal Revenue Service (SRF) acknowledged the income tax reduction for this plant, valid from January 2012.

d. Income and social contribution taxes carryforwards

The Company and certain subsidiaries have loss carryforwards (income tax) amounting to R\$ 172,754 (R\$ 158,437 in 2011) and negative basis of CSLL of R\$ 157,532 (R\$ 148,861 in 2011), whose compensations are limited to 30% of taxable income, which do not expire. Based on these values the Company and its subsidiaries recognized deferred income and social contribution tax assets in the amount of R\$ 57,366 (R\$ 53,007 in 2011).

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

| 10. | Prepaid expenses (Consolidated) | 2012 | 2011 |
|--|---------------------------------|---------|---------|
| Rents | | 60,931 | 49,937 |
| Deferred Stock Plan, net (see Note 8.c) | | 31,438 | 21,066 |
| Software maintenance | | 11,187 | 16,233 |
| Insurance premiums | | 15,716 | 10,149 |
| Advertising and publicity | | 6,218 | 3,589 |
| Purchases of meal and transportation tickets | | 4,545 | 4,670 |
| Taxes and other prepaid expenses | | 4,857 | 3,775 |
| | | 134,892 | 109,419 |
| Current | | 54,036 | 40,221 |
| Non-current | | 80,856 | 69,198 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

11. Investments

a. Subsidiaries and joint-ventures (Parent company)

| | 2012 | | | |
|---|--|---|---------------------------------------|--|
| | Ultracargo – Operações Logísticas e Participações Ltda. | Oxiten S.A. Indústria e Comércio | Ipiranga Produtos de Petróleo S.A. | Refinaria de Petróleo Riograndense S.A. |
| Number of shares or units held | 9,323,829 | 35,102,127 | 224,467,228,244 | 5,078,888 |
| Assets | 1,008,765 | 3,142,610 | 8,934,599 | 229,328 |
| Liabilities | 19,921 | 789,697 | 6,493,500 | 169,820 |
| Shareholders' equity adjusted for intercompany unrealized profits | 988,844 | 2,352,973 | 2,441,115 | 59,508 |
| Net revenue from sales and services | - | 926,254 | 46,745,615 | 147,633 |
| Net income for the year after adjustment for intercompany unrealized profits | 74,106 | 169,305 | 775,938 | 11,980 |
| | 2011 | | | |
| | Ultracargo – Operações Logísticas e Participações Ltda. | Oxiten S.A. Indústria e Comércio | Ipiranga Produtos de Petróleo S.A. | Refinaria de Petróleo Riograndense S.A. |
| Number of shares or units held | 9,323,829 | 35,102,127 | 224,467,228,244 | 5,078,888 |
| Assets | 810,547 | 2,927,945 | 7,773,605 | 198,991 |
| Liabilities | 29,664 | 721,148 | 5,489,165 | 142,058 |
| Shareholders' equity adjusted for intercompany unrealized profits | 780,883 | 2,206,872 | 2,284,440 | 56,933 |
| Net revenue from sales and services | - | 807,976 | 42,114,723 | 212,375 |
| Net income for the year after adjustment for intercompany unrealized profits | 68,934 | 109,336 | 668,359 | 14,468 |

Operating financial information of the subsidiaries is detailed in Note 21.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

| | Ultracargo - Operações Logísticas e Participações Ltda. | Oxiteno S.A. - Indústria e Comércio | Ipiranga Produtos de Petróleo S.A. | Refinaria de Petróleo Riograndense S.A. | Total |
|--|---|--|---|--|------------|
| Balance in 2010 | 711,949 | 1,787,702 | 2,423,534 | 15,982 | 4,939,167 |
| Share of profit of subsidiaries | 68,934 | 109,336 | 668,359 | 4,804 | 851,433 |
| Dividends and interest on equity (gross) | - | (25,935) | (307,392) | (2,811) | (336,138) |
| Capital increase | - | 320,000 | - | - | 320,000 |
| Capital reduction | - | - | (500,000) | - | (500,000) |
| Tax liabilities on equity- method revaluation reserve | - | - | (130) | - | (130) |
| Valuation adjustment of subsidiaries | - | 1,590 | 77 | 929 | 2,596 |
| Translation adjustments of foreign-based subsidiaries | - | 14,171 | - | - | 14,171 |
| Balance in 2011 | 780,883 | 2,206,872 | 2,284,440 | 18,904 | 5,291,099 |
| Share of profit of subsidiaries | 74,106 | 169,305 | 775,938 | 3,866 | 1,023,215 |
| Dividends and interest on equity (gross) | (16,145) | (40,149) | (619,136) | (3,011) | (678,441) |
| Capital increase | 150,000 | - | - | - | 150,000 |
| Tax liabilities on equity- method revaluation reserve | - | - | (59) | - | (59) |
| Valuation adjustment of subsidiaries | - | (102) | (68) | - | (170) |
| Translation adjustments of foreign-based subsidiaries | - | 17,047 | - | - | 17,047 |
| Balance in 2012 | 988,844 | 2,352,973 | 2,441,115 | 19,759 | 5,802,691 |

The table below summarizes the 33% interest in RPR attributed to the Company:

| | 2012 | 2011 |
|-------------------------------------|--------|--------|
| Current assets | 45,732 | 37,385 |
| Non-current assets | 30,414 | 28,688 |
| Current liabilities | 29,243 | 11,850 |
| Non-current liabilities | 27,144 | 35,319 |
| Shareholders' equity | 19,759 | 18,904 |
| Net revenue from sales and services | 49,020 | 70,517 |

| | | |
|---|-----------|-----------|
| Costs and operating expenses | (36,632) | (68,568) |
| Operating income | 12,388 | 1,949 |
| Net financial income and income and social contribution taxes | (8,522) | 2,855 |
| Net income for the year | 3,866 | 4,804 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

b. Associates (Consolidated)

| | Movements in investments | | | |
|--------------------------------------|---|---|---|--------|
| | Transportadora Sulbrasileira de Gás S.A. | Oxicap Indústria de Gases Ltda. | Química da Bahia Indústria e Comércio S.A. | Total |
| Balance in 2010 | 6,668 | 2,075 | 3,722 | 12,465 |
| Dividends received | (31) | - | - | (31) |
| Share of profit (loss) of associates | 191 | 30 | (29) | 192 |
| Balance in 2011 | 6,828 | 2,105 | 3,693 | 12,626 |
| Dividends received | (146) | - | - | (146) |
| Share of profit (loss) of associates | 332 | (85) | (57) | 190 |
| Balance in 2012 | 7,014 | 2,020 | 3,636 | 12,670 |

Subsidiary IPP holds an interest in Transportadora Sulbrasileira de Gás S.A., which is primarily engaged in natural gas transportation services.

Subsidiary Oxiteno S.A. holds an interest in Oxicap Indústria de Gases Ltda. (“Oxicap”), which is primarily engaged in the supply of nitrogen and oxygen for its shareholders in the Mauá petrochemical complex.

Subsidiary Oxiteno Nordeste S.A. Indústria e Comércio (“Oxiteno Nordeste”) holds an interest in Química da Bahia Indústria e Comércio S.A., which is primarily engaged in manufacturing, marketing and processing of chemicals. The operations of this associate are currently suspended.

Subsidiary Cia. Ultragaz holds an interest in Metalúrgica Plus S.A. which is primarily engaged in the manufacture and marketing of LPG containers. The operations of this associate is currently suspended.

Subsidiary IPP holds an interest in Plenogás Distribuidora de Gás S.A., which is primarily engaged in the marketing of LPG. The operations of this associate is currently suspended.

In the consolidated financial statements, the investment of subsidiary Oxiteno S.A. in the associate Oxicap is accounted for under the equity method of accounting based on its information as of November 30, 2012, while the other associates are valued based on the financial statements as of December 31, 2012.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

| | Transportadora Sulbrasileira de Gás S.A. | Oxicap Indústria de Gases Ltda. | 2012 Química da Bahia Indústria e Comércio S.A. | Metalúrgica Plus S.A. | Plenogás Distribuidora de Gás S.A. |
|--|---|--|--|--------------------------|--|
| Current assets | 8,074 | 15,300 | 207 | 364 | 30 |
| Non-current assets | 20,881 | 88,938 | 9,745 | 678 | 3,150 |
| Current liabilities | 565 | 7,712 | - | 15 | 92 |
| Non-current liabilities | 332 | 88,446 | 2,682 | 1,708 | 3,972 |
| Shareholders' equity | 28,058 | 8,080 | 7,270 | (681) | (884) |
| Net revenue from sales and services | 5,150 | 32,301 | - | - | - |
| Costs, operating expenses and income | (3,932) | (32,384) | (78) | (141) | 356 |
| Net financial income and income and social contribution taxes | 110 | (256) | (36) | 8 | (33) |
| Net income (loss) for the year | 1,328 | (339) | (114) | (133) | 323 |
| Number of shares or units held | 20,124,996 | 156 | 1,493,120 | 3,000 | 1,384,308 |
| % of capital held | 25 | 25 | 50 | 33 | 33 |

| | Transportadora Sulbrasileira de Gás S.A. | Oxicap Indústria de Gases Ltda. | 2011 Química da Bahia Indústria e Comércio S.A. | Metalúrgica Plus S.A. | Plenogás Distribuidora de Gás S.A. |
|--|---|--|--|--------------------------|--|
| Current assets | 6,282 | 11,049 | 774 | 332 | 25 |
| Non-current assets | 22,032 | 93,310 | 8,836 | 842 | 3,132 |
| Current liabilities | 668 | 6,638 | - | 13 | 61 |
| Non-current liabilities | 332 | 89,301 | 2,226 | 1,708 | 4,304 |
| Shareholders' equity | 27,314 | 8,420 | 7,384 | (547) | (1,208) |
| Net revenue from sales and services | 3,879 | 27,557 | - | - | - |
| Costs, operating expenses and income | (3,620) | (27,342) | (96) | (133) | (225) |
| Net financial income and income and social contribution taxes | 357 | (93) | 38 | 42 | (5) |
| Net income (loss) for the year | 616 | 122 | (58) | (91) | (230) |

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| | | | | | |
|--------------------------------|------------|-----|-----------|-------|-----------|
| Number of shares or units held | 20,124,996 | 156 | 1,493,120 | 3,000 | 1,384,308 |
| % of capital held | 25 | 25 | 50 | 33 | 33 |

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Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

12. Property, plant and equipment (Consolidated)

Balances and changes in property, plant and equipment are as follows:

| | Weighted average useful life (years) | Balance in 2011 | Additions | Deprecia- tion | Transfer | Write-offs | Temmar acquisition | Chemical acquisition | Effect of foreign currency exchange rate variation | Balance in 2012 |
|--|--|--------------------|-----------|-------------------|-----------|------------|-----------------------|-------------------------|--|--------------------|
| Cost: | | | | | | | | | | |
| Land | - | 356,012 | 39,621 | - | 20,411 | (11,384) | - | 171 | 938 | 405,769 |
| Buildings | 28 | 1,098,278 | 9,724 | - | 56,876 | (24,120) | - | 10,599 | 5,969 | 1,157,326 |
| Leasehold improvements | 13 | 405,054 | 6,649 | - | 68,202 | (1,256) | 31,749 | 29 | (1) | 510,426 |
| Machinery and equipment | 13 | 3,178,694 | 79,205 | - | 136,834 | (10,740) | 60,257 | 34,851 | 47,320 | 3,526,421 |
| Automotive fuel/lubricant distribution equipment and facilities | 14 | 1,639,532 | 130,303 | - | 67,223 | (20,267) | - | - | - | 1,816,791 |
| LPG tanks and bottles | 12 | 415,905 | 65,843 | - | 31 | (40,773) | - | - | - | 441,006 |
| Vehicles | 9 | 192,163 | 15,044 | - | 10,031 | (19,079) | 77 | 292 | 383 | 198,911 |
| Furniture and utensils | 8 | 110,806 | 4,716 | - | 473 | (149) | 238 | 1,164 | 1,704 | 118,952 |
| Construction in progress | - | 232,054 | 397,777 | - | (348,598) | (887) | - | 14,769 | 3,298 | 298,413 |
| Advances to suppliers | - | 11,482 | 15,102 | - | (13,701) | (2) | - | - | - | 12,881 |
| Imports in progress | - | 166 | 84 | - | (105) | - | - | 40 | (11) | 174 |
| IT equipment | 5 | 187,070 | 10,085 | - | 3,395 | (2,820) | 306 | 195 | 237 | 198,468 |
| | | 7,827,216 | 774,153 | - | 1,072 | (131,477) | 92,627 | 62,110 | 59,837 | 8,685,538 |
| Accumulated depreciation: | | | | | | | | | | |
| Buildings | | (465,608) | - | (35,872) | (1,123) | 11,220 | - | (2,563) | (4,870) | (498,816) |
| Leasehold improvements | | (212,492) | - | (27,392) | (66) | 1,045 | (1,051) | (28) | - | (239,984) |
| Machinery and equipment | | (1,443,487) | - | (207,474) | (1,347) | 6,292 | (3,060) | (15,286) | (45,830) | (1,710,192) |

| | | | | | | | | | |
|--|--------------|----------|------------|----------|-----------|----------|-----------|-----------|--------------|
| Automotive fuel/lubricant distribution equipment and facilities | (892,860) | - | (95,113) | 137 | 15,822 | - | - | - | (972,014) |
| LPG tanks and bottles | (205,213) | - | (25,990) | (29) | 14,525 | - | - | - | (216,707) |
| Vehicles | (96,127) | - | (7,992) | 366 | 14,838 | (29) | (93) | (292) | (89,329) |
| Furniture and utensils | (74,338) | - | (8,492) | 372 | 124 | (29) | (426) | (1,572) | (84,361) |
| IT equipment | (156,488) | - | (12,212) | (38) | 2,167 | (97) | (100) | (135) | (166,903) |
| | (3,546,613) | - | (420,537) | (1,728) | 66,033 | (4,266) | (18,496) | (52,699) | (3,978,306) |
| Provision for loss: | | | | | | | | | |
| Land | (197) | - | - | - | - | - | - | - | (197) |
| Machinery and equipment | (1,475) | (4,195) | - | - | 54 | - | - | - | (5,616) |
| IT equipment | - | (3) | - | - | - | - | - | - | (3) |
| Furniture and utensils | - | (10) | - | - | - | - | - | - | (10) |
| | (1,672) | (4,208) | - | - | 54 | - | - | - | (5,826) |
| Net amount | 4,278,931 | 769,945 | (420,537) | (656) | (65,390) | 88,361 | 43,614 | 7,138 | 4,701,406 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

| | Weighted average useful life (years) | Balance in 2010 | Additions | Repairs and acquisition adjustments | DNP depreciation | Transfer | Write-offs | Effect of foreign currency exchange rate variation | Balance in 2011 |
|--|--|--------------------|-----------|---|---------------------|-----------|------------|--|--------------------|
| Cost: | | | | | | | | | |
| Land | - | 375,669 | 6,750 | - | - | 6,419 | (33,428) | 602 | 356,012 |
| Buildings | 27 | 1,046,128 | 12,797 | - | 1,055 | 76,021 | (41,498) | 3,775 | 1,098,278 |
| Leasehold improvements | 13 | 372,760 | 12,164 | 338 | - | 25,916 | (6,128) | 4 | 405,054 |
| Machinery and equipment | 12 | 2,601,836 | 93,094 | 13,981 | - | 437,980 | (2,139) | 33,942 | 3,178,694 |
| Automotive fuel/lubricant distribution equipment and facilities | 14 | 1,465,777 | 124,744 | - | 614 | 77,390 | (28,993) | - | 1,639,532 |
| LPG tanks and bottles | 13 | 362,882 | 67,509 | 15,976 | - | 4 | (30,466) | - | 415,905 |
| Vehicles | 8 | 173,408 | 28,992 | 5,914 | 167 | 12,390 | (28,402) | (306) | 192,163 |
| Furniture and utensils | 7 | 105,795 | 6,156 | 188 | - | 1,250 | (2,821) | 238 | 110,806 |
| Construction in progress | - | 422,471 | 353,111 | - | - | (536,695) | (7,794) | 961 | 232,054 |
| Advances to suppliers | - | 6,525 | 13,767 | - | - | (8,206) | (606) | 2 | 11,482 |
| Imports in progress | - | 340 | 455 | - | - | (629) | - | - | 166 |
| IT equipment | 5 | 178,296 | 10,378 | 293 | - | 1,385 | (3,324) | 42 | 187,070 |
| | | 7,111,887 | 729,917 | 36,690 | 1,836 | 93,225 | (185,599) | 39,260 | 7,827,216 |
| Accumulated depreciation: | | | | | | | | | |
| Buildings | | (436,875) | - | - | (37,686) | (10,335) | 23,145 | (3,857) | (465,608) |
| Leasehold improvements | | (195,091) | - | (175) | (22,480) | (99) | 5,353 | - | (212,492) |
| Machinery and equipment | | (1,130,575) | - | (7,526) | (186,323) | (89,045) | 1,386 | (31,404) | (1,443,487) |
| Automotive fuel/lubricant distribution equipment and | | (834,834) | - | - | (81,388) | 177 | 23,183 | 2 | (892,860) |

| | | | | | | | | | |
|-------------------------|-------------|---------|----------|-------|-----------|-----------|-----------|----------|-------------|
| facilities | | | | | | | | | |
| LPG tanks and bottles | (190,255) | - | (3,802) | - | (22,620) | - | 11,464 | - | (205,213) |
| Vehicles | (109,346) | - | (2,776) | - | (6,044) | (628) | 22,745 | (78) | (96,127) |
| Furniture and utensils | (62,325) | - | (121) | - | (9,202) | (2,931) | 1,203 | (962) | (74,338) |
| IT equipment | (146,831) | - | (264) | - | (12,483) | 167 | 2,951 | (28) | (156,488) |
| | (3,106,132) | - | (14,664) | - | (378,226) | (102,694) | 91,430 | (36,327) | (3,546,613) |
| Provision for loss: | | | | | | | | | |
| Land | (197) | - | - | - | - | - | - | - | (197) |
| Machinery and equipment | (1,854) | - | - | - | - | - | 379 | - | (1,475) |
| | (2,051) | - | - | - | - | - | 379 | - | (1,672) |
| Net amount | 4,003,704 | 729,917 | 22,026 | 1,836 | (378,226) | (9,469) | (93,790) | 2,933 | 4,278,931 |

Construction in progress relates substantially to expansions and renovations in industrial facilities and terminals and construction and upgrade of service stations and fuel distribution bases.

Advances to suppliers of property, plant and equipment relate basically to manufacturing of equipment for expansion of plants, terminals and bases, modernization of service stations and acquisition of real estate.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

13. Intangible assets (Consolidated)

Balances and changes in intangible assets are as follows:

| | Goodwill | Software | Technology | Commercial property rights | Distribution rights | Others | Total |
|---|-----------|-----------|------------|----------------------------------|------------------------|------------|------------|
| Balance in 2010 | 714,391 | 68,187 | 12,011 | 12,466 | 535,081 | 3,475 | 1,345,611 |
| DNP acquisition adjustment | (21,805) | - | - | - | 4,865 | - | (16,940) |
| Repsol acquisition | 13,403 | - | - | - | 11,625 | - | 25,028 |
| Additions | - | 42,759 | - | - | 349,460 | - | 392,219 |
| Write-offs | - | (4) | - | - | (577) | (295) | (876) |
| Transferences | - | 463 | 8,562 | - | - | 444 | 9,469 |
| Amortization | - | (26,643) | (4,973) | (549) | (183,386) | (34) | (215,585) |
| Effect of foreign currency exchange rate variation | - | 28 | - | - | - | 223 | 251 |
| Balance in 2011 | 705,989 | 84,790 | 15,600 | 11,917 | 717,068 | 3,813 | 1,539,177 |
| Additions | - | 38,676 | - | - | 533,185 | 26,230 (*) | 598,091 |
| Write-offs | - | - | - | - | - | (2) | (2) |
| Transfer | - | 245 | - | - | (1,443) | (19) | (1,217) |
| Amortization | - | (30,359) | (6,060) | (549) | (251,099) | (80) | (288,147) |
| Provision for loss | - | (4) | - | - | - | - | (4) |
| Effect of foreign currency exchange rate variation | - | 1,221 | - | - | - | (559) | 662 |
| American Chemical acquisition | 54,927 | 104 | - | - | - | - | 55,031 |
| Temmar acquisition | 43,781 | - | - | - | 21,243 | - | 65,024 |
| Balance in 2012 | 804,697 | 94,673 | 9,540 | 11,368 | 1,018,954 | 29,383 | 1,968,615 |
| Weighted average useful life (years) | - | 5 | 5 | 30 | 5 | 7 | |

(*) In 2012, Ipiranga acquired the 'am/pm' brand in Brazil for R\$ 26,132. am/pm is the largest convenience stores chain in Brazil. am/pm is an important part of Ipiranga's differentiation model in services and convenience.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

Goodwill from acquisition of companies was amortized until December 31, 2008, when its amortization ceased. The net remaining balance is tested annually for impairment analysis purposes.

The Company has the following balances of goodwill:

| | 2012 | 2011 |
|---------------------------------|---------|---------|
| Goodwill on the acquisition of: | | |
| Ipiranga | 276,724 | 276,724 |
| União Terminais | 211,089 | 211,089 |
| Texaco | 177,759 | 177,759 |
| American Chemical | 54,927 | - |
| Temmar | 43,781 | - |
| DNP | 24,736 | 24,736 |
| Repsol | 13,403 | 13,403 |
| Other | 2,278 | 2,278 |
| | 804,697 | 705,989 |

On December 31, 2012 the Company tested the balances of goodwill shown in the table above for impairment. The determination of value in use involves assumptions, judgments and estimates of cash flows, such as growth rates of revenues, costs and expenses, estimates of investments and working capital and discount rates. The assumptions about growth projections and future cash flows are based on the Company's business plan, as well as comparable market data, and represent management's best estimate of the economic conditions that will exist over the economic life of the various CGUs, to which goodwill is related.

The evaluation of the value in use is calculated for a period of five years, after which we calculate the perpetuity, considering the possibility of carrying the business on indefinitely.

The discount and growth rates used to extrapolate the projections ranged from 10.4% to 29.6% and 0% to 3.5% p.a., respectively, depending on the CGU analyzed.

The Company's goodwill impairment tests did not result in the recognition of losses for the year ended December 31, 2012.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

Software includes user licenses and costs for the implementation of the various systems used by the Company and its subsidiaries, such as: integrated management and control, financial management, foreign trade, industrial automation, operational and storage management, accounting information and other systems.

The subsidiaries Oxiteno S.A., Oxiteno Nordeste and Oleoquímica Indústria e Comércio de Produtos Químicos Ltda. (“Oleoquímica”) recognize as technology certain rights of use held by them. Such licenses include the production of ethylene oxide, ethylene glycols, ethanolamines, glycol ethers, ethoxylates, solvents, fatty acids from vegetable oils, fatty alcohols, and specialty chemicals, which are products that are supplied to various industries.

Commercial property rights include those described below:

On July 11, 2002, subsidiary Tequimar executed an agreement with CODEBA – Companhia das Docas do Estado da Bahia, which allows it to explore the area in which the Aratu Terminal is located for 20 years, renewable for a similar period. The price paid by Tequimar was R\$ 12,000, which is being amortized over the period from August 2002 to July 2042.

In addition, subsidiary Tequimar has a lease contract for an area adjacent to the Port of Santos for 20 years from December 2002, renewable for another 20 years, which allows the construction, operation, and use of a terminal for liquid bulk unloading, tank storage, handling, and distribution. The price paid by Tequimar was R\$ 4,334, which is being amortized over the period from August 2005 to December 2022.

Distribution rights refer mainly to bonus disbursements as provided in Ipiranga’s agreements with resellers and large customers. Bonus disbursements are recognized when paid and recognized as an expense in the income statement over the term of the agreement (typically 5 years) which is reviewed as per the changes occurred in the agreements.

The amortization expenses were recognized in the financial statements as shown below:

| | 2012 | 2011 |
|--|---------|---------|
| Inventories and cost of products and services sold | 13,719 | 11,872 |
| Selling and marketing | 246,828 | 180,354 |
| General and administrative | 27,600 | 23,359 |
| | 288,147 | 215,585 |

Research and development expenses are recognized in the income statements and amounted to R\$ 23,683 in 2012 (R\$ 21,745 in 2011).

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

14. Loans, debentures and finance leases (Consolidated)

a. Composition

| Description | 2012 | 2011 | Index/Currency | Weighted average financial charges 12/31/2012 - % p.a. | Maturity |
|--|-----------|-----------|-------------------|--|--------------|
| Foreign currency – denominated loans: | | | | | |
| Notes in the foreign market (b) | 508,883 | 466,197 | US\$ | +7.2 | 2015 |
| Foreign loan (c) | 281,702 | 111,868 | US\$ + LIBOR (i) | +0.9 | 2014 to 2015 |
| Advances on foreign exchange contracts | 114,760 | 125,813 | US\$ | +2.0 | < 350 days |
| Financial institutions (e) | 84,007 | - | US\$ | +2.5 | 2013 to 2017 |
| BNDES (d) | 59,291 | 72,869 | US\$ | +5.5 | 2013 to 2020 |
| Foreign currency advances delivered | 52,744 | 45,692 | US\$ | +1.6 | < 87 days |
| Financial institutions (e) | 40,641 | - | US\$ + LIBOR (i) | +2.0 | 2017 |
| Financial institutions (e) | 30,194 | 21,784 | Bs (ii) | +11.3 | 2013 to 2015 |
| Financial institutions (e) | 25,259 | 28,454 | MX\$ + TIIE (iii) | +1.4 | 2014 to 2016 |
| BNDES (d) | 316 | - | UMBNDDES (iv) | +6.9 | 2016 |
| FINIMP | - | 878 | US\$ | - | - |
| Subtotal | 1,197,797 | 873,555 | | | |
| Brazilian Reais – denominated loans: | | | | | |
| Banco do Brasil – fixed rate (f) | 1,948,096 | 2,208,109 | R\$ | +11.9 | 2013 to 2015 |
| Debentures - 4th issuance (g) | 845,891 | - | CDI | 108.2 | 2015 |
| BNDES (d) | 678,965 | 890,865 | TJLP (v) | +2.5 | 2013 to 2020 |
| Banco do Brasil – floating rate (f) | 668,900 | 213,055 | CDI | 101.4 | 2014 |
| Debentures - 1st public issuance IPP (g) | 602,328 | - | CDI | 107.9 | 2017 |
| Banco do Nordeste do Brasil | 118,754 | 86,108 | R\$ | +8.5 (vii) | 2018 to 2021 |
| BNDES (d) | 49,561 | 57,626 | R\$ | +5.8 | |

| | | | | | |
|--|-----------|-----------|------------|-------|-----------------|
| | | | | | 2015 to 2021 |
| Finance leases (h) | 42,419 | 42,356 | IGP-M (vi) | +5.6 | 2031 |
| FINEP | 30,789 | 10,904 | R\$ | +4.0 | 2019 to 2021 |
| FINEP | 23,488 | 45,647 | TJLP (v) | +0.2 | 2013 to 2014 |
| Debentures – RPR (g) | 21,015 | 19,102 | CDI | 118.0 | 2014 |
| FINAME | 510 | 2,106 | TJLP (v) | +2.8 | 2013 |
| Fixed finance leases (h) | 494 | 1,297 | R\$ | +14.4 | 2013 to 2014 |
| Debentures – 3rd issuance (g) | - | 1,002,451 | CDI | - | - |
| Loan – MaxFácil | - | 86,364 | CDI | - | - |
| Subtotal | 5,031,210 | 4,665,990 | | | |
| | | | | | |
| Currency and interest rate hedging instruments | 9,699 | 22,089 | | | |
| | | | | | |
| Total | 6,238,706 | 5,561,634 | | | |
| | | | | | |
| Current | 1,641,100 | 2,304,999 | | | |
| | | | | | |
| Non-current | 4,597,606 | 3,256,635 | | | |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

- (i) LIBOR = London Interbank Offered Rate.
- (ii) Bs = Venezuelan Bolivar Forte.
- (iii) MX\$ = Mexican Peso; TIIE = the Mexican interbank balance interest rate.
- (iv) UMBNDES = monetary unit of Banco Nacional de Desenvolvimento Econômico e Social (“BNDES”) is a “basket of currencies” representing the composition of foreign currency debt obligations of BNDES. As of December 2012, 97% of this composition reflected the U.S. dollar.
- (v) TJLP (Long-term Interest Rate) = set by the National Monetary Council, TJLP is the basic financing cost of BNDES. On December 31, 2012, TJLP was fixed at 5.5% p.a.
- (vi) IGP-M = General Market Price Index is a measure of Brazilian inflation, calculated by the Getúlio Vargas Foundation.
- (vii) Contract linked to the rate of FNE (Northeast Constitutional Financing Fund) fund whose purpose is to foster the development of the industrial sector, administered by Banco do Nordeste do Brasil. On December 31, 2012, the FNE interest rate was 10% p.a. FNE grants a discount of 15% over the interest rate for timely payments.

The long-term consolidated debt had the following maturity schedule:

| | 2012 | 2011 |
|-------------------|-----------|-----------|
| From 1 to 2 years | 1,449,202 | 1,214,029 |
| From 2 to 3 years | 2,105,543 | 879,137 |
| From 3 to 4 years | 167,013 | 976,172 |
| From 4 to 5 years | 762,608 | 93,970 |
| More than 5 years | 113,240 | 93,327 |
| | 4,597,606 | 3,256,635 |

As provided in IAS 39 (CPC 8 (R1)), the transaction costs and issuance premiums associated with debt issuance by the Company and its subsidiaries were added to their financial liabilities, as shown in Note 14.i).

The Company’s management entered into hedging instruments against foreign exchange and interest rate variations for a portion of its debt obligations (see Note 22).

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

b. Notes in the foreign market

In December 2005, the subsidiary LPG International Inc. ("LPG Inc.") issued US\$ 250 million in notes in the foreign market, maturing in December 2015, with interest rate of 7.2% p.a., paid semiannually. The issuance price was 98.7% of the note's face value, which represented a total yield for investors of 7.4% p.a. upon issuance. The notes were guaranteed by the Company and Oxiten S.A.

As a result of the issuance of these notes, the Company and its subsidiaries are required to undertake certain obligations, including:

• Limitation on transactions with shareholders that hold 5% or more of any class of stock of the Company, except upon fair and reasonable terms no less favorable than could be obtained in a comparable arm's-length transaction with a third party.

• Required board approval for transactions with shareholders that hold 5% or more of any class of stock of the Company, or with their subsidiaries, in an amount higher than US\$ 15 million (except transactions of the Company with its subsidiaries and between its subsidiaries).

- Restriction on sale of all or substantially all assets of the Company and subsidiaries LPG and Oxiten S.A.

• Restriction on encumbrance of assets exceeding US\$ 150 million or 15% of the value of the consolidated tangible assets.

The Company and its subsidiaries are in compliance with the levels of covenants required by these loans. The restrictions imposed on the Company and its subsidiaries are customary in transactions of this kind and have not limited their ability to conduct their business to date.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

c. Foreign loan

- In November 2012 the subsidiary IPP contracted a foreign loan in the amount of US\$ 80 million, with maturity in November 2015 and interest of LIBOR + 0.8% p.a., paid quarterly. IPP also contracted hedging instruments with floating interest rate in U.S. dollar and exchange rate variation, changing the foreign loan charge to 104.1% of CDI (see Note 22). The foreign loan is secured by the Company.
- The subsidiary Oxitenio Overseas Corp. has a foreign loan in the amount of US\$ 60 million with maturity in June 2014 and interest of LIBOR + 1.0% p.a., paid semiannually. The Company, through its subsidiary Cia. Ultragaz, contracted hedging instruments with floating interest rate in dollar and exchange rate variation, changing the foreign loan charge to 86.9% of CDI (see Note 22). The foreign loan is guaranteed by the Company and its subsidiary Oxitenio S.A.

As a result of these foreign loans, some obligations mentioned in Note 14.b) must also be maintained by the Company and its subsidiaries. Additionally, during these contracts, the Company shall maintain the following financial ratios, calculated based on its audited consolidated financial statements:

• Maintenance of a financial ratio, determined by the ratio between consolidated net debt and consolidated Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA), at less than or equal to 3.5.

• Maintenance of a financial ratio determined by the ratio between consolidated EBITDA and consolidated net financial expenses, higher than or equal to 1.5.

The Company is in compliance with the levels of covenants required by these loans. The restrictions imposed on the Company and its subsidiaries are usual for this type of transactions and have not limited their ability to conduct their business to date.

d. BNDES

The Company and its subsidiaries have financing from BNDES for some of their investments and for working capital.

During the term of these agreements, the Company must maintain the following capitalization and current liquidity levels, as determined in the annual consolidated audited balance sheet:

- capitalization level: shareholders' equity / total assets equal to or above 0.3; and
- current liquidity level: current assets / current liabilities equal to or above 1.3.

The Company is in compliance with the levels of covenants required by these loans. The restrictions imposed on the Company and its subsidiaries are usual for this type of transactions and have not limited their ability to conduct their business to date.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

e. Financial institutions

The subsidiaries Oxiteno Mexico S.A. de C.V., Oxiteno Andina, Oxiteno USA LLC and American Chemical have loans to finance investments and working capital.

f. Banco do Brasil

The subsidiary IPP has fixed and floating interest rate loans with Banco do Brasil to finance the marketing, processing or manufacturing of agricultural goods (ethanol). IPP contracted interest hedging instruments, thus converting the fixed rates for these loans into an average 98.8% of CDI (see Note 22). IPP designates these hedging instruments as a fair value hedge; therefore, loans and hedging instruments are both stated at fair value from inception. Changes in fair value are recognized in profit or loss.

These loans mature between 2013 and 2015, as follows:

| Maturity | 2012 |
|----------|-----------|
| Mar/13 | 682,324 |
| May/13 | 406,651 |
| Jan/14 | 377,293 |
| Mar/14 | 232,360 |
| Apr/14 | 59,247 |
| May/14 | 423,424 |
| May/15 | 435,697 |
| Total | 2,616,996 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

g. Debentures

- In December 2012, the subsidiary IPP made its first issuance of public debentures in single series of 60,000 simple, nonconvertible into shares, unsecured, nominative and registered debentures, and its main characteristics are as follows:

| | |
|----------------------------|----------------------------|
| Face value unit: | R\$ 10,000.00 |
| Final maturity: | November 16, 2017 |
| Payment of the face value: | Lump sum at final maturity |
| Interest: | 107.9% of CDI |
| Payment of interest: | Semiannually |
| Reprice: | Not applicable |

The proceeds of the issuance were used to manage liquidity of the issuer, in order to strengthen its cash and lengthen its debt profile, providing greater financial flexibility.

- In March 2012, the Company made its fourth issuance of debentures, in a single series of 800 simple, nonconvertible into shares, unsecured debentures, and its main characteristics are as follows:

| | |
|----------------------------|----------------------------|
| Face value unit | R\$ 1,000,000.00 |
| Final maturity: | March 16, 2015 |
| Payment of the face value: | Lump sum at final maturity |
| Interest: | 108.2% of CDI |
| Payment of interest: | Annually |
| Reprice: | Not applicable |

The proceeds of the issuance were used for the partial redemption, in March 2012, of the Company's third issuance of debentures.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

- In December 2009, the Company concluded the review of certain terms and conditions of its third issuance of debentures, in a single series of 1,200 simple, nonconvertible into shares, unsecured debentures, after which the interest of the debentures was reduced to 108.5% of CDI and its maturity date was extended to December 4, 2012. In April 2011 and March 2012, the Company made early partial redemptions of 200 debentures and 800 debentures, respectively. On December 4, 2012, the maturity date of these debentures, the Company settled the remaining 200 debentures. The debentures had annual interest payments and amortization in one single tranche at the maturity date, according to the following characteristics:

| | |
|----------------------------|----------------------------|
| Face value unit: | R\$ 1,000,000.00 |
| Final maturity: | December 4, 2012 |
| Payment of the face value: | Lump sum at final maturity |
| Interest: | 108.5% of CDI |
| Payment of interest: | Annually |
| Reprice: | Not applicable |

- In November 2010, RPR made its first issuance of debentures, in a single series of 50 simple debentures, nonconvertible into shares, with floating guarantees, and the following characteristics:

| | |
|----------------------------|---|
| Face value unit: | R\$ 1,000,000.00 |
| Final maturity: | November 30, 2014 |
| Payment of the face value: | Eight equal quarterly installments, starting on March 1, 2013 and ending on November 30, 2014 |
| Interest: | 118.0% of CDI |
| Payment of interest: | Eight equal quarterly installments, starting on March 1, 2013 and ending on November 30, 2014 |
| Reprice: | Not applicable |

The proceeds were received in January 2011. The RPR debentures were consolidated proportionally to the Company's investment in RPR.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

h. Finance leases

The subsidiary Cia. Ultragaz has a finance lease contract related to LPG bottling facilities, maturing in April 2031.

The subsidiaries Serma – Associação dos Usuários de Equipamentos de Processamento de Dados e Serviços Correlatos (“Serma”) and Tropical Transportes Ipiranga Ltda. (“Tropical”) have finance lease contracts primarily related to IT equipment and vehicles for fuel transportation. These contracts have terms between 36 and 60 months.

The subsidiaries Serma and Tropical have the option to purchase the assets at a price substantially lower than the fair market price on the date of option, and management intends to exercise such option.

The amounts of equipments and intangible assets, net of depreciation and amortization, and of the liabilities corresponding to such equipments, recognized as of December 31, 2012 and 2011 are shown below:

| | LPG bottling facilities | IT equipment | 2012 Vehicles for fuel transportation | Total |
|---|-------------------------------|-----------------|--|--------|
| Equipment and intangible assets, net of depreciation and amortization | 34,649 | 765 | 847 | 36,261 |
| Financing (present value) | 42,419 | 410 | 84 | 42,913 |
| Current | 1,533 | 357 | 84 | 1,974 |
| Non-current | 40,886 | 53 | - | 40,939 |
| | LPG bottling facilities | IT equipment | 2011 Vehicles for fuel transportation | Total |
| Equipment and intangible assets, net of depreciation and amortization | 39,645 | 1,541 | 865 | 42,051 |
| Financing (present value) | 42,356 | 952 | 345 | 43,653 |
| Current | 1,419 | 542 | 261 | 2,222 |
| Non-current | 40,937 | 410 | 84 | 41,431 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

The future disbursements (installments) assumed under these contracts are presented below:

| | 2012 | | | |
|-------------------|-------------------------------|-----------------|--|--------|
| | LPG bottling facilities | IT equipment | Vehicles for fuel transportation | Total |
| Up to 1 year | 3,655 | 385 | 113 | 4,153 |
| From 1 to 2 years | 3,655 | 55 | - | 3,710 |
| From 2 to 3 years | 3,655 | - | - | 3,655 |
| From 3 to 4 years | 3,655 | - | - | 3,655 |
| From 4 to 5 years | 3,655 | - | - | 3,655 |
| More than 5 years | 48,730 | - | - | 48,730 |
| | 67,005 | 440 | 113 | 67,558 |

| | 2011 | | | |
|-------------------|-------------------------------|-----------------|--|--------|
| | LPG bottling facilities | IT equipment | Vehicles for fuel transportation | Total |
| Up to 1 year | 3,540 | 622 | 365 | 4,527 |
| From 1 to 2 years | 3,540 | 385 | 113 | 4,038 |
| From 2 to 3 years | 3,540 | 55 | - | 3,595 |
| From 3 to 4 years | 3,540 | - | - | 3,540 |
| From 4 to 5 years | 3,540 | - | - | 3,540 |
| More than 5 years | 50,740 | - | - | 50,740 |
| | 68,440 | 1,062 | 478 | 69,980 |

The above amounts include Services Tax (“ISS”) payable on the monthly installments, except for disbursements for the LPG bottling facilities.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

i. Transaction costs

Transaction costs incurred in issuing debt were deducted from the value of the related financial instrument and are recognized as expense according to the effective interest rate method, as follows:

| | Effective rate of transaction costs (% p.a.) | Balance in 2011 | Incurred cost | Amortization | Balance in 2012 |
|---------------------------------|--|--------------------|------------------|--------------|--------------------|
| Banco do Brasil (f) | 0.6% | 21,512 | 2,926 | (11,123) | 13,315 |
| Debentures (g) | 0.4% | 6,023 | 6,772 | (4,679) | 8,116 |
| Notes in the foreign market (b) | 0.2% | 3,697 | - | (676) | 3,021 |
| Other | 0.3% | 810 | 929 | (304) | 1,435 |
| Total | | 32,042 | 10,627 | (16,782) | 25,887 |

| | Effective rate of transaction costs (% p.a.) | Balance in 2010 | Incurred cost | Amortization | Balance in 2011 |
|---------------------------------|--|--------------------|------------------|--------------|--------------------|
| Banco do Brasil (f) | 0.7% | 24,545 | 4,353 | (7,386) | 21,512 |
| Debentures (g) | 0.6% | 13,851 | - | (7,828) | 6,023 |
| Notes in the foreign market (b) | 0.2% | 4,105 | - | (408) | 3,697 |
| Other | 0.3% | 758 | 508 | (456) | 810 |
| Total | | 43,259 | 4,861 | (16,078) | 32,042 |

The amount to be appropriated to profit or loss in the future is as follows:

| | Up to 1 year | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | Total |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------|
| Banco do Brasil (f) | 8,915 | 3,528 | 872 | - | - | 13,315 |
| Debentures (g) | 3,385 | 3,766 | 855 | 55 | 55 | 8,116 |
| Notes in the foreign market (b) | 1,007 | 1,007 | 1,007 | - | - | 3,021 |
| Other | 540 | 447 | 304 | 78 | 66 | 1,435 |
| Total | 13,847 | 8,748 | 3,038 | 133 | 121 | 25,887 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

j. Guarantees

The financings are guaranteed by collateral in the amount of R\$ 41,863 as of December 31, 2012 (R\$ 89,231 as of December 31, 2011) and by guarantees and promissory notes in the amount of R\$ 2,423,240 as of December 31, 2012 (R\$ 1,841,760 as of December 31, 2011).

In addition, the Company and its subsidiaries offer collateral in the form of letters of credit for commercial and legal proceedings in the amount of R\$ 179,387 as of December 31, 2012 (R\$ 135,051 as of December 31, 2011).

Some subsidiaries issued collateral to financial institutions in connection with the amounts owed by some of their customers to such institutions (vendor financing). If a subsidiary is required to make any payment under these collaterals, this subsidiary may recover the amount paid directly from its customers through commercial collection. The maximum amount of future payments related to these collaterals is R\$ 12,137 as of December 31, 2012 (R\$ 11,843 as of December 31, 2011), with maturities of less than 211 days. As of December 31, 2012, the Company and its subsidiaries did not have losses in connection with these collaterals. The fair value of collaterals recognized in current liabilities as other payables is R\$ 298 as of December 31, 2012 (R\$ 286 as of December 31, 2011), which is recognized as profit or loss as customers settle their obligations with the financial institutions.

Some financing agreements of the Company and its subsidiaries have cross default clauses that require them to pay the debt assumed in case of default of other debts equal to or greater than US\$ 15 million. As of December 31, 2012, there was no event of default of the debts of the Company and its subsidiaries.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

15. Trade payables (Consolidated)

| | 2012 | 2011 |
|--------------------|-----------|-----------|
| Domestic suppliers | 1,256,980 | 1,024,697 |
| Foreign suppliers | 55,288 | 50,406 |
| | 1,312,268 | 1,075,103 |

The Company and its subsidiaries acquire oil based fuels and LPG from Petrobras and ethylene from Braskem and Braskem Qpar S.A. (see Note 8.a). These suppliers control almost all the markets for these products in Brazil. The Company and its subsidiaries depend on the ability of those suppliers to deliver products in a timely manner and at acceptable prices and terms. The loss of any major supplier or a significant reduction in product availability from these suppliers could have a significant adverse effect on the Company and its subsidiaries. The Company and its subsidiaries believe that their relationship with suppliers is satisfactory.

16. Salaries and related charges (Consolidated)

| | 2012 | 2011 |
|-----------------------------------|---------|---------|
| Profit sharing, bonus and premium | 114,643 | 144,144 |
| Provisions on payroll | 94,408 | 89,167 |
| Social charges | 33,072 | 27,748 |
| Salaries and related payments | 9,489 | 5,207 |
| Benefits | 1,474 | 1,121 |
| Others | 1,480 | 958 |
| | 254,566 | 268,345 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

| 17. | Taxes payable (Consolidated) | 2012 | 2011 |
|-----|--|---------|---------|
| | ICMS | 71,284 | 55,055 |
| | PIS and COFINS | 10,637 | 16,818 |
| | Value-Added Tax (IVA) of subsidiaries Oxiteno Mexico, Oxiteno Andina and American Chemical | 8,818 | 8,340 |
| | ISS | 5,726 | 4,763 |
| | IPI | 4,502 | 14,604 |
| | National Institute of Social Security (INSS) | 3,448 | 3,863 |
| | Income Tax Withholding (IRRF) | 1,455 | 5,180 |
| | Others | 1,952 | 1,030 |
| | | 107,822 | 109,653 |

18. Provision for assets retirement obligation – fuel tanks (Consolidated)

This provision corresponds to the legal obligation to remove Ipiranga's underground fuel tanks located at Ipiranga-branded service stations after a certain use period (see Note 2.m).

Movements in the provision for assets retirement obligations are as follows:

| | |
|----------------------------|----------|
| Balance in 2010 | 63,891 |
| Additions (new tanks) | 2,421 |
| Expense with tanks removed | (3,022) |
| Accretion expense | 4,214 |
| Balance in 2011 | 67,504 |
| Additions (new tanks) | 1,664 |
| Expense with tanks removed | (2,477) |
| Accretion expense | 3,720 |
| Balance in 2012 | 70,411 |
| Current | 3,719 |
| Non-current | 66,692 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

19. Deferred revenue (Consolidated)

The Company and its subsidiaries have recognized the following deferred revenue:

| | 2012 | 2011 |
|-----------------------------------|--------|--------|
| Loyalty program “Km de Vantagens” | 13,545 | 15,983 |
| ‘am/pm’ franchising upfront fee | 14,362 | 12,472 |
| | 27,907 | 28,455 |
| Current | 18,054 | 19,731 |
| Non-current | 9,853 | 8,724 |

Ipiranga has a loyalty program called Km de Vantagens under which registered customers are rewarded with points when they buy products at Ipiranga service stations. The customers may exchange these points, during the period of one year, for discounts on products and services offered by Ipiranga’s partners. Points received by Ipiranga’s customers that may be used with the partner Multiplus Fidelidade and for discounts of fuel in Ipiranga’s website (www.postoipiranganaweb.com.br) are considered part of the sales revenue based on the fair value of the points granted. Revenue is deferred based on the expected redemption of points, and is recognized in profit or loss when the points are redeemed, on which occasion the costs incurred are also recognized. Deferred revenue of unredeemed points is also recognized in profit or loss when the points expire.

The franchising upfront fee related to the ‘am/pm’ convenience store chain received by Ipiranga is deferred and recognized in profit or loss on an accrual basis, based on the substance of the agreements with the franchisees.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

20. Shareholders' equity

a. Share capital

The Company is a publicly traded company listed on BM&FBOVESPA in the Novo Mercado listing segment and on the New York Stock Exchange (NYSE) in the form of level III American Depositary Receipts ("ADRs"). The subscribed and paid-in capital stock consists of 544,383,996 common shares with no par value, and the issuance of preferred shares and participation certificates is prohibited. Each common share entitles its holder to one vote at Shareholders' Meetings.

The Company is authorized to increase capital up to the limit of 800,000,000 common shares, without amendment to the Bylaws, by resolution of the Board of Directors.

As of December 31, 2012, there were 35,425,099 common shares outstanding abroad in the form of ADRs.

b. Treasury shares

The Company acquired its own shares at market prices, without capital reduction, to be held in treasury and to be subsequently disposed of or cancelled, in accordance with CVM Instructions 10, of February 14, 1980 and 268, of November 13, 1997. In the nine months of 2012, there were no stock repurchases.

As of December 31, 2012, 7,971,556 common shares were held in the Company's treasury, acquired at an average cost of R\$ 14.42 per share.

The price of the shares issued by the Company as of December 31, 2012 on BM&FBOVESPA was R\$ 46.29.

c. Capital reserve

The capital reserve reflects the gain on the transfer of shares at market price to be held in treasury by the Company's subsidiaries, at an average price of R\$ 17.44 per share. The voting and economic rights of such shares was granted to executives of these subsidiaries, as mentioned in Note 8.c).

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

d. Revaluation reserve

The revaluation reserve reflects the revaluation of assets of subsidiaries and is based on depreciation, write-off, or disposal of the revalued assets of the subsidiaries, as well as the tax effects recognized by these subsidiaries.

e. Profit reserve

Legal reserve

Under Brazilian Corporate Law, the Company is required to appropriate 5% of net annual earnings to a legal reserve, until the balance reaches 20% of capital stock. This reserve may be used to increase capital or absorb losses, but may not be distributed as dividends.

Retention of profits

Reserve recognized in previous fiscal years and used for investments contemplated in a capital budget, mainly for expansion, productivity, and quality, acquisitions and new investments, in accordance with Article 196 of Brazilian Corporate Law.

Investments reserve

In compliance with Article 194 of the Brazilian Corporate Law and Article 55.c) of the Bylaws this reserve is aimed to protect the integrity of the Company's assets and to supplement its capital stock, in order to allow new investments to be made.

f. Other comprehensive income

Valuation adjustments

The differences between the fair value and amortized cost of financial investments classified as available for sale are recognized as valuation adjustments. The gains and losses recognized in the shareholders' equity are reclassified to profit or loss in case the financial instruments are prepaid.

Cumulative translation adjustments

The change in exchange rates on assets, liabilities and income of foreign subsidiaries that have (i) functional currency other than the presentation currency of the Company and (ii) an independent administration, is directly recognized in the shareholders' equity. This accumulated effect is reflected in profit or loss as a gain or loss only in case of disposal or write-off of the investment.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

g. Dividends and allocation of net income of the Company

The shareholders are entitled, under the Bylaws, to a minimum annual dividend of 50% of adjusted net income calculated in accordance with Brazilian Corporate Law. The dividends and interest on equity in excess of the obligation established in the Bylaws are recognized in shareholders' equity until they are approved by the Shareholders' Meeting. The proposed dividends payable as of December 31, 2011 in the amount of R\$ 273,453 (R\$ 0.51 – fifty one cents of Brazilian Reais per share), were approved by Board of Directors on February 15, 2012, having been ratified in the Annual General Shareholders' Meeting on April 11, 2012 and paid on March 2, 2012. From August 17, 2012, the Company has anticipated dividends of 2012, in the amount of R\$ 273,392 (R\$ 0.51– fifty one cents of Brazilian Reais per share).

The proposed dividends reflected in the financial statements of the Company, subject to approval of shareholders at a General Meeting, is as follows:

| | 2012 |
|--|------------|
| Net income for the year attributable to shareholders of Ultrapar | 1,011,009 |
| Legal reserve | (50,550) |
| Net income for the year after legal reserve | 960,459 |
| Minimum mandatory dividends | 480,229 |
| Interim dividends (R\$ 0.51 per share) | (273,392) |
| Mandatory dividends payable – Current liabilities | 206,837 |
| Additional dividends to the minimum mandatory dividends – shareholders' equity | 147,195 |
| Dividends payable (R\$ 0.66 per share) | 354,032 |
| Investments reserve | 333,035 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

21. Segment information

The Company operates four main business segments: gas distribution, fuel distribution, chemicals, and storage. The gas distribution segment (Ultragas) distributes LPG to residential, commercial, and industrial consumers, especially in the South, Southeast, and Northeast regions of Brazil. The fuel distribution segment (Ipiranga) operates the distribution and marketing of gasoline, ethanol, diesel, fuel oil, kerosene, natural gas for vehicles and lubricants and related activities throughout all the Brazilian territory. The chemicals segment (Oxiten) produces ethylene oxide and its main derivatives and fatty alcohols, which are the raw materials for the home and personal care, agrochemical, paints, varnishes, and other industries. The storage segment (Ultracargo) operates liquid bulk terminals, especially in the Southeast, and Northeast regions of Brazil. The segments shown in the financial statements are strategic business units supplying different products and services. Inter-segment sales are at prices similar to those that would be charged to third parties.

The main financial information of each of the Company's segments can be stated as follows:

| | 2012 | 2011 |
|--|------------|------------|
| Net revenue: | | |
| Ultragas | 3,847,087 | 3,766,766 |
| Ipiranga | 46,832,770 | 42,223,900 |
| Oxiten | 2,928,850 | 2,408,582 |
| Ultracargo | 300,876 | 266,885 |
| Others (1) | 94,620 | 121,896 |
| Intersegment sales | (84,779) | (126,725) |
| Total | 53,919,424 | 48,661,304 |
| Intersegment sales: | | |
| Ultragas | 1,245 | 1,665 |
| Ipiranga | 1,387 | 5,967 |
| Oxiten | - | - |
| Ultracargo | 29,005 | 26,634 |
| Others (1) | 53,142 | 92,459 |
| Total | 84,779 | 126,725 |
| Net revenue, excluding intersegment sales: | | |
| Ultragas | 3,845,842 | 3,765,101 |
| Ipiranga | 46,831,383 | 42,217,933 |
| Oxiten | 2,928,850 | 2,408,582 |
| Ultracargo | 271,871 | 240,251 |
| Others (1) | 41,478 | 29,437 |
| Total | 53,919,424 | 48,661,304 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

| | 2012 | 2011 |
|-------------------------------|------------|------------|
| Operating income: | | |
| Ultragaz | 111,797 | 162,682 |
| Ipiranga | 1,249,032 | 1,037,095 |
| Oxitenó | 226,600 | 154,805 |
| Ultracargo | 106,084 | 88,898 |
| Others (1) | 15,413 | 8,519 |
| Total | 1,708,926 | 1,451,999 |
| Financial income | 218,061 | 322,372 |
| Financial expenses | (480,557) | (618,876) |
| Share in profit of associates | 190 | 192 |
| Income before taxes | 1,446,620 | 1,155,687 |

| | 2012 | 2011 |
|--|-----------|-----------|
| Additions to property, plant and equipment and intangible assets: | | |
| Ultragaz | 175,619 | 245,250 |
| Ipiranga | 961,637 | 624,841 |
| Oxitenó | 120,331 | 108,608 |
| Ultracargo | 89,177 | 118,425 |
| Others (1) | 25,480 | 25,012 |
| Total additions to property, plant and equipment and intangible assets (see Notes 12 and 13) | 1,372,244 | 1,122,136 |
| Finance leases | - | (43,009) |
| Assets retirement obligation – fuel tanks (see Note 18) | (1,664) | (2,421) |
| Capitalized borrowing costs | (9,355) | (5,333) |
| Total investments in property, plant and equipment and intangible assets (cash flow) | 1,361,225 | 1,071,373 |

| | 2012 | 2011 |
|--|---------|---------|
| Depreciation and amortization charges: | | |
| Ultragaz | 131,441 | 117,462 |
| Ipiranga | 390,748 | 316,186 |
| Oxitenó | 123,142 | 106,314 |
| Ultracargo | 38,857 | 29,303 |
| Others (1) | 12,144 | 10,811 |
| Total | 696,332 | 580,076 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

| | 2012 | 2011 |
|---------------|------------|------------|
| Total assets: | | |
| Ultragaz | 2,300,633 | 1,868,270 |
| Ipiranga | 7,617,642 | 6,633,132 |
| Oxiteno | 3,530,171 | 3,454,518 |
| Ultracargo | 1,331,164 | 1,068,780 |
| Others (1) | 520,315 | 718,039 |
| Total | 15,299,925 | 13,742,739 |

(1) Composed primarily of the parent company Ultrapar and the investment in RPR.

Geographic area information

The fixed and intangible assets of the Company and its subsidiaries are located in Brazil, except those related to Oxiteno's plants abroad, as shown below:

| | 2012 | 2011 |
|--------------------------|--------|--------|
| Mexico | 46,248 | 30,853 |
| Venezuela | 22,418 | 17,021 |
| Uruguay | 43,769 | - |
| United States of America | 48,922 | - |

The operational start-up of the specialty chemicals plant in the United States is expected for 2013.

The Company generates revenue from operations in Brazil, Mexico, Venezuela and, from November 1st, 2012, in Uruguay, as well as from exports of products to foreign customers, as disclosed below:

| | 2012 | 2011 |
|-------------------------------------|------------|------------|
| Net revenue: | | |
| Brazil | 53,049,836 | 47,952,454 |
| Mexico | 124,206 | 119,763 |
| Venezuela | 142,900 | 127,591 |
| Other Latin American countries | 320,574 | 245,103 |
| United States of America and Canada | 137,228 | 100,959 |
| Far East | 39,206 | 40,827 |
| Europe | 57,294 | 43,706 |
| Other | 48,180 | 30,901 |
| Total | 53,919,424 | 48,661,304 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

22. Risks and financial instruments (Consolidated)

Risk management and financial instruments - Governance

The main risks to which the Company and its subsidiaries are exposed reflect strategic/operational and economic/financial aspects. Operational/strategic risks (including, but not limited to, demand behavior, competition, technological innovation, and material changes in the industry structure) are addressed by the Company's management model. Economic/financial risks primarily reflect default of customers, behavior of macroeconomic variables, such as exchange and interest rates, as well as the characteristics of the financial instruments used by the Company and its subsidiaries and their counterparties. These risks are managed through control policies, specific strategies, and the establishment of limits.

The Company has a conservative policy for the management of resources, financial instruments and risks approved by its Board of Directors ("Policy"). In accordance with the Policy, the main objectives of financial management are to preserve the value and liquidity of financial assets and ensure financial resources for the development of the business, including expansions. The main financial risks considered in the Policy are risks associated with currencies, interest rates, credit and selection of financial instruments. Governance of the management of financial risks and financial instruments follows the segregation of duties below:

Implementation of the management of financial assets, instruments and risks is the responsibility of the financial area, through its treasury department, with the assistance of the tax and accounting departments.

- Supervision and monitoring of compliance with the principles, guidelines and standards of the Policy is the responsibility of the Risk and Investment Committee composed of members of the Company's Executive Board ("Committee"). The Committee holds regular meetings and is in charge, among other responsibilities, of discussing and monitoring the financial strategies, existing exposures, and significant transactions involving investment, fund raising, or risk mitigation. The Committee monitors the risk standards established by the Policy through a monitoring map on a monthly basis.

Changes in the Policy or revisions of its standards are subject to the approval of the Board of Directors of Ultrapar.

Continuous improvement of the Policy is the joint responsibility of the Board of Directors, the Committee, and the financial area.

- The internal audit department audits the compliance with the requirements of the Policy.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

Currency risk

Most transactions of the Company and its subsidiaries are located in Brazil and, therefore, the reference currency for risk management is the Brazilian Real. Currency risk management is guided by neutrality of currency exposures and considers the transactional, accounting, and operational risks of the Company and its subsidiaries and their exposure to changes in exchange rates. The Company considers as its main currency exposures the assets and liabilities in foreign currency and the short-term flow of net sales in foreign currency of Oxitenó.

The Company and its subsidiaries use exchange rate hedging instruments (especially between the Brazilian Real and the U.S. dollar) available in the financial market to protect their assets, liabilities, receipts and disbursements in foreign currency, in order to reduce the effects of changes in exchange rates on its results and cash flows in Brazilian Reais within the exposure limits under its Policy. Such foreign exchange hedging instruments have amounts, periods, and rates substantially equivalent to those of assets, liabilities, receipts and disbursements in foreign currency to which they are related. Assets and liabilities in foreign currencies are stated below, translated into Brazilian Reais as of December 31, 2012 and 2011:

Assets and liabilities in foreign currencies

| Amounts in millions of Brazilian Reais | 2012 | 2011 |
|---|------------|----------|
| Assets in foreign currency | | |
| Cash, cash equivalents and financial investments in foreign currency (except hedging instruments) | 363.7 | 303.8 |
| Foreign trade receivables, net of allowance for doubtful accounts | 163.2 | 134.9 |
| Investments in foreign subsidiaries | 300.4 | 115.3 |
| | 827.3 | 554.0 |
| Liabilities in foreign currency | | |
| Financing in foreign currency | (1,197.8) | (873.6) |
| Payables arising from imports, net of advances to foreign suppliers | (21.5) | (11.1) |
| | (1,219.3) | (884.7) |
| Foreign currency hedging instruments | 499.9 | 348.5 |
| Net asset position – Total | 107.9 | 17.8 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

Sensitivity analysis of assets and liabilities in foreign currency

The table below shows the effect of exchange rate changes in different scenarios, based on the net asset position of R\$ 107.9 million in foreign currency:

| Amounts in millions of Brazilian Reais | | Scenario I | | Scenario II | | Scenario III | |
|--|-------------------|------------|---|-------------|---|--------------|---|
| | Risk | 10 | % | 25 | % | 50 | % |
| (1) Income effect | Real devaluation | (5.1 |) | (12.8 |) | (25.5 |) |
| (2) Equity effect | | 15.9 | | 39.7 | | 79.5 | |
| (1) + (2) | Net effect | 10.8 | | 26.9 | | 54.0 | |
| | | | | | | | |
| (3) Income effect | Real appreciation | 5.1 | | 12.8 | | 25.5 | |
| (4) Equity effect | | (15.9 |) | (39.7 |) | (79.5 |) |
| (3) + (4) | Net effect | (10.8 |) | (26.9 |) | (54.0 |) |

Gains and losses directly recognized in equity in cumulative translation adjustments are due to changes in the exchange rate on equity of foreign subsidiaries (see Note 2.r).

Interest rate risk

The Company and its subsidiaries adopt conservative policies for borrowing and investing financial resources and for capital cost minimization. The financial investments of the Company and its subsidiaries are primarily held in transactions linked to the CDI, as set forth in Note 4. Borrowings primarily relate to financing from Banco do Brasil, BNDES and other development agencies, debentures and borrowings in foreign currency, as shown in Note 14.

The Company does not actively manage risks associated with changes in the level of interest rates and attempts to maintain its financial interest assets and liabilities at floating rates. As of December 31, 2012, the Company and its subsidiaries had interest rate derivative financial instruments linked to domestic loans, swapping the fixed interest rate of certain debts to floating interest rate (CDI).

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

The table below shows the financial assets and liabilities exposed to floating interest rates as of December 31, 2012 and 2011:

| | 2012 | 2011 |
|---|-------------|-------------|
| CDI | | |
| Cash equivalents | 1,940,852 | 1,668,178 |
| Financial investments | 641,974 | 638,879 |
| Asset position of hedging instruments - CDI | 21,141 | 24,527 |
| Loans and debentures - CDI | (2,138,134) | (1,320,972) |
| Liability position of hedging instruments - CDI | (495,560) | (367,942) |
| Liability position of hedging instruments from prefixed interest to CDI | (1,796,682) | (2,152,550) |
| Net liability position in CDI | (1,826,409) | (1,509,880) |
| TJLP | | |
| Loans –TJLP | (702,963) | (938,618) |
| Net liability position in TJLP | (702,963) | (938,618) |
| LIBOR | | |
| Asset position of hedging instruments - LIBOR | 286,039 | 111,775 |
| Loans - LIBOR | (322,343) | (111,868) |
| Net liability position in LIBOR | (36,304) | (93) |
| TIEE | | |
| Loans - TIEE | (25,259) | (28,454) |
| Net liability position in TIEE | (25,259) | (28,454) |
| Total net liability position | (2,590,935) | (2,477,045) |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

Sensitivity analysis of floating interest rate risk

The table below shows the incremental expenses that would be recognized in financial income in 2012, due the effect of floating interest rate changes in different scenarios:

Amounts in millions of Brazilian Reais

| | | Risk | Scenario I 10% | Scenario II 25% | Scenario III 50% |
|---|-------------------|------|-------------------|--------------------|---------------------|
| Exposure of interest rate risk | | | | | |
| Interest on financial investments effect | Increase in CDI | | 16.4 | 41.0 | 82.0 |
| Hedge instruments (assets in CDI) effect | Increase in CDI | | 0.1 | 0.3 | 0.7 |
| Interest on debt effect | Increase in CDI | | (15.0) | (37.4) | (74.8) |
| Hedge instruments (liability in CDI) effect | Increase in CDI | | (18.4) | (45.9) | (91.8) |
| Incremental expenses | | | (16.9) | (42.0) | (83.9) |
| Increase in TJLP | | | | | |
| Interest on debt effect | | | (3.7) | (9.3) | (18.5) |
| Incremental expenses | | | (3.7) | (9.3) | (18.5) |
| Hedge instruments (liability in LIBOR) effect | | | | | |
| Interest on debt effect | Increase in LIBOR | | 0.1 | 0.1 | 0.3 |
| Incremental expenses | Increase in LIBOR | | (0.1) | (0.2) | (0.4) |
| Interest on debt effect | Increase in LIBOR | | (0.1) | (0.1) | (0.1) |
| Incremental expenses | | | (0.0) | (0.1) | (0.1) |
| Increase in TIEE | | | | | |
| Interest on debt effect | Increase in TIEE | | (0.1) | (0.3) | (0.7) |
| Incremental expenses | | | (0.1) | (0.3) | (0.7) |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

Credit risks

The financial instruments that would expose the Company and its subsidiaries to credit risks of the counterparty are basically represented by cash and bank deposits, financial investments, hedging instruments and trade receivables.

Credit risk of financial institutions - Such risk results from the inability of financial institutions to comply with their financial obligations to the Company and its subsidiaries due to insolvency. The Company and its subsidiaries regularly conduct a credit review of the institutions with which they hold cash and cash equivalents, financial investments, and hedging instruments through various methodologies that assess liquidity, solvency, leverage, portfolio quality, etc. Cash and cash equivalents, financial investments, and hedging instruments are held only with institutions with a solid credit history, chosen for safety and soundness. The volumes of cash and cash equivalents, financial investments and hedging instruments are subject to maximum limits by institution and, therefore, require diversification of counterparty.

Government credit risk - The Company's policy allows investments in government securities from countries classified as investment grade AAA or Aaa by specialized credit rating agencies and in Brazilian government bonds. The volume of such financial investments is subject to maximum limits by each country and, therefore, requires diversification of counterparties.

Customer credit risk - Such risks are managed by each business unit through specific criteria for acceptance of customers and credit rating and are additionally mitigated by diversification of sales. No single customer or group accounts for more than 10% of total revenue.

The Company maintained the following allowances for doubtful accounts on trade receivables:

| | 2012 | 2011 |
|------------|---------|---------|
| Ipiranga | 111,789 | 101,318 |
| Ultragaz | 13,755 | 13,107 |
| Oxiteno | 2,647 | 1,415 |
| Ultracargo | 625 | 614 |
| Total | 128,816 | 116,454 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

Liquidity risk

The Company and its subsidiaries' main sources of liquidity derive from (i) cash, cash equivalents and financial investments, (ii) cash generated from operations and (iii) financings. The Company and its subsidiaries believe that these sources are sufficient to satisfy their current funding requirements, which include, but are not limited to, working capital, capital expenditures, amortization of debt and payment of dividends.

The Company and its subsidiaries periodically examine opportunities for acquisitions and investments. They consider different types of investments, either directly or through joint ventures, or associated companies, and finance such investments using cash generated from operations, debt financing, through capital increases or through a combination of these methods.

The Company and its subsidiaries believe to have enough working capital to satisfy their current needs. The gross indebtedness due over the next twelve months totals R\$ 1,866 million, including estimated interests on loans. Furthermore, the investment plan for 2013 totals R\$ 1,437 million. On December 31, 2012, the Company and its subsidiaries had R\$ 3,012 million in cash, cash equivalents and short-term financial investments (for quantitative information, see Notes 4 and 14).

The table below presents a summary of financial liabilities as of December 31, 2012 to be settled by the Company and its subsidiaries, by maturity. The amounts disclosed in this table are the contractual undiscounted cash outflows, and, therefore, these amounts can be different from the amounts disclosed on the balance sheet as of December 31, 2012.

Amounts in million of Brazilian Reais

| Financial liabilities | Total | Between 1 and 3 | | | |
|---|---------|------------------|-------------|-------------|-------------------|
| | | Less than 1 year | and 3 years | and 5 years | More than 5 years |
| Loans including future contractual interest (1) (2) | 7,323.9 | 1,866.0 | 4,238.2 | 1,083.9 | 135.8 |
| Currency and interest rate hedging instruments (3) | 46.0 | 19.1 | 25.0 | 1.9 | - |
| Trade payables | 1,312.3 | 1,312.3 | - | - | - |

(1) To calculate the estimated interest on loans some macroeconomic assumptions were used, including, on average for the period, (i) CDI of 9.35% p.a., (ii) exchange rate of the real against the U.S. dollar of R\$ 2.10 in 2013, R\$ 2.23 in 2014, R\$ 2.37 in 2015, R\$ 2.53 in 2016 and R\$ 2.67 in 2017 (iii) TJLP of 5.0% p.a. and (iv) IGP-M of 5.35% p.a. in 2013 and 5.00% p.a. from 2014 to 2017.

(2) Includes estimated interest payments on short-term and long-term loans.

(3) The currency and interest rate hedging instruments were estimated based on projected U.S dollar futures contracts and the futures curve of DI x Pre contract quoted on BM&FBOVESPA as of December 28, 2012, and on the futures curve of LIBOR (BBA - British Bankers Association) on December 31, 2012. In the table above, only the hedging instruments with negative result at the time of settlement were considered.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

Capital management

The Company manages its capital structure based on indicators and benchmarks. The key performance indicators related to the capital structure management are the weighted average cost of capital, and the net debt / EBITDA, interest coverage and indebtedness / equity ratios. Net debt is composed of cash, cash equivalents and financial investments (see Note 4) and loans, including debentures (see Note 14). The Company can change its capital structure depending on the economic and financial conditions, in order to optimize its financial leverage and capital management. The Company seeks to improve its return on capital employed by implementing an efficient working capital management and a selective investment program.

Selection and use of financial instruments

In selecting financial investments and hedging instruments, an analysis is conducted to estimate rates of return, risks involved, liquidity, calculation methodology for the carrying value and fair value, and documentation applicable to the financial instruments. The financial instruments used to manage the financial resources of the Company and its subsidiaries are intended to preserve value and liquidity.

The Policy contemplates the use of derivative financial instruments only to cover identified risks and in amounts consistent with the risk (limited to 100% of the identified risk). The risks identified in the Policy are described in the above sections, and are subject to risk management. In accordance with the Policy, the Company and its subsidiaries can use forward contracts, swaps, options, and futures contracts to manage identified risks. Leveraged derivative instruments are not permitted. Because the use of derivative financial instruments is limited to the coverage of identified risks, the Company and its subsidiaries use the term “hedging instruments” to refer to derivative financial instruments.

As mentioned in the section “Risk management and financial instruments – Governance”, the Committee monitors compliance with the risk standards established by the Policy through a risk monitoring map, including the use of hedging instruments, on a monthly basis. In addition, the internal audit department verifies the compliance with the requirements of the Policy.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

The table below summarizes the position of hedging instruments adopted by the Company and its subsidiaries:

| Hedging instruments | Counterparty | Maturity | Notional amount ¹ | | Fair value | | Amounts payable or receivable (2012) | |
|--|-----------------|-------------|------------------------------|---------------|-------------|-------------|--------------------------------------|----------------|
| | | | 2012 | 2011 | 2012 | 2011 | Amount receivable | Amount payable |
| | | | | | R\$ million | R\$ million | R\$ million | R\$ million |
| a – Exchange rate swaps receivable in U.S. dollars | | | | | | | | |
| Receivables in U.S. dollars (LIBOR) | Bradesco, BTMU, | Jan 2013 | US\$ 140.0 | US\$ 60.0 | 286.0 | 111.8 | 286.0 | - |
| Receivables in U.S. dollars (Pre) | Citibank, Itaú, | to Apr 2017 | US\$ 111.3 | US\$ 138.9 | 234.7 | 261.5 | 234.7 | - |
| Payables in CDI interest rate | JP Morgan, | | US\$ (251.3) | US\$ (198.9) | (495.5) | (367.9) | - | 495.5 |
| Total result | Santander | | - | - | 25.2 | 5.4 | 520.7 | 495.5 |
| b – Exchange rate swaps payable in U.S. dollars + COUPON | | | | | | | | |
| Receivables in CDI interest rates | Bradesco, | Jan 2013 | US\$ 10.2 | US\$ 13.3 | 21.1 | 24.5 | 21.1 | - |
| Payables in U.S. dollars | Citibank, | to Feb 2013 | US\$ (10.2) | US\$ (13.3) | (20.8) | (24.8) | - | 20.8 |
| Total result | Itaú | | - | - | 0.3 | (0.3) | 21.1 | 20.8 |
| c – Interest rate swaps in R\$ | | | | | | | | |
| Receivables in fixed interest rate | Banco do Brasil | Mar 2013 to | R\$ 1,400.0 | R\$ 1,809.5 | 1,958.9 | 2,229.4 | 1,958.9 | - |
| | | | R\$ (1,400.0) | R\$ (1,809.5) | (1,796.7) | (2,152.5) | - | 1,796.7 |

| | | | | | | | |
|-------------------------------------|-------------|---|---------|---------|---------|---------|--|
| Payables in CDI interest rate | May 2015 | | | | | | |
| Total result | - | - | 162.2 | 76.9 | 1,958.9 | 1,796.7 | |
| Total gross result | | | 187.7 | 82.0 | 2,500.7 | 2,313.0 | |
| Income tax | | | (18.3) | (10.7) | (18.3) | - | |
| Total net result | | | 169.4 | 71.3 | 2,482.4 | 2,313.0 | |
| Positive result (see Note 4) | | | 179.1 | 93.4 | | | |
| Negative result (see Note 14) | | | (9.7) | (22.1) | | | |

1 In million. Currency as indicated.

All transactions mentioned above were properly registered with CETIP S.A.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

Hedging instruments existing as of December 31, 2012 are described below, according to their category, risk, and protection strategy:

Hedging against foreign exchange exposure of liabilities in foreign currency - The purpose of these contracts is (i) to offset the effect of the change in exchange rates of debts or firm commitments in U.S. dollars by converting them into debts or firm commitments in Brazilian Reais linked to CDI and (ii) change a financial investment of R\$ 36.4 million, linked to the CDI and given as guarantee to loan in U.S. dollar, into a financial investment linked to U.S. dollar. As of December 31, 2012, the Company and its subsidiaries had outstanding swap contracts totaling US\$ 251.3 million in notional amount with liability position, on average of 107.8% of CDI, of which US\$ 111.3 million, on average, had asset position at US\$ + 4.7 p.a. and US\$ 140.0 million had asset position at US\$ + LIBOR + 0.98% p.a.

Hedging against foreign exchange exposure of operations - The purpose of these contracts is to make the exchange rate of the revenues of subsidiaries Oleoquímica, Oxiten S.A. and Oxiten Nordeste equal to the exchange rate of the cost of their main raw materials. As of December 31, 2012, these swap contracts totaled US\$ 10.2 million and, on average, had an asset position at 74.2% of CDI and liability position at US\$ + 0.0% p.a.

Hedging against the interest rate fixed in local financing - The purpose of these contracts is to convert the interest rate on financing contracted in Brazilian Reais from fixed into floating. On December 31, 2012 these swap contracts totaled R\$ 1,400 million of notional amount, and on average had an asset position at 11.9% p.a. and liability position at 98.8% of CDI.

Hedge accounting

The Company and its subsidiaries test, throughout the duration of the hedge, the effectiveness of their derivatives, as well as the changes in their fair value. The Company and its subsidiaries designate as fair value hedges certain derivative financial instruments used to offset the variations in interest and exchange rates, based on the market value of financing contracted in Brazilian Reais and U.S. dollars.

On December 31, 2012 the notional amount of interest rate hedging instruments totaled R\$ 1,400.0 million. In 2012, a gain of R\$ 91.3 million related to the result of hedging instruments, an expense of R\$ 27.0 million related to the fair value adjustment of debt and an expense of R\$ 208.1 million related to the accrued interest rate of the debt were recognized in the income statements, transforming the average effective cost of the operation into 98.8% of CDI.

On December 31, 2012 the notional amount of foreign exchange hedging instruments designated as fair value hedge totaled US\$ 80.0 million. In 2012, an expense of R\$ 4.9 million related to the result of hedging instruments, a gain of R\$ 0.8 million related to the fair value adjustment of debt and an expense of R\$ 1.3 million related to the financial expense of the debt were recognized in the income statements, transforming the average effective cost of the operation into 104.1% of CDI.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

Gains (losses) on hedging instruments

The following tables summarize the values of gains (losses) recognized in 2012 and 2011 which affected the income statement and shareholders' equity of the Company and its subsidiaries:

| | 2012 R\$ million | |
|---|---------------------|--------|
| | Profit or loss | Equity |
| a – Exchange rate swaps receivable in U.S. dollars (i) (ii) | (7.1) | - |
| b – Exchange rate swaps payable in U.S. dollars | (0.4) | - |
| c – Interest rate swaps in R\$ (iii) | 64.4 | - |
| Total | 56.9 | - |

| | 2011 R\$ million | |
|--|---------------------|--------|
| | Profit or loss | Equity |
| a – Exchange rate swaps receivable in U.S. dollars (i) | (14.7) | - |
| b – Exchange rate swaps payable in U.S. dollars | (7.2) | - |
| c – Interest rate swaps in R\$ (iii) | 7.1 | - |
| d – Interest rate swaps in U.S. dollars | (1.7) | 1.5 |
| e – NDFs (non-deliverable forwards) - RPR | (0.9) | 0.9 |
| Total | (17.4) | 2.4 |

The table above: (i) does not consider the effect of exchange rate variation of exchange swaps receivable in U.S. dollars, when this effect is offset in the gain or loss of the hedged item (debt), (ii) considers the designation effect of foreign exchange hedging and (iii) considers the designation effect of interest rate hedging in Brazilian Reais.

Ultrapar Participações S.A. and Subsidiaries

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(In thousands of Brazilian Reais, unless otherwise stated)

Fair value of financial instruments

The fair values and the carrying values of the financial instruments, including currency and interest rate hedging instruments, as of December 31, 2012 and 2011, are stated below:

| | | 2012 | | 2011 | |
|---|---|----------------|------------|----------------|------------|
| | Category | Carrying value | Fair value | Carrying value | Fair value |
| Financial assets: | | | | | |
| Cash and cash equivalents | | | | | |
| Cash and bank deposits | Loans and receivables | 79,954 | 79,954 | 107,600 | 107,600 |
| Financial investments in local currency | Measured at fair value through profit or loss | 1,940,852 | 1,940,852 | 1,668,178 | 1,668,178 |
| Financial investments in foreign currency | Measured at fair value through profit or loss | 29,245 | 29,245 | 15,176 | 15,176 |
| Financial investments | | | | | |
| Fixed-income securities and funds in local currency | Available for sale | 631,356 | 631,356 | 631,686 | 631,686 |
| Fixed-income securities and funds in local currency | Held to maturity | 10,618 | 10,618 | 7,193 | 7,193 |
| Fixed-income securities and funds in foreign currency | Available for sale | 290,636 | 290,636 | 259,091 | 259,091 |
| Currency and interest rate hedging instruments | Measured at fair value through profit or loss | 179,056 | 179,056 | 93,403 | 93,403 |
| Total | | 3,161,717 | 3,161,717 | 2,782,327 | 2,782,327 |
| Financial liabilities: | | | | | |
| Financing – Banco do Brasil fixed | Measured at fair value through profit or loss | 1,948,096 | 1,948,096 | 2,208,109 | 2,208,109 |
| Financing | Measured at amortized cost | 2,768,764 | 2,846,624 | 2,266,230 | 2,305,088 |
| Debentures | Measured at amortized cost | 1,469,234 | 1,471,402 | 1,021,553 | 1,019,727 |
| Finance leases | Measured at amortized cost | 42,913 | 42,913 | 43,653 | 43,653 |
| Currency and interest rate hedging instruments | Measured at fair value through profit or loss | 9,699 | 9,699 | 22,089 | 22,089 |
| Total | | 6,238,706 | 6,318,734 | 5,561,634 | 5,598,666 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

The fair value of financial instruments, including currency and interest hedging instruments, was determined as follows:

- The fair values of cash and bank deposits balances are identical to their carrying values.
- Financial investments in investment funds are valued at the value of the fund unit as of the date of the financial statements, which corresponds to their fair value.
- Financial investments in CDBs (Bank Certificates of Deposit) and similar investments offer daily liquidity through repurchase at the yield curve and, therefore, the Company believes their fair value corresponds to their carrying value.
- The fair value calculation of LPG Inc.'s notes in the foreign market (see Note 14.b), is based on the quoted prices in an active market.

The fair value of other financial investments and financings was determined using calculation methodologies commonly used for marking-to-market, which consist of calculating future cash flows associated with each instrument adopted and adjusting them to present value at the market rates as of December 31, 2012 and 2011. For some cases where there is no active market for the financial instrument, the Company and its subsidiaries can use quotes provided by the transaction counterparties.

The interpretation of market information on the choice of calculation methodologies for the fair value requires considerable judgment and estimates to obtain a value deemed appropriate to each situation. Consequently, the estimates presented do not necessarily indicate the amounts that may be realized in the current market.

Financial instruments were classified as loans and receivables or financial liabilities measured at amortized cost, except (i) all exchange rate and interest rate hedging instruments, which are measured at fair value through profit or loss, (ii) financial investments classified as measured at fair value through profit or loss and available for sale (see Note 4), (iii) funding from Banco do Brasil that is measured at fair value through profit or loss (see Note 14.f) and (iv) guarantees to customers that have vendor arrangements (see Note 14.j), which are measured at fair value through profit or loss. The financial investments classified as held-to-maturity are measured at amortized cost. Cash, banks and trade receivables are classified as loans and receivables. Trade payables and other payables are classified as financial liabilities measured at amortized cost.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

Fair value hierarchy of financial instruments on the balance sheet

The financial instruments recognized at fair value on the balance sheet are classified in the following categories:

- (a) Level 1 - prices negotiated (without adjustment) in active markets for identical assets or liabilities;
- (b) Level 2 - inputs other than prices negotiated in active markets included in Level 1 and observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- (c) Level 3 - inputs for the asset or liability which are not based on observable market variables (unobservable inputs).

The table below shows a summary of the financial assets and financial liabilities measured at fair value in the Company's and its subsidiaries' balance sheet as of December 31, 2012 and 2011:

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

| | Category | 2012 | Level 1 | Level 2 | Level 3 |
|---|---|-----------|-----------|-----------|---------|
| Financial assets: | | | | | |
| Cash equivalents | | | | | |
| Financial investments in local currency | Measured at fair value through profit or loss | 1,940,852 | 1,940,852 | - | - |
| Financial investments in foreign currency | Measured at fair value through profit or loss | 29,245 | 29,245 | - | - |
| Financial investments | | | | | |
| Fixed-income securities and funds in local currency | Available for sale | 631,356 | 631,356 | - | - |
| Fixed-income securities and funds in foreign currency | Available for sale | 290,636 | 84,872 | 205,764 | - |
| Currency and interest rate hedging instruments | Measured at fair value through profit or loss | 179,056 | - | 179,056 | - |
| Total | | 3,071,145 | 2,686,325 | 384,820 | - |
| Financial liabilities: | | | | | |
| Financing – Banco do Brasil fixed | Measured at fair value through profit or loss | 1,948,096 | - | 1,948,096 | - |
| Currency and interest rate hedging instruments | Measured at fair value through profit or loss | 9,699 | - | 9,699 | - |
| Total | | 1,957,795 | - | 1,957,795 | - |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

| | Category | 2011 | Level 1 | Level 2 | Level 3 |
|---|---|-----------|-----------|-----------|---------|
| Financial assets: | | | | | |
| Cash equivalents | | | | | |
| Financial investments in local currency | Measured at fair value through profit or loss | 1,668,178 | 1,668,178 | - | - |
| Financial investments in foreign currency | Measured at fair value through profit or loss | 15,176 | 15,176 | - | - |
| Financial investments | | | | | |
| Fixed-income securities and funds in local currency | Available for sale | 631,686 | 631,686 | - | - |
| Fixed-income securities and funds in foreign currency | Available for sale | 259,091 | - | 259,091 | - |
| Currency and interest rate hedging instruments | Measured at fair value through profit or loss | 93,403 | - | 93,403 | - |
| Total | | | | | |
| | | 2,667,534 | 2,315,040 | 352,494 | - |
| Financial liabilities: | | | | | |
| Financing – Banco do Brasil fixed | Measured at fair value through profit or loss | 2,208,109 | - | 2,208,109 | - |
| Currency and interest rate hedging instruments | Measured at fair value through profit or loss | 22,089 | - | 22,089 | - |
| Total | | | | | |
| | | 2,230,198 | - | 2,230,198 | - |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

Sensitivity analysis

The Company and its subsidiaries use derivative financial instruments only to hedge against identified risks and in amounts consistent with the risk (limited to 100% of the identified risk). Thus, for purposes of sensitivity analysis of market risks associated with financial instruments, as required by CVM Instruction 475/08, the Company analyzes the hedging instrument and the hedged item together, as shown on the charts below.

For the sensitivity analysis of foreign exchange hedging instruments, management adopted as a likely scenario the Real/U.S. dollar exchange rates at maturity of each swap, projected by U.S. dollar futures contracts quoted on BM&FBOVESPA as of December 28, 2012. As a reference, the exchange rate for the last maturity of foreign exchange hedging instruments is R\$ 2.63 in the likely scenario. Scenarios II and III were estimated with a 25% and 50% additional appreciation or depreciation of the Real against the likely scenario, according to the risk to which the hedged item is exposed.

Based on the balances of the hedging instruments and hedged items as of December 31, 2012, the exchange rates were replaced, and the changes between the new balance in Brazilian Reais and the balance in Brazilian Reais as of December 31, 2012 were calculated in each of the three scenarios. The table below shows the change in the values of the main derivative instruments and their hedged items, considering the changes in the exchange rate in the different scenarios:

| | Risk | Scenario I (likely) | Scenario II | Scenario III |
|---|--------------|------------------------|-------------|--------------|
| Currency swaps receivable in U.S. dollars | | | | |
| (1) U.S. Dollar / Real swaps | Dollar | 75,080 | 222,555 | 370,031 |
| (2) Debts in dollars | appreciation | (75,074) | (222,544) | (370,015) |
| (1)+(2)Net effect | | 6 | 11 | 16 |
| Currency swaps payable in U.S. dollars | | | | |
| (3) Real / U.S. Dollar swaps | Dollar | (101) | 5,135 | 10,371 |
| (4) Gross margin of Oxitenio | devaluation | 101 | (5,135) | (10,371) |
| (3)+(4) | Net effect | - | - | - |

For sensitivity analysis of hedging instruments for interest rates in Brazilian Reais, the Company used the futures curve of DI x Pre contract on BM&FBOVESPA as of December 28, 2012 for each of the swap and debt (hedged item) maturities, to determine the likely scenarios. Scenarios II and III were estimated based on a 25% and 50% deterioration, respectively, of the likely scenario pre-fixed interest rate.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

Based on the three scenarios of interest rates in Brazilian Reais, the Company estimated the values of its debt and hedging instruments according to the risk which is being hedged (variations in the pre-fixed interest rates in Brazilian Reais), by projecting them to future value at the contracted rates and bringing them to present value at the interest rates of the estimated scenarios. The result is shown in the table below:

| Risk | | Scenario I (likely) | Scenario II | Scenario III |
|---------------------------|---------------|------------------------|----------------|-----------------|
| Interest rate swap | | | | |
| (1) Fixed rate swap - CDI | Decrease in | - | 35,007 | 71,855 |
| (2) Fixed rate financing | prefixed rate | - | (35,010) | (71,858) |
| (1)+(2) | Net effect | - | (3) | (3) |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

23. Provisions, contingencies and commitments (Consolidated)

a. Provisions for tax, civil and labor risks

The Company and its subsidiaries are involved in tax, civil and labor disputes and are discussing these issues both at the administrative and judiciary levels, which, when applicable, are backed by escrow deposits. Provisions for losses are estimated and updated by management, supported by the opinion of the legal departments of the Company and its outside legal counsel.

The table below demonstrates the breakdown of provisions by nature and its movement:

| Provisions | Balance in 2011 | Temmar acquisition | Additions | Write-offs | Monetary restatement | Balance in 2012 |
|------------------|--------------------|-----------------------|---------------|------------------|-------------------------|--------------------|
| IRPJ and CSLL | 256,165 | - | 33,583 | (207) | 16,274 | 305,815 |
| PIS and COFINS | 82,612 | - | 1,176 | (5,958) | 5,108 | 82,938 |
| ICMS | 73,389 | - | 1,574 | (17,410) | 4,977 | 62,530 |
| INSS | 14,305 | - | 224 | (2,637) | 897 | 12,789 |
| Civil litigation | 81,541 | 203 | 15,657 | (6,222) | 108 | 91,287 |
| Labor litigation | 45,145 | - | 8,104 | (8,755) | 789 | 45,283 |
| Other | 978 | - | 90 | (115) | 63 | 1,016 |
| Total | 554,135 | 203 | 60,408 | (41,304) | 28,216 | 601,658 |
| Current | 41,347 | | | | | 50,052 |
| Non current | 512,788 | | | | | 551,606 |

Some of the provisions above involve escrow deposits in the amount of R\$ 402,085 as of December 31, 2012 (R\$ 328,865 as of December 31, 2011).

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

b. Tax matters

Provisions

The subsidiary IPP has provisions for IRPJ and CSLL related to the unconstitutionality of Law No. 9,316/1996, that denied the deduction of CSLL from the IRPJ tax basis, in the amount of R\$ 19,120 in 2012 (R\$ 18,413 in 2011).

The subsidiaries Oxitenos S.A., Oxitenos Nordeste, Cia Ultragas, Tequimar, RPR, Tropical, Empresa Carioca de Produtos Químicos S.A. ("EMCA") and IPP filed for a preliminary injunction seeking the deduction of ICMS from their PIS and COFINS tax bases. Oxitenos Nordeste and IPP obtained the right to pay the amounts into escrow deposits through an injunction, and recognized a corresponding provision in the amount of R\$ 81,622 in 2012 (R\$ 75,636 in 2011).

On October 7, 2005, the subsidiaries Cia. Ultragas and Bahiana Distribuidora de Gás Ltda. ("Bahiana") filed for and obtained a preliminary injunction to recognize and offset PIS and COFINS credits on LPG purchases, against other taxes levied by the Brazilian Federal Revenue Service, notably IRPJ and CSLL. The decision was confirmed by a trial court on May 16, 2008. Under the preliminary injunction, the subsidiaries were required to make escrow deposits for these debits in the accumulated amount of R\$ 291,483 in 2012 (R\$ 242,058 in 2011) and have recognized a corresponding liability.

The subsidiary Oxitenos S.A. maintained a provision of R\$ 15,226 in 2012 (R\$ 14,285 in 2011) related to a tax assessment based on alleged undue ICMS credits taken on invoices issued for the symbolic return of raw materials that had previously been delivered to the subsidiary Oxitenos Nordeste for industrialization.

The subsidiary IPP has provisions related to ICMS, mainly with respect to: (a) tax notices filed in connection with interstate sales of fuel to industrial customers without the payment of ICMS in accordance with the interpretation of Article 2 of Supplementary Law No. 87/1996, R\$ 11,741, and (b) payment of ICMS for several reasons that resulted in tax assessments for which the proof of payment is not so evident, R\$ 19,499.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

Contingent assets and liabilities

The Company and its subsidiaries have favorable judgments to pay contributions to PIS and COFINS without the changes introduced by Law 9,718/1998 in its original version. The ongoing questioning refers to the levy of these contributions on sources of income other than gross revenue. In 2005, the STF decided the question in favor of the taxpayers. Although this has set a favorable precedent, the effect of this decision does not automatically apply to all companies, since they must await the formal decision in their own lawsuits. Certain lawsuits of the Company's subsidiaries are currently pending trial and, in the event all such lawsuits are decided in favor of the subsidiaries, the Company estimates that the total positive effect on income before income and social contribution taxes, may reach R\$ 36,125, net of attorney's fees.

The main tax claims of subsidiary IPP classified as having a possible risk of loss, and that have not been recognized in the financial statements due to this assessment, are related to: (a) the required proportional reversal of ICMS credits recognized on the purchase of ethanol that was later resold at lower prices as a result of PROÁLCOOL, a Federal Government program to encourage alcohol production, determining the anticipation of financial subsidy by the distributors to the mill owners and their subsequent reimbursement by the DNC (current National Oil Agency), R\$ 104,086, (b) alleged undue ICMS credits for which the tax authorities understand that there was no proof of origin, R\$ 23,901, (c) assessments for alleged non-payment of ICMS, R\$ 23,096, (d) assessment issued in Ourinhos/SP in connection with the return of ethanol loans made with deferred tax, R\$ 36,324, (e) assessments in the State of Rio de Janeiro demanding the reversal of ICMS credits on interstate sales made under Article 33 of ICMS Convention 66/88, which allowed the use of the ICMS credit but was suspended by an injunction granted by STF, R\$ 16,060, (f) ICMS credits taken in relation to bills considered invalid, though the understanding of the STJ is that it is possible to take credit, even if there is defect in the document of the seller, as long as it is confirmed that the transaction occurred, R\$ 28,515; (g) assessments arising from surplus or shortage of inventory, generated by differences in temperature or handling of the product, without the corresponding issuance of invoices, R\$ 31,380, (h) infraction relating to ICMS credits due to alleged non-compliance with legal formalities, R\$ 35,032 and; (i) assessments arising from ICMS credits related to inputs of ethanol from certain States that had granted tax benefits to producers of alcohol in alleged disagreement with the law, R\$ 24,662.

The subsidiary IPP has assessments invalidating the set-off of IPI credits in connection with the purchase of raw materials used in the manufacturing of products which sales are not subject to IPI under the protection of tax immunity. The non-provisioned amount of this contingency, in 2012, is R\$ 81,868 (R\$ 78,508 in 2011).

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

c. Civil claims

Provisions

The Company and its subsidiaries maintained provisions for lawsuits and administrative proceedings, mainly derived from contracts entered into with customers and former services providers, as well as proceedings related to environmental issues in the amount of R\$ 91,287 in 2012 (R\$ 81,541 in 2011).

Contingent liabilities

The subsidiary Cia. Ultragaz is party to an administrative proceeding before CADE (Brazilian antitrust authority) based on alleged anti-competitive practices in the State of Minas Gerais in 2001. The CADE entered a decision against Cia. Ultragaz imposing a penalty of R\$ 23,104. The imposition of such administrative decision was suspended by a court order and its merit is being judicially reviewed. Based on the above elements and on the opinion of its legal counsel, the subsidiary did not recognize a provision for this contingency.

d. Labor matters

Provisions

The Company and its subsidiaries maintained provisions of R\$ 45,283 in 2012 (R\$ 45,145 in 2011) for labor litigation filed by former employees and by employees of our service providers mainly contesting the non-payment of labor rights.

Contingent liabilities

In 1990, the Petrochemical Industry Labor Union (Sindiquímica), of which the employees of Oxiteno Nordeste and EMCA, companies located in the Camaçari Petrochemical Complex, are members, filed separate lawsuits against the subsidiaries demanding the compliance with the fourth section of the collective labor agreement, which provided for a salary adjustment in lieu of the salary policies practiced. In the same year, a collective labor dispute was also filed by the Union of Employers (SINPEQ) against Sindiquímica, requiring the recognition of the loss of effectiveness of such fourth section. Individual claims were rejected. The collective bargain agreement is currently pending trial by STF. In the second half of 2010, some companies in the Camaçari Petrochemical Complex signed an agreement with Sindiquímica and reported the fact in the collective bargain agreement dispute. Based on the opinion of their legal advisors, that reviewed the latest STF decision in the collective bargain agreement dispute as well as the status of the individual claims involving the subsidiaries Oxiteno Nordeste and EMCA, the management of such subsidiaries believed that it was not necessary to recognize a provision in 2012.

The Company and its subsidiaries have other pending administrative and legal proceedings of tax, civil and labor nature, which were estimated by their legal counsel as possible and/or remote risk (proceedings whose chance of loss is 50% or less), and the related potential losses were not provided for by the Company and its subsidiaries based on these opinions. The Company and its subsidiaries are also litigating for recovery of taxes and contributions, which were not recognized in the financial statements due to their contingent nature.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

e. Contracts

Subsidiary Tequimar has agreements with CODEBA and Complexo Industrial Portuário Governador Eraldo Gueiros in connection with its port facilities in Aratu and Suape, respectively. Such agreements establish a minimum cargo movement of products, as shown below:

| Port | Minimum movement in tons per year | Maturity |
|-------|-----------------------------------|----------|
| Aratu | 100,000 | 2016 |
| Aratu | 900,000 | 2022 |
| Suape | 250,000 | 2027 |
| Suape | 400,000 | 2029 |

If the annual movement is less than the minimum contractual movement, the subsidiary is liable to pay the difference between the effective movement and the minimum contractual movement, based on the port tariff rates in effect on the date established for payment. As of December 31, 2012, these rates were R\$ 5.79 per ton for Aratu and R\$ 1.38 per ton for Suape. The subsidiary has met the minimum cargo movement required since the beginning of the agreements.

Subsidiary Oxitenor Nordeste has a supply agreement with Braskem S.A. which establishes a minimum quarterly consumption level of ethylene and conditions for the supply of ethylene until 2021. The minimum purchase commitment and the actual demand accumulated to December 31, 2012 and 2011, expressed in tons of ethylene, are shown below. Should the minimum purchase commitment not be met, the subsidiary would be liable for a fine of 40% of the current ethylene price for the quantity not purchased. The minimum purchase commitment clause was renegotiated, valid from 2013, and provides a minimum annual consumption of 205 thousand tons and a maximum of 220 thousand tons.

| | Minimum purchase commitment | | Accumulated demand (actual) | |
|---------------------|--------------------------------|-------------|--------------------------------|---------|
| | 2012 | 2011 | 2012 | 2011 |
| In tons of ethylene | 211,060 (*) | 165,965 (*) | 214,008 | 166,953 |

(*) Adjusted for scheduled shutdowns in Braskem during the year.

Subsidiary Oxitenor S.A. has a supply agreement with Braskem Qpar S.A., valid until 2023, which establishes and regulates the conditions for supply of ethylene to Oxitenor based on the international market for this product. The minimum purchase is 22,050 tons of ethylene semiannually. Should the minimum purchase commitment not be met, the subsidiary would be liable for a fine of 30% of the current ethylene price for the quantity not purchased. The subsidiary has met the minimum purchase required since the beginning of the agreement.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

f. Insurance coverage in subsidiaries

The Company maintains appropriate insurance policies with the objective of covering several risks to which it is exposed, including property insurance against losses caused by fire, lightning, explosion of any kind, gale, aircraft crash, electric damage, and other risks, covering the facilities and other branches of all subsidiaries, except RPR, which maintains its own insurance. The maximum compensation value, including loss of profits, based on the risk analysis of maximum loss possible at a certain site is US\$ 1,202 million.

The General Liability Insurance program covers the Company and its subsidiaries with a maximum aggregate coverage of US\$ 400 million against losses caused to third parties as a result of accidents related to commercial and industrial operations and/or distribution and sale of products and services.

In addition, group life and personal accident, health and national and international transportation and other insurance policies are also maintained.

The coverages and limits of the insurance policies maintained are based on a careful study of risks and losses conducted by independent insurance advisors, and the type of insurance is considered by management to be sufficient to cover potential losses based on the nature of the business conducted by the companies.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

g. Operating lease contracts

Subsidiaries Cia. Ultragaz, Tequimar, Serma and Oxiteno S.A. have operating lease contracts for the use of IT equipment. These contracts have terms of 36 and 45 months. The subsidiaries have the option to purchase the assets at a price equal to the fair market price on the date of option, and management does not intend to exercise such option. Subsidiaries Cia. Ultragaz and Bahiana have operating lease contracts related to vehicles in their fleets. These contracts have terms of 24 to 60 months and there is no purchase option. The future disbursements (installments), assumed under these contracts, amount approximately to:

| | Up to 1 year | Between 1 and 5 years | More than 5 years | Total |
|------|-----------------|--------------------------|----------------------|--------|
| 2012 | 18,480 | 30,785 | - | 49,265 |

The subsidiaries IPP and Cia. Ultragaz have operating lease contracts related to land and building of service stations and stores, respectively. The future disbursements and receipts (installments), arising from these contracts, amount approximately to:

| | | Up to 1 year | Between 1 and 5 years | More than 5 years | Total |
|------|------------|-----------------|--------------------------|----------------------|-----------|
| 2012 | payable | (55,809) | (179,919) | (132,792) | (368,520) |
| | receivable | 48,910 | 151,467 | 113,012 | 313,389 |

The net expense recognized in 2012 for operating leases was R\$ 39,912.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

24. Employee benefits and private pension plan (Consolidated)

a. ULTRAPREV- Associação de Previdência Complementar

In February 2001, the Company's Board of Directors approved the adoption of a defined contribution pension plan to be sponsored by Company and each of its subsidiaries. Participating employees have been contributing to this plan, managed by Ultraprev - Associação de Previdência Complementar ("Ultraprev"), since August 2001. Under the terms of the plan, every year each participating employee chooses his or her basic contribution to the plan. Each sponsoring company provides a matching contribution in an amount equivalent to each basic contribution, up to a limit of 11% of the employee's reference salary, according to the rules of the plan. As participating employees retire, they may choose to receive either (i) a monthly sum ranging between 0.5% and 1.0% of their respective accumulated fund in Ultraprev or (ii) a fixed monthly amount which will exhaust their respective accumulated fund over a period of 5 to 25 years. The sponsoring company does not guarantee the amounts or the duration of the benefits received by each employee that retires. In 2012, the Company and its subsidiaries contributed R\$ 15,563 (R\$ 14,254 in 2011) to Ultraprev, which amount is recognized as expense in the income statement. The total number of participating employees as of December 31, 2012 was 6,902 active participants and 77 retired participants. In addition, Ultraprev had 29 former employees receiving benefits under the rules of a previous plan whose reserves are fully constituted.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

b. Post-employment benefits

The Company and its subsidiaries recognized a provision for post-employment benefits mainly related to seniority bonus, payment of Government Severance Indemnity Fund ("FGTS"), and health, dental care and life insurance plan for eligible retirees.

The amounts related to such benefits were determined based on a valuation conducted by an independent actuary and are recognized in the financial statements in accordance with Resolution CVM 600/2009.

| | 2012 | 2011 |
|-----------------------------|---------|---------|
| Health and dental care plan | 57,331 | 43,069 |
| FGTS Penalty | 36,765 | 33,346 |
| Bonus | 16,374 | 12,966 |
| Life insurance | 21,773 | 20,652 |
| Total | 132,243 | 110,033 |
| Current | 11,624 | 13,282 |
| Non-current | 120,619 | 96,751 |

Significant actuarial assumptions adopted include:

Economic Factors

- Discount rate for the actuarial obligation at present value – 8.68% p.a.
- Average projected salary growth rate - 6.59% p.a.
- Inflation rate (long term) - 4.5% p.a.
- Growth rate of medical services - 8.68% p.a.

Demographic factors

- Mortality Table for the life insurance benefit – CSO-80
- Mortality Table for other benefits - AT 2000 Basic decreased by 10%
- Disabled Mortality Table - RRB 1983
- Disability Table - RRB 1944 modified

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

25. Revenue from sale and services (Consolidated)

| | 2012 | 2011 |
|-------------------------------------|--------------|--------------|
| Gross revenue from sale | 54,982,899 | 49,729,159 |
| Gross revenue from services | 515,913 | 447,336 |
| Sales tax | (1,318,421) | (1,283,462) |
| Discounts and sales returns | (261,085) | (222,770) |
| Deferred revenue (see Note 19) | 118 | (8,959) |
| Net revenue from sales and services | 53,919,424 | 48,661,304 |

26. Expenses by nature (Consolidated)

The Company discloses its consolidated income statement by function and is presenting below its breakdown by nature:

| | 2012 | 2011 |
|---|------------|------------|
| Raw materials and materials for use and consumption | 48,879,876 | 44,275,967 |
| Freight and storage | 846,621 | 744,053 |
| Depreciation and amortization | 696,332 | 580,076 |
| Personnel expenses | 1,247,874 | 1,146,443 |
| Advertising and marketing | 177,140 | 130,986 |
| Services provided by third parties | 138,176 | 158,511 |
| Lease of real estate and equipment | 71,744 | 63,738 |
| Other expenses | 234,327 | 182,931 |
| Total | 52,292,090 | 47,282,705 |
| Classified as: | | |
| Cost of products and services sold | 49,797,200 | 45,139,601 |
| Selling and marketing | 1,581,501 | 1,349,880 |
| General and administrative | 913,389 | 793,224 |
| Total | 52,292,090 | 47,282,705 |

Ultrapar Participações S.A. and Subsidiaries

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(In thousands of Brazilian Reais, unless otherwise stated)

27. Income from disposal of assets (Consolidated)

Income from disposal of assets is determined as the difference between the selling price and residual book value of the investment, property, plant and equipment or intangible asset disposed of. In 2012, the gain was of R\$ 3,676 (gain of R\$ 21,390 in 2011), primarily from disposal of property, plant and equipment.

28. Financial income (expense)

| | Parent | | Consolidated | |
|---|-----------|------------|--------------|------------|
| | 2012 | 2011 | 2012 | 2011 |
| Financial income: | | | | |
| Interest on financial investments | 109,211 | 161,084 | 156,287 | 271,751 |
| Interest from customers | - | - | 58,365 | 46,350 |
| Other financial income | - | - | 3,409 | 4,271 |
| | 109,211 | 161,084 | 218,061 | 322,372 |
| Financial expenses: | | | | |
| Interest on loans | - | - | (332,548) | (405,232) |
| Interest on debentures | (94,353) | (140,863) | (98,879) | (143,117) |
| Interest on finance leases | - | - | (3,871) | (2,148) |
| Bank charges, IOF, and other charges | (531) | 862 | (22,094) | (21,304) |
| Exchange variation, net of gains and losses with derivative instruments | - | - | (12,311) | (32,652) |
| Monetary restatement of provisions, net, and other financial expenses | 212 | 361 | (10,854) | (14,423) |
| | (94,672) | (139,640) | (480,557) | (618,876) |
| Financial income (expense) | 14,539 | 21,444 | (262,496) | (296,504) |

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

29. Earnings per share (Parent and Consolidated)

The table below presents a reconciliation of numerators and denominators used in computing earnings per share. As disclosed in Note 8.c), the Company sponsors a Deferred Stock Plan.

| Basic earnings per share | 2012 | 2011 |
|--|-----------|---------|
| Net income for the year of the Company | 1,011,009 | 848,764 |
| Weighted average shares outstanding (in thousands) | 533,993 | 533,989 |
| Basic earnings per share –R\$ | 1.8933 | 1.5895 |

| Diluted earnings per share | 2012 | 2011 |
|---|-----------|---------|
| Net income for the year of the Company | 1,011,009 | 848,764 |
| Weighted average shares outstanding (in thousands), including Deferred Stock Plan | 536,171 | 536,072 |
| Diluted earnings per share –R\$ | 1.8856 | 1.5833 |

| Weighted average shares outstanding (in thousands) | 2012 | 2011 |
|--|---------|---------|
| Weighted average shares outstanding for basic per share calculation: | 533,993 | 533,989 |
| Dilution effect | | |
| Deferred Stock Plan | 2,178 | 2,083 |
| Weighted average shares outstanding for diluted per share calculation: | 536,171 | 536,072 |

São Paulo, February 20th, 2013 – Ultrapar Participações S.A. (BM&FBOVESPA: UGPA3 / NYSE: UGP), a company engaged in fuel distribution (Ultragas/Ipiranga), specialty chemicals (Oxiteno) and storage for liquid bulk (Ultracargo), hereby reports its results for the fourth quarter and the year 2012.

| | |
|---|--|
| Results conference call | We present in 4Q12 one more quarter of positive results progression, with 32% and 36% growth in EBITDA and net income, respectively. We closed 2012 achieving significant growth and record levels of results, even in a more challenging macroeconomic environment. |
| Brazilian conference call | |
| February 22nd, 2013 | |
| 9:00 a.m. (US EST) | |
| São Paulo – SP | Ø ULTRAPAR’S NET REVENUES REACH R\$ 54 BILLION IN 2012, AN 11% GROWTH OVER 2011 |
| Telephone for connection: +55 11 2188 0155 | |
| Code: Ultrapar | Ø ULTRAPAR’S EBITDA AMOUNTS TO R\$ 2.4 BILLION IN 2012, UP 18% OVER 2011 |
| International conference call | |
| February 22nd, 2013 | Ø ULTRAPAR’S NET INCOME EXCEEDS R\$ 1 BILLION IN 2012, GROWTH OF 19% OVER 2011 |
| 10:30 a.m. (US EST) | |
| Participants in Brazil: 0800 891 0015 | Ø ULTRAPAR RECEIVES THE 2012 IBGC CORPORATE GOVERNANCE AWARD |
| Participants in the USA: 1 877 317 6776 | |
| International participants: +1 412 317 6776 | Ø APPROVAL OF ADDITIONAL DIVIDEND DISTRIBUTION OF R\$ 354 MILLION, RESULTING IN TOTAL DIVIDENDS OF R\$ 627 MILLION FOR 2012, CORRESPONDING TO A 62% PAYOUT FOR THE YEAR AND A 19% GROWTH OVER 2011. |
| Code: Ultrapar | |
| IR Contact | |
| E-mail: invest@ultra.com.br | |
| Telephone: + 55 11 3177 7014 | “With great enthusiasm I assume the position of CEO of Ultrapar, a sound company that has presented sustained growth over its 75 years through different political and economic scenarios in Brazil. In 2012 it was no different: we closed the year with significant earnings growth, despite the lower economic growth. It was also a year of important achievements, conclusion of investments and recognitions. Looking to the future, we have businesses that present several growth opportunities, with quality and profitability, and I am confident that we will continue the path of value creation.” |
| Website: www.ultra.com.br | |
| Ultrapar Participações S.A. | |
| UGPA3 = R\$ 46.29/share | |
| (12/31/12) | |
| UGP = US\$ 22.28/ADR | |
| (12/31/12) | |

Thilo Mannhardt – CEO

Considerations on the financial and operational information

Standards and criteria adopted in preparing the information

The financial information presented in this document has been prepared according to the International Financial Reporting Standards (IFRS). The financial information of Ultrapar corresponds to the company's consolidated information. The financial information of Ultragaz, Ipiranga, Oxiteno and Ultracargo is reported without elimination of intercompany transactions. Therefore, the sum of such information may not correspond to the consolidated financial information of Ultrapar. In addition, except when otherwise indicated, the amounts presented in this document are expressed in millions of Reais and, therefore, are subject to rounding off. Consequently, the total amounts presented in the tables may differ from the direct sum of the amounts that precede them.

On October 4th, 2012, CVM issued the Instruction Nr 527 ("ICVM 527"), which governs the disclosure by listed companies of the EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization, and EBIT - Earnings Before Interest and Taxes, for the results disclosed from January 1st, 2013 onwards. The EBITDA according to ICVM 527 differs from the EBITDA previously reported by the company as it includes the income in the sale of assets and equity in earnings (losses) of affiliates, as shown below for the years ended on December 31st, 2011 and 2012:

| R\$ million | 4Q12 | 4Q11 | 3Q12 | D (%) 4Q12v4Q11 | D (%) 4Q12v3Q12 | 2012 | 2011 | D (%) 2012v2011 |
|---|-------|-------|-------|--------------------|--------------------|---------|---------|--------------------|
| EBITDA prior to ICVM 527 ¹ | 674.0 | 505.0 | 646.9 | 33% | 4% | 2,401.6 | 2,010.7 | 19% |
| (+) Income from sale of assets | 3.1 | 6.0 | 4.8 | | | 3.7 | 21.4 | |
| (+) Equity in earnings (losses) of affiliates | (0.0) | 0.1 | 0.0 | | | 0.2 | 0.2 | |
| EBITDA according to ICVM 527 | 677.1 | 511.1 | 651.8 | 32% | 4% | 2,405.4 | 2,032.3 | 18% |

¹ Before income from sale of assets and equity in earnings (losses) of affiliates

The information on EBIT and EBITDA included in this document was prepared in accordance with ICVM 527 and, therefore, differs from the information previously disclosed by the company.

The calculation of the EBITDA from the net earnings is presented below:

| R\$ million | 4Q12 | 4Q11 | 3Q12 | D (%) 4Q12v4Q11 | D (%) 4Q12v3Q12 | 2012 | 2011 | D (%) 2012v2011 |
|--|-------|-------|-------|--------------------|--------------------|---------|---------|--------------------|
| Net earnings | 301.7 | 221.2 | 290.8 | 36% | 4% | 1,017.9 | 854.8 | 19% |
| (+) Income and social contribution taxes | 133.4 | 52.7 | 121.7 | | | 428.8 | 300.9 | |
| (+) Financial expenses (income), net | 56.4 | 82.5 | 58.4 | | | 262.5 | 296.5 | |
| (+) Depreciation and amortization | 185.7 | 154.7 | 181.0 | | | 696.3 | 580.1 | |
| EBITDA according to ICVM 527 | 677.1 | 511.1 | 651.8 | 32% | 4% | 2,405.4 | 2,032.3 | 18% |

Summary of the 4th quarter of 2012

| Ultrapar – Consolidated data | 4Q12 | 4Q11 | 3Q12 | D (%) 4Q12v4Q11 | D (%) 4Q12v3Q12 | 2012 | 2011 | D (%) 2012v2011 |
|--|--------|--------|--------|--------------------|--------------------|--------|--------|--------------------|
| Net sales and services | 14,347 | 12,758 | 14,123 | 12% | 2% | 53,919 | 48,661 | 11% |
| Gross profit | 1,122 | 917 | 1,086 | 22% | 3% | 4,122 | 3,522 | 17% |
| Operating profit | 491 | 356 | 471 | 38% | 4% | 1,709 | 1,452 | 18% |
| EBITDA | 677 | 511 | 652 | 32% | 4% | 2,405 | 2,032 | 18% |
| Net earnings ¹ | 302 | 221 | 291 | 36% | 4% | 1,018 | 855 | 19% |
| Earnings attributable to Ultrapar per share ² | 0.56 | 0.41 | 0.54 | 36% | 4% | 1.89 | 1.59 | 19% |

Amounts in R\$ million
(except for EPS)

¹ Under IFRS, net earnings include net earnings attributable to non-controlling shareholders

² Calculated based on the weighted average number of shares over the period, excluding shares held in treasury. Retroactively adjusted to reflect the 1:4 stock split approved in the Special Shareholders' Meeting held on February 10th, 2011

| Ultragas – Operational data | 4Q12 | 4Q11 | 3Q12 | D (%) 4Q12v4Q11 | D (%) 4Q12v3Q12 | 2012 | 2011 | D (%) 2012v2011 |
|-----------------------------|------|------|------|--------------------|--------------------|-------|-------|--------------------|
| Total volume (000 tons) | 416 | 416 | 436 | 0% | (5%) | 1,681 | 1,652 | 2% |
| Bottled | 284 | 284 | 294 | 0% | (3%) | 1,133 | 1,134 | 0% |
| Bulk | 131 | 131 | 142 | 0% | (8%) | 548 | 518 | 6% |

| Ipiranga – Operational data | 4Q12 | 4Q11 | 3Q12 | D (%) 4Q12v4Q11 | D (%) 4Q12v3Q12 | 2012 | 2011 | D (%) 2012v2011 |
|------------------------------------|-------|-------|-------|--------------------|--------------------|--------|--------|--------------------|
| Total volume (000 m ³) | 6,142 | 5,629 | 6,066 | 9% | 1% | 23,364 | 21,701 | 8% |
| Diesel | 3,275 | 3,102 | 3,419 | 6% | (4%) | 12,858 | 12,069 | 7% |
| Gasoline, ethanol and NGV | 2,778 | 2,430 | 2,539 | 14% | 9% | 10,104 | 9,208 | 10% |
| Others ³ | 90 | 97 | 109 | (7%) | (17%) | 402 | 425 | (5%) |

³ Fuel oils, kerosene, lubricants and greases

| Oxiteno – Operational data | 4Q12 | 4Q11 | 3Q12 | D (%) 4Q12v4Q11 | D (%) 4Q12v3Q12 | 2012 | 2011 | D (%) 2012v2011 |
|----------------------------|------|------|------|--------------------|--------------------|------|------|--------------------|
| Total volume (000 tons) | 185 | 179 | 205 | 4% | (9%) | 761 | 660 | 15% |
| Product mix | | | | | | | | |
| Specialty chemicals | 160 | 150 | 173 | 7% | (7%) | 638 | 598 | 7% |
| Glycols | 25 | 29 | 32 | (11%) | (20%) | 123 | 62 | 99% |
| Geographical mix | | | | | | | | |
| Sales in Brazil | 133 | 134 | 150 | 0% | (11%) | 553 | 479 | 16% |

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| | | | | | | | | |
|-------------------------------|------|------|------|--------------------|--------------------|------|------|--------------------|
| Sales outside Brazil | 52 | 45 | 54 | 16% | (4%) | 208 | 181 | 15% |
| Ultracargo – Operational data | 4Q12 | 4Q11 | 3Q12 | D (%) 4Q12v4Q11 | D (%) 4Q12v3Q12 | 2012 | 2011 | D (%) 2012v2011 |
| Effective storage4 (000 m3) | 634 | 598 | 651 | 6% | (3%) | 614 | 582 | 5% |
| 4 Monthly average | | | | | | | | |

| Macroeconomic indicators | 4Q12 | 4Q11 | 3Q12 | D (%) 4Q12v4Q11 | D (%) 4Q12v3Q12 | 2012 | 2011 | D (%) 2012v2011 |
|---|------|------|------|--------------------|--------------------|------|-------|--------------------|
| Average exchange rate (R\$/US\$) | 2.06 | 1.80 | 2.03 | 14% | 1% | 1.95 | 1.67 | 17% |
| Brazilian interbank interest rate (CDI) | 1.7% | 2.7% | 1.9% | | | 8.4% | 11.6% | |
| Inflation in the period (IPCA) | 2.0% | 1.5% | 1.4% | | | 5.8% | 6.5% | |

Highlights

Ø Dividend distribution of R\$ 354 million approved – The Board of Directors of Ultrapar approved today a dividend payment of R\$ 354 million, equivalent to R\$ 0.66 per share, to be paid from March 8th, 2013 onwards. This distribution, added to the anticipated dividends distributed in August 2012, totals R\$ 627 million in the year and corresponds to a 62% payout over 2012 net earnings, representing a dividend yield of 3% on Ultrapar's average share price in 2012. The total amount distributed in 2012 is 19% higher than that in 2011, and reflects Ultrapar's significant earnings and profitability growth in recent years.

Ø 2013 investment plan approved – Ultrapar's Board of Directors approved the investment plan for 2013 of R\$ 1,437 million. The plan includes R\$ 872 million of investments at Ipiranga, R\$ 278 million at Oxitenó, R\$ 160 million at Ultragas and R\$ 103 million at Ultracargo. These investments aim at growth through increased scale and productivity gains, as well as modernization of existing operations. This amount does not include acquisitions. The investment plan reflects the opportunities for continued growth and value creation of the company, with the implementation of strategic initiatives specific to each business unit.

Ø Ultrapar announces a joint venture in the segment of electronic payment for tolls, parking and fuels – On November 27th, 2012, Ultrapar announced the constitution, in partnership with Odebrecht TransPort Participações, of ConectCar, a company to operate in the segment of electronic payment for tolls, parking and fuels. Ultrapar and Odebrecht will share the control of the company, each with a 50% interest, and will jointly invest up to R\$ 150 million over the next years. ConectCar plans to start its operations in the first quarter of 2013, having Ipiranga's service station network as the main distribution and contact channel with car owners.

Ø Ultrapar's credit rating is upgraded by S&P – On November 28th, 2012, the rating agency Standard & Poor's Ratings Services (S&P) upgraded Ultrapar's global scale credit rating from 'BBB-' to 'BBB', two levels into the investment grade. The upgrade in Ultrapar's credit rating highlights the cash flow generation capacity of its businesses and its sound financial management and corporate governance.

Ø Ultrapar receives important award – On November 21st, 2012, Ultrapar received the 2012 IBGC Corporate Governance Award – Category Evolution for Publicly Listed Companies ("Prêmio IBGC de Governança Corporativa - Categoria Evolução Empresas Listadas de 2012"), granted by the Brazilian Institute of Corporate Governance (IBGC). IBGC assessed the evolution of listed and non-listed companies' corporate governance for a three-year period, and Ultrapar was elected the company with the best evolution in corporate governance in the period. The award received attests the constant development of Ultrapar's corporate governance structure, aimed at enduring the company and its growth and at value creation.

Ø

Ultrapar remains in the portfolio of BM&FBOVESPA's Corporate Sustainability Index (ISE) – In November 2012, BM&FBOVESPA announced the new composition of ISE's portfolio, to which Ultrapar was selected once more. The ISE is comprised of companies with recognized commitment to social and environmental responsibility, corporate governance and corporate sustainability. The ISE evaluates those aspects, in an integrated manner, both in quantitative and qualitative terms.

Executive summary of the results

In the fourth quarter of 2012, the Brazilian economy presented signs of recovery, as a result of counter-cyclical measures adopted by the Brazilian government during the year, among which the reduction of interest rates and federal taxes in the automotive sector stand out. In the fourth quarter, the licensing of light vehicles grew by 8% over the same period of the previous year. In 2012, approximately 3.6 million light vehicles were licensed, a historical record, which enabled an estimated 8% growth of the light vehicle fleet. At the last meeting of the Monetary Policy Committee (Copom), the Brazilian Central Bank maintained the interest rate (Selic) at 7.25%, confirming the prospects for the end of a rate-cutting cycle. During 4Q12, the exchange rate remained practicably stable, closing the period at R\$ 2.04/US\$, 9% higher than the rate of R\$ 1.88/US\$ at the end of 2011.

In 4Q12, Ultragaz's sales volume reached 416 thousand tons, in line with the sales volume of 4Q11, with the process of capturing new clients in the bulk segment offset by a lower consumption of large customers and by the impact of the strike by employees of LPG distributors in the state of São Paulo. Ultragaz's EBITDA in 4Q12 grew by 5% compared with 4Q11, mainly due to the non-recurring effects related to the integration of Repsol and contingencies in 4Q11 and expense reduction initiatives, partially offset by the effects of inflation on costs and expenses and by the strike in the state of São Paulo. In 2012, Ultragaz's EBITDA totaled R\$ 243 million, down 13% from 2011.

Ipiranga's sales volume totaled 6,142 thousand cubic meters in 4Q12, a 9% growth over 4Q11, mainly boosted by the growth of the vehicle fleet and by strong investments in the network expansion. EBITDA reached R\$ 509 million in 4Q12, a 46% growth of over 4Q11, mainly due to (i) increased sales volume, (ii) enhanced sales mix, with an increased share of gasoline, (iii) the evolution of diesel and anhydrous and hydrated ethanol costs. In 2012, Ipiranga's EBITDA amounted to R\$ 1,640 million, up 21% over 2011.

Oxiteno's sales volume in 4Q12 totaled 185 thousand tons, a 4% growth compared with 4Q11, mainly due to the acquisition of the specialty chemicals plant in Uruguay and to the 5% increase in domestic sales of specialties, partially offset by the non-scheduled stoppage in the Camaçari petrochemical complex, a consequence of the energy blackout in the Northeastern region. Oxiteno's EBITDA amounted to R\$ 71 million in 4Q12, or US\$ 187/ton, an 11% reduction compared with 4Q11, mainly due to (i) the effect of the non-scheduled stoppage in the Camaçari petrochemical complex, (ii) costs and expenses related to the start-up of the company operations in the United States, and (iii) the increase in ethylene cost in 4Q12, partially offset by the 14% weaker Real and by higher sales volume. In 2012, Oxiteno's EBITDA totaled R\$ 350 million, a robust growth of 34% over 2011.

In 4Q12, Ultracargo's average storage increased by 6% compared with 4Q11, mainly due to the acquisition of Temmar, a terminal in the port of Itaquí, integrated since August. Ultracargo's EBITDA totaled R\$ 36 million in 4Q12, an increase of 23% over 4Q11, mainly due to the acquisition of Temmar and the improved mix of handled products and contracts. In 2012, Ultracargo's EBITDA totaled R\$ 145 million, a strong growth of 23% over 2011.

Ultrapar's consolidated EBITDA totaled R\$ 677 million in 4Q12, a growth of 32% compared with 4Q11, as a result of the EBITDA growth in Ultragaz, Ipiranga and Ultracargo. The net earnings in 4Q12 amounted to R\$ 302 million, equivalent to a net margin of 2%, up 36% over 4Q11, mainly due to the EBITDA growth between the periods. In 2012, Ultrapar's EBITDA totaled R\$ 2,405 million, an 18% growth over 2011. In 2012, Ultrapar's net earnings totaled R\$ 1,018 million, a growth of 19% compared with 2011.

Operational Performance

Ultragaz – In 4Q12, Ultragaz's sales volume reached 416 thousand tons, in line with the sales volume of 4Q11, with the process of capturing new clients in the bulk segment offset by a lower consumption of large customers and by the impact of the strike by employees of LPG distributors in the state of São Paulo. Compared with 3Q12, sales volume decreased by 5%, mainly due to seasonality between periods. In 2012, Ultragaz totaled a sales volume of 1,681 thousand tons, up 2% over 2011.

Ipiranga – Ipiranga's sales volume totaled 6,142 thousand cubic meters in 4Q12, up 9% over 4Q11, mainly boosted by the growth of the vehicle fleet and strong investments in the network expansion. Compared with 3Q12, total sales volume increased by 1%, mainly due to strong investments in the network expansion, partially offset by seasonality between periods in diesel sales. In 2012, Ipiranga's volume sold totaled 23,364 thousand cubic meters, a growth of 8% over 2011.

Oxiteno – Oxiteno's sales volume in 4Q12 totaled 185 thousand tons, up 4% over 4Q11, mainly due to the acquisition of the specialty chemicals plant in Uruguay, integrated since November, and to the increased domestic sales of specialties, partially offset by the non-scheduled stoppage in the Camaçari petrochemical complex, a consequence of the energy blackout in the Northeastern region. Sales of specialties in the domestic market increased by 5% (5 thousand tons), highlighting the sales to the agrochemical, automotive and coatings segments. Compared with 3Q12, sales volume was 9% lower (19 thousand tons), mainly due to seasonally lower volume of specialties and the non-scheduled stoppage in the Camaçari petrochemical complex, partially offset by the acquisition of the specialty chemicals plant in Uruguay. The volume sold by Oxiteno in 2012 totaled 761 thousand tons, a growth of 15% over 2011.

Ultracargo – In 4Q12, Ultracargo's average storage increased by 6% compared with 4Q11, mainly due to the acquisition of Temmar, a terminal in the port of Itaqui, partially offset by the reduction in the handling of ethanol. Compared with 3Q12, the average storage decreased by 3%, mainly due to seasonality between periods, partially offset by an increased handling of products in the terminal of Itaqui, integrated since August. In 2012, Ultracargo average storage in its terminals increased by 5% compared with 2011.

Economic-Financial Performance

Net sales and services – Ultrapar's consolidated net sales and services reached R\$ 14,347 million in 4Q12, up 12% over 4Q11, as a result of revenues growth in all businesses. Compared with 3Q12, Ultrapar's net sales and services increased by 2%. In 2012, Ultrapar's net sales and services totaled R\$ 53,919 million, up 11% over 2011.

Ultragaz – Ultragaz's net sales and services totaled R\$ 957 million in 4Q12, stable compared with net sales and services of 4Q11. Compared with 3Q12, Ultragaz's net sales and services decreased by 4%, lower than the seasonal decline of 5% in sales volume. In 2012, Ultragaz's net sales and services totaled R\$ 3,847 million, a 2% increase over 2011.

Ipiranga – Ipiranga's net sales and services totaled R\$ 12,545 million in 4Q12, up 13% over 4Q11, as a result of (i) increased sales volume, (ii) the increase in diesel costs by Petrobras in July 2012 and (iii) the increased share of gasoline in the sales mix, effects partially offset by the reduction of anhydrous and hydrous ethanol costs. Compared with 3Q12, Ipiranga's net sales and services increased by 2%, due to increased sales volume. In 2012, Ipiranga's net sales and services totaled R\$ 46,833 million, a growth of 11% over 2011.

Oxiteno – Oxiteno's net sales and services totaled R\$ 762 million in 4Q12, a 15% increase over 4Q11, mainly due to the 14% weaker Real and a 4% growth in sales volume, partially offset by 3% lower average dollar prices, mainly as a result of lower glycol prices in the international market. Compared with 3Q12, Oxiteno's net sales and services decreased by 4%, mainly due to lower sales volume, partially offset by 4% higher average dollar prices. In 2012, Oxiteno's net sales and services accumulated R\$ 2,929 million, up 22% compared with 2011.

Ultracargo – Ultracargo's net sales and services totaled R\$ 79 million in 4Q12, a 15% increase over 4Q11, mainly due to the acquisition of Temmar and the improved mix of handled products and contracts. Compared with 3Q12, Ultracargo's net sales and services was stable, with the reduction in handling offset by the improved mix of handled products and contracts. In 2012, Ultracargo's net sales and services totaled R\$ 301 million, an increase of 13% over 2011.

Cost of goods sold – Ultrapar's cost of goods sold totaled R\$ 13,225 million in 4Q12, a 12% growth compared with 4Q11, due to increased cost of goods sold in all businesses. Compared with 3Q12, Ultrapar's cost of goods sold increased by 1%. In 2012, Ultrapar's cost of goods sold totaled R\$ 49,797 million, up 10% over 2011.

Ultragaz – Ultragaz's cost of goods sold totaled R\$ 831 million in 4Q12, up 1% over 4Q11, mainly as a result of (i) the effects of the inflation in 2012 and (ii) non-recurring costs related to the strike in LPG distributors in the state of São Paulo, partially offset by the 5% reduction in personnel and by the non-recurring costs related to the integration of Repsol and contingencies in 4Q11. Compared with 3Q12, Ultragaz's cost of goods sold decreased by 3%, mainly due to seasonally lower volume, partially offset by the higher costs mentioned above. In 2012, Ultragaz's cost of goods sold totaled R\$ 3,313 million, up 3% over 2011.

Ipiranga – Ipiranga's cost of goods sold totaled R\$ 11,751 million in 4Q12, a 12% increase over 4Q11, mainly due to (i) increased sales volume, (ii) the 6% increase in diesel cost by Petrobras in July 2012, and (iii) the increased share of gasoline in the sales mix, effects partially offset by the reduction of anhydrous and hydrated ethanol costs and by the non-recurring PIS/Cofins tax credit in 4Q12 in the amount of R\$ 18 million. Compared with 3Q12, Ipiranga's cost of goods sold increased by 2%, mainly due to increased sales volume. In 2012, Ipiranga's cost of goods sold totaled R\$ 44,055 million, up 10% over 2011.

Oxiteno – Oxiteno's cost of goods sold in 4Q12 totaled R\$ 611 million, growth of 18% over 4Q11, mainly as a result of the 14% weaker Real, the 4% higher sales volume and the increase in ethylene cost in 4Q12. Compared with 3Q12, Oxiteno's cost of goods sold decreased by 1%, mainly as a consequence of the 9% lower volume, partially offset by the 8% increase in unit variable costs in dollar. In 2012, Oxiteno's cost of goods sold totaled R\$ 2,312 million, up 20% over 2011.

Ultracargo – Ultracargo's cost of services provided in 4Q12 amounted to R\$ 34 million, a 9% increase over 4Q11, mainly due to the increased depreciation resulting from recent capacity expansions and the acquisition of Temmar.

Compared with 3Q12, Ultracargo's cost of services provided increased by 6%, mainly due to the consolidation of Temmar since August 2012. In 2012, Ultracargo's cost of services provided totaled R\$ 123 million, an increase of 7% over 2011.

Sales, general and administrative expenses – Ultrapar's sales, general and administrative expenses reached R\$ 669 million in 4Q12, up 13% over 4Q11. Compared with 3Q12, Ultrapar's sales, general and administrative expenses increased by 5%. In 2012, Ultrapar's sales, general and administrative expenses totaled R\$ 2,495 million, up 16% over 2011.

Ultragaz – Ultragaz's sales, general and administrative expenses totaled R\$ 104 million in 4Q12, a reduction of 7% from 4Q11, mainly due to (i) non-recurring expenses related to the integration of Repsol and contingencies in 4Q11, and (ii) initiatives to reduce expenses, partially offset by the effects of inflation on personnel and freight expenses. Compared with 3Q12, Ultragaz's sales, general and administrative expenses decreased by 1%, mainly due to lower expenses with

marketing and sales campaigns and to seasonal reduction in volumes. In 2012, Ultragaz's sales, general and administrative expenses totaled R\$ 412 million, up 6% over 2011.

Ipiranga – Ipiranga's sales, general and administrative expenses totaled R\$ 433 million in 4Q12, a 17% increase over 4Q11, mainly due to (i) increased sales volume, (ii) the effects of inflation on expenses, (iii) the expansion of the distribution network, and (iv) increased expenses with advertising and marketing, partially offset by the R\$ 16 million expenses related to the preparation for the conversion of Texaco service stations into the Ipiranga brand in the Midwest, Northeast and North regions of Brazil in 4Q11. Compared with 3Q12, Ipiranga's sales, general and administrative expenses increased by 5%, mainly due to higher expenses related to the expansion of the distribution network and higher variable compensation, in line with the earnings progression. In 2012, Ipiranga's sales, general and administrative expenses totaled R\$ 1,622 million, a 19% growth over 2011.

Oxiteno – Oxiteno's sales, general and administrative expenses totaled R\$ 106 million in 4Q12, up 18% over 4Q11, mainly due to (i) the start-up of operations of the company in the United States, (ii) the acquisition of the specialty chemicals plant in Uruguay, (iii) higher logistics expenses, resulting from increased sales volume and the effect of exchange rates on international freight expenses, and (iv) the effects of inflation on expenses. Compared with 3Q12, Oxiteno's sales, general and administrative expenses increased by 4%, mainly due to the effects of inflation on personnel expenses and the acquisition of the specialty chemicals plant in Uruguay. In 2012, Oxiteno's sales, general and administrative expenses totaled R\$ 389 million, up 22% over 2011.

Ultracargo – Ultracargo's sales, general and administrative expenses totaled R\$ 23 million in 4Q12, up 26% over 4Q11, mainly as a consequence of the acquisition of Temmar and higher expenses related to expansion projects. Compared with 3Q12, Ultracargo's sales, general and administrative expenses increased by 21%, mainly due to the acquisition of Temmar, integrated since August, and the lower level of variable compensation in 3Q12. In 2012, Ultracargo's sales, general and administrative expenses totaled R\$ 76 million, up 14% over 2011.

Income from sale of assets – Ultrapar's income from sale of assets totaled R\$ 3 million in 4Q12, R\$ 3 million lower than the income from sale of assets in 4Q11, mainly due to the provision for sale of assets related to Oxiteno's catalysts unit. Compared with 3Q12, the income from sale of assets decreased by R\$ 2 million. In 2012, the income from sale of assets totaled R\$ 4 million, R\$ 18 million below that of 2011.

EBITDA – Ultrapar's consolidated EBITDA totaled R\$ 677 million in 4Q12, a growth of 32% over 4Q11, as a result of the EBITDA growth in Ultragaz, Ipiranga and Ultracargo. Compared with 3Q12, Ultrapar's EBITDA increased by 4%, due to the EBITDA growth in Ipiranga. In 2012, Ultrapar's EBITDA totaled R\$ 2,405 million, an 18% growth over 2011.

Ultragaz – Ultragaz's EBITDA amounted to R\$ 52 million in 4Q12, a 5% growth over 4Q11, mainly due to the non-recurring items related to the integration of Repsol and contingencies (R\$ 15 million) in 4Q11 and expense reduction initiatives, partially offset by the effects of inflation on costs and expenses and by the strike in LPG distributors in the state of São Paulo, with an estimated impact of R\$ 5 million. Compared with 3Q12, Ultragaz's EBITDA reduced by 24%, mainly due to

seasonally lower volumes and the effects of the strike mentioned above. In 2012, Ultragaz's EBITDA totaled R\$ 243 million, 13% below that of 2011.

Ipiranga – Ipiranga's EBITDA amounted to R\$ 509 million in 4Q12, up 46% over 4Q11, mainly due to (i) higher sales volume, (ii) the enhanced sales mix, with an increased share of gasoline, (iii) the evolution of diesel and anhydrous and hydrated ethanol costs, (iv) the non-recurring PIS/Cofins tax credit in 4Q12 in the amount of R\$ 18 million, and (v) expenses of R\$ 16 million related to the preparation for conversion of Texaco service stations into the Ipiranga brand in the Midwest, Northeast and North regions of Brazil in 4Q11. Excluding these non-recurring effects, Ipiranga's EBITDA grew by 34% over 4Q11. Compared with 3Q12, Ipiranga's EBITDA increased by 21%, mainly due to the improved sales mix, with a higher seasonal share of gasoline, the evolution of anhydrous and hydrated ethanol costs and the non-recurring PIS/Cofins effect mentioned above. In 2012, Ipiranga's EBITDA amounted to R\$ 1,640 million, 21% increase over 2011, equivalent to an EBITDA margin of R\$ 70/m³, or 3.5%.

Oxitenó – Oxitenó's EBITDA amounted to R\$ 71 million in 4Q12, or US\$ 187/ton, down 11% from 4Q11, mainly due to (i) the effect of the non-scheduled stoppage in the Camaçari petrochemical complex, (ii) costs and expenses related to the start-up of the company operations in the United States, and (iii) the increase in ethylene cost in 4Q12, partially offset by the 14% weaker Real and by higher sales volume. Compared with 3Q12, Oxitenó's EBITDA reduced by 37%, mainly as a consequence of the seasonally lower volume and higher unit variable costs in dollars. In 2012, Oxitenó's EBITDA totaled R\$ 350 million, a robust growth of 34% over 2011.

Ultracargo – Ultracargo's EBITDA amounted to R\$ 36 million in 4Q12, up 23% over 4Q11, mainly due to the acquisition of Temmar and the mix of handled products and contracts. Compared with 3Q12, Ultracargo's EBITDA was 11% lower, mainly due to the seasonality between periods and the lower level of variable compensation in 3Q12. In 2012, Ultracargo's EBITDA totaled R\$ 145 million, a strong growth of 23% over 2011.

Depreciation and amortization – Total depreciation and amortization costs and expenses in 4Q12 amounted to R\$ 186 million, 20% higher than that in 4Q11, as a result of increased investments in 2012, mainly in Ipiranga, and the acquisitions of the specialty chemicals plant in Uruguay and of Temmar. Compared with 3Q12, total depreciation and amortization costs and expenses increased by 3%. In 2012, Ultrapar's total depreciation costs and expenses amounted to R\$ 696 million, up 20% over 2011.

Financial results – Ultrapar reported R\$ 56 million of net financial expenses in 4Q12, R\$ 26 million lower than that of 4Q11, mainly due to the reduction in interest rates during the period. Compared with 3Q12, the net financial expenses decreased by R\$ 2 million. At the end of 4Q12, net debt totaled R\$ 3,077 million, corresponding to 1.3 times last twelve months EBITDA, below the ratios of 1.4 times in 4Q11 and 1.5 times in 3Q12. In 2012, Ultrapar reported net financial expense of R\$ 262 million, R\$ 34 million below that of 2011.

Net earnings – Ultrapar's consolidated net earnings in 4Q12 amounted to R\$ 302 million, equivalent to a net margin of 2%, a growth of 36% and 4% over 4Q11 and 3Q12, respectively, mainly due to the EBITDA growth between the periods. In 2012, Ultrapar reported net earnings of R\$ 1,018 million, up 19% over 2011.

Investments – Total investments, net of disposals and repayments, amounted to R\$ 590 million in 4Q12, allocated as follows:

- At Ultragaz, R\$ 27 million were invested mainly in new clients in the bulk segment.

- At Ipiranga, R\$ 405 million were invested, mainly in (i) the expansion and maintenance of the service stations network, (ii) the strengthening the logistics infrastructure, and (iii) the acquisition of the am/pm brand in Brazil. Of the total amount invested, R\$ 373 million were allocated in fixed and intangible assets, and R\$ 33 million relate to loans granted to clients, net of loan repayments.
- At Oxiteno, R\$ 29 million were invested, mainly in the expansions underway in the United States and Mexico. In addition, Oxiteno completed the acquisition of American Chemical, a specialty chemicals plant in Uruguay, in November 2012, with R\$ 107 million payment, in addition to the assumption of R\$ 33 million in net debt.
 - Ultracargo invested R\$ 6 million, mainly in the maintenance of existing terminals.

| R\$ million | 4Q12 | 2012 |
|---|------|-------|
| Additions to fixed and intangible assets ¹ | | |
| Ultragaz | 27 | 157 |
| Ipiranga | 373 | 914 |
| Oxitenó | 29 | 115 |
| Ultracargo | 6 | 84 |
| Total – additions to fixed and intangible assets ¹ | 448 | 1,295 |
| Financing and bonuses to clients ² – Ipiranga | 33 | 28 |
| Acquisition (disposal) of equity interest ³ | 110 | 169 |
| Total investments, net of disposals and repayments | 590 | 1,491 |

1 Includes the consolidation of Refinaria de Petróleo Riograndense and corporate IT services.

2 Financing to clients is included as working capital in the Cash Flow Statement.

3 Includes the acquisitions of Temmar and American Chemical and the sale of the catalyst production unit by Oxitenó. It does not include net debt from subsidiaries acquired.

In 2012, Ultrapar continued an investment strategy oriented to support the leadership position in its businesses and to grow volumes as an enabler of value creation. Ultrapar's investments, net of disposals, totaled R\$ 1,491 million, of which R\$ 1,323 million were related to organic investments and R\$ 169 million were related to acquisitions. Additionally, the company assumed R\$ 124 million net debt in connection with the acquisitions made during the year.

At Ipiranga, R\$ 942 million were invested, of which (i) R\$ 514 million in the expansion of its distribution network (through the conversion of unbranded service stations, the opening of new gas stations and new customers) and Jet Oil and am/pm franchises, focused on the Midwest, Northeast and North regions of Brazil, (ii) R\$ 63 million in expanding its logistics infrastructure to support the growing demand, through the construction and expansion of 12 logistics facilities, and (iii) R\$ 365 million in the maintenance of its operations, mainly in the renewal of contracts of its distribution network and the renovation of service stations. Out of the total amount invested, R\$ 914 million were related to property, plant, equipment and intangible assets and R\$ 28 million were related to financing to clients, net of repayments. At Oxitenó, the total investments in 2012 amounted to R\$ 115 million, mainly directed to the specialty chemicals plant in the United States and the maintenance of its plants. Oxitenó also acquired American Chemical, a specialty chemicals plant in Uruguay, with the disbursement of R\$ 107 million, in addition to the assumption of R\$ 33 million in net debt. Ultracargo's investments totaled R\$ 84 million, mainly allocated to the expansion of 72,000 cubic meters in the Aratu and Santos terminals. Additionally, Ultracargo disbursed R\$ 68 million for the acquisition of Temmar, at the port of Itaquí, and assumed R\$ 91 million in net debt. At Ultragaz, R\$ 157 million were invested mainly in new clients in the bulk segment, replacement of bottles and maintenance of its bottling facilities.

Ultrapar's investment plan for 2013, excluding acquisitions, amounts to R\$ 1,437 million and aims at growth through increased scale and productivity gains, as well as modernization of existing operations.

| Organic investments plan ¹ (R\$ million) | 2013 (E) |
|---|----------|
| Ipiranga | 872 |
| Oxitenó | 278 |
| Ultracargo | 103 |
| Ultragaz | 160 |
| Others ² | 24 |
| Total | 1,437 |

1 Net of disposals

2 Includes mainly Refinaria de
Petróleo Riograndense and
corporate IT services

Ipiranga will invest (i) R\$ 360 million to continue the expansion of its distribution network (through the conversion of unbranded service stations, the opening of new gas stations and new customers) and Jet Oil and am/pm franchises, focused on the Midwest, Northeast and North regions of Brazil, (ii) R\$ 182 million in the expansion of its logistic infrastructure to support the growing demand, through the construction and expansion of logistics facilities, and (iii) R\$ 331 million in the maintenance of its operations, mainly in the renewal of contracts of its distribution network and the renovation of service stations. Out of Ipiranga's total investment budget, R\$ 868 million refer to additions to property, plant, equipment and intangible assets, and R\$ 4 million refer to financing to clients, net of repayments. Oxiteno will direct R\$ 203 million for expansion investments, mainly to continue the expansion of its production capacity in Pasadena, in the United States, and in Coatzacoalcas, in Mexico. These two plants will add approximately 130,000 tons per year of production capacity, 30,000 tons of which will be operational by 2013 and 100,000 tons will start-up in 2014. Additionally, Oxiteno will invest in the maintenance of its plants. Ultracargo will direct its investments mainly to expansions in its terminals, especially in Itaquí and Suape terminals, in addition to the maintenance of the infrastructure of the other terminals. Ultragaz will focus its investments mainly on (i) UltraSystem (small bulk), due to the prospects of capturing new clients, (ii) the modernization of its filling plants, mainly in the Southeast region of Brazil, and expansion of facilities in the Northeast region of Brazil and (iii) the replacement and purchase of LPG bottles.

Ultrapar in the capital markets

Ultrapar's average daily trading volume in 4Q12 was R\$ 61 million/day, 72% higher than that in 4Q11, considering the combined trading volumes of the BM&FBOVESPA and the NYSE. Ultrapar's share price closed 4Q12 quoted at R\$ 46.29/share on the BM&FBOVESPA, with an accumulated appreciation of 1% in the quarter and 45% over 2012. During the same periods, the Ibovespa index appreciated by 3% and 7%, respectively. At the NYSE, Ultrapar's shares remained stable in 4Q12 and appreciated by 30% during 2012, while the Dow Jones index depreciated by 2% in 4Q11 and appreciated by 7% over 2012. Ultrapar closed 2012 with a market value of R\$ 25 billion, a 45% growth over 4Q11.

Outlook

The nature of Ultrapar's businesses, which are at the same time resilient and leveraged on the Brazilian economic growth, combined with the investments and acquisitions made in recent years, allow the company to have visibility to keep the earnings growth trajectory. Ipiranga will continue to invest in expanding its distribution network and logistics infrastructure, leveraging the benefits from the growth of the vehicle fleet in Brazil and the growth of the Brazilian economy. Additionally, Ipiranga will intensify its differentiation initiatives, based on increasing the offer of products, services and convenience to its consumers. Oxiteno will continue capturing benefits from the completion and maturing process of investments in Brazil in a more favorable exchange rate environment, in addition to focusing on its international expansion plan, with investments underway in the United States and Mexico, and on the implementation of the business plan for the acquisition in Uruguay, made in 2012. The completion by Ultracargo, in 2012, of a cycle of capacity expansions in its terminals, in order to meet the growing demand for liquid bulk storage in Brazil, and the acquisition of the terminal at the port of Itaquí, will strengthen its operating scale and produce significant benefits in 2013. At Ultragaz, investments made and the economic growth will continue to contribute to the growth in sales volume in the bulk LPG segment, coupled with the focus on managing costs and expenses for earnings recovery. The company will remain attentive to acquisition and investment opportunities in all of its businesses, aiming at continued growth and value creation of Ultrapar. Ultrapar closes 2012 with the satisfaction for the results and recognitions achieved, confident that it has solid foundations to continue its success story.

Forthcoming events

Conference call / Webcast: February 22nd, 2013

Ultrapar will be holding a conference call for analysts on February 22nd, 2013 to comment on the company's performance in the fourth quarter of 2012 and outlook. The presentation will be available for download on the company's website 30 minutes prior to the conference call.

Brazilian: 9:00 a.m. (US EST)

Telephone for connection: +55 11 2188 0155

Code: Ultrapar

International: 10:30 a.m. (US EST)

Participants in the US: 1 877 317 6776

Participants in Brazil: 0800 891 0015

Participants in other countries: +1 412 317 6776

Code: Ultrapar

WEBCAST live via Internet at www.ultra.com.br. Please connect 15 minutes in advance.

This document may contain forecasts of future events. Such predictions merely reflect the expectations of the Company's management. Words such as: "believe", "expect", "plan", "strategy", "prospects", "envisage", "estimate", "forecast", "anticipate", "may" and other words with similar meaning are intended as preliminary declarations regarding expectations and future forecasts. Such declarations are subject to risks and uncertainties, anticipated by the Company or otherwise, which could mean that the reported results turn out to be significantly different from those forecasts. Therefore, the reader should not base investment decisions solely on these estimates.

Operational and market information

| | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| Financial focus | 4Q12 | 4Q11 | 3Q12 | 2012 | 2011 |
| EBITDA margin Ultrapar | 4.7% | 4.0% | 4.6% | 4.5% | 4.2% |
| Net margin Ultrapar | 2.1% | 1.7% | 2.1% | 1.9% | 1.8% |
| Focus on human resources | 4Q12 | 4Q11 | 3Q12 | 2012 | 2011 |
| Number of employees – Ultrapar | 9,282 | 9,055 | 9,135 | 9,282 | 9,055 |
| Number of employees – Ultragaz | 3,933 | 4,129 | 3,977 | 3,933 | 4,129 |
| Number of employees – Ipiranga | 2,562 | 2,434 | 2,553 | 2,562 | 2,434 |
| Number of employees – Oxiteno | 1,795 | 1,595 | 1,608 | 1,795 | 1,595 |
| Number of employees – Ultracargo | 593 | 555 | 590 | 593 | 555 |
| Focus on capital markets ¹ | 4Q12 | 4Q11 | 3Q12 | 2012 | 2011 |
| Number of shares (000) | 544,384 | 544,384 | 544,384 | 544,384 | 544,384 |
| Market value ² – R\$ million | 23,889 | 16,923 | 24,976 | 23,075 | 15,324 |
| BM&FBOVESPA ¹ | 4Q12 | 4Q11 | 3Q12 | 2012 | 2011 |
| Average daily volume (shares) | 923,634 | 744,085 | 810,900 | 812,998 | 879,910 |
| Average daily trading volume (R\$ 000) | 40,433 | 23,095 | 37,252 | 34,461 | 24,612 |
| Average share price (R\$/share) | 43.8 | 31.0 | 45.9 | 42.4 | 28.0 |
| NYSE ¹ | 4Q12 | 4Q11 | 3Q12 | 2012 | 2011 |
| Quantity of ADRs ³ (000 ADRs) | 35,425 | 56,076 | 42,869 | 35,425 | 56,076 |
| Average daily volume (ADRs) | 472,154 | 399,725 | 504,718 | 496,314 | 350,892 |
| Average daily trading volume (US\$ 000) | 10,143 | 6,924 | 11,390 | 10,756 | 5,943 |
| Average share price (US\$/ADR) | 21.5 | 17.3 | 22.6 | 21.7 | 16.9 |
| Total ¹ | 4Q12 | 4Q11 | 3Q12 | 2012 | 2011 |
| Average daily volume (shares) | 1,395,788 | 1,143,810 | 1,315,618 | 1,309,312 | 1,230,802 |
| Average daily trading volume (R\$ 000) | 61,250 | 35,558 | 60,360 | 55,498 | 34,646 |

All financial information is presented according to the accounting principles laid down in the Brazilian Corporate Law. All figures are expressed in Brazilian Reais, except for the amounts on page 23, which are expressed in US dollars and were obtained using the average exchange rate (commercial dollar rate) for the corresponding periods.

For additional information, please contact:

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invest@ultra.com.br
www.ultra.com.br

1 Information retroactively adjusted to reflect the 1:4 stock split approved in the Special Shareholders' Meeting held on February 10th, 2011

2 Calculated based on the weighted average price in the period

3 1 ADR = 1 common share

ULTRAPAR
CONSOLIDATED BALANCE SHEET
In millions of Reais - IFRS

| | QUARTERS ENDED IN | | |
|---|-------------------|-----------------|-----------------|
| | DEC 2012 | DEC 2011 | SEP 2012 |
| ASSETS | | | |
| Cash and financial investments | 3,012.2 | 2,707.9 | 2,125.4 |
| Trade accounts receivable | 2,306.8 | 2,026.4 | 2,388.6 |
| Inventories | 1,299.8 | 1,310.1 | 1,280.1 |
| Taxes | 483.2 | 470.5 | 398.4 |
| Other | 74.6 | 60.5 | 62.7 |
| Total Current Assets | 7,176.6 | 6,575.5 | 6,255.2 |
| Investments | 15.5 | 15.4 | 15.5 |
| Property, plant and equipment and intangibles | 6,670.0 | 5,818.1 | 6,305.1 |
| Financial investments | 149.5 | 74.4 | 136.5 |
| Trade accounts receivable | 137.4 | 117.7 | 116.1 |
| Deferred income tax | 465.2 | 510.1 | 495.6 |
| Escrow deposits | 534.0 | 469.4 | 517.3 |
| Other | 151.7 | 162.0 | 190.9 |
| Total Non-Current Assets | 8,123.4 | 7,167.2 | 7,777.0 |
| TOTAL ASSETS | 15,299.9 | 13,742.7 | 14,032.2 |
| LIABILITIES | | | |
| Loans, financing and debenturers | 1,641.1 | 2,305.0 | 1,940.3 |
| Suppliers | 1,312.3 | 1,075.1 | 1,013.3 |
| Payroll and related charges | 254.6 | 268.3 | 227.8 |
| Taxes | 183.2 | 148.3 | 173.3 |
| Other | 358.3 | 301.1 | 123.4 |
| Total Current Liabilities | 3,749.5 | 4,097.8 | 3,478.0 |
| Loans, financing and debenturers | 4,597.6 | 3,256.6 | 3,724.8 |
| Provision for contingencies | 551.6 | 512.8 | 550.6 |
| Post-retirement benefits | 120.6 | 96.8 | 109.6 |
| Other | 264.9 | 201.6 | 264.3 |
| Total Non-Current Liabilities | 5,534.7 | 4,067.7 | 4,649.3 |
| TOTAL LIABILITIES | 9,284.2 | 8,165.5 | 8,127.3 |
| STOCKHOLDERS' EQUITY | | | |

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| | | | |
|---|-----------------|-----------------|-----------------|
| Capital | 3,696.8 | 3,696.8 | 3,696.8 |
| Reserves | 2,248.5 | 1,854.5 | 1,854.7 |
| Treasury shares | (114.9) | (118.2) | (119.9) |
| Others | 159.8 | 118.0 | 445.0 |
| Non-controlling interest | 25.5 | 26.2 | 28.3 |
| Total shareholders' equity | 6,015.7 | 5,577.2 | 5,904.9 |
| TOTAL LIAB. AND STOCKHOLDERS' EQUITY | 15,299.9 | 13,742.7 | 14,032.2 |
| | | | |
| Cash and financial investments | 3,161.7 | 2,782.3 | 2,261.9 |
| Debt | (6,238.7) | (5,561.6) | (5,665.1) |
| Net cash (debt) | (3,077.0) | (2,779.3) | (3,403.2) |

ULTRAPAR
CONSOLIDATED INCOME STATEMENT
In millions of Reais (except per share data) - IFRS

| | QUARTERS ENDED IN | | | ACCUMULATED | |
|--|-------------------|-------------|-------------|-------------|-------------|
| | DEC 2012 | DEC 2011 | SEP 2012 | DEC 2012 | DEC 2011 |
| Net sales and services | 14,346.9 | 12,758.4 | 14,122.9 | 53,919.4 | 48,661.3 |
| Cost of sales and services | (13,225.3) | (11,841.2) | (13,037.0) | (49,797.2) | (45,139.6) |
| Gross profit | 1,121.6 | 917.2 | 1,085.9 | 4,122.2 | 3,521.7 |
| Operating expenses | | | | | |
| Selling | (404.6) | (368.8) | (406.1) | (1,581.5) | (1,349.9) |
| General and administrative | (264.4) | (223.2) | (233.0) | (913.4) | (793.2) |
| Other operating income (expenses), net | 35.8 | 25.2 | 19.1 | 77.9 | 52.0 |
| Income from sale of assets | 3.1 | 6.0 | 4.8 | 3.7 | 21.4 |
| Operating income | 491.4 | 356.4 | 470.8 | 1,708.9 | 1,452.0 |
| Financial results | | | | | |
| Financial income | 49.3 | 73.3 | 47.9 | 218.1 | 322.4 |
| Financial expenses | (105.7) | (155.8) | (106.3) | (480.6) | (618.9) |
| Equity in earnings (losses) of affiliates | (0.0) | 0.1 | 0.0 | 0.2 | 0.2 |
| Income before income and social contribution taxes | 435.0 | 273.9 | 412.4 | 1,446.6 | 1,155.7 |
| Provision for income and social contribution taxes | | | | | |
| Current | (101.3) | (25.9) | (116.4) | (365.0) | (243.2) |
| Deferred | (45.9) | (36.7) | (18.1) | (107.2) | (85.9) |
| Benefit of tax holidays | 13.8 | 9.8 | 12.8 | 43.4 | 28.2 |
| Net Income | 301.7 | 221.2 | 290.8 | 1,017.9 | 854.8 |
| Net income attributable to: | | | | | |
| Shareholders of Ultrapar | 299.8 | 220.1 | 288.7 | 1,011.0 | 848.8 |
| Non-controlling shareholders of the subsidiaries | 1.9 | 1.1 | 2.1 | 6.9 | 6.0 |
| EBITDA ¹ | 677.1 | 511.1 | 651.8 | 2,405.4 | 2,032.3 |

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| | | | | | |
|--|-------|-------|-------|---------|---------|
| EBITDA (prior to ICVM 527) ² | 674.0 | 505.0 | 646.9 | 2,401.6 | 2,010.7 |
| Depreciation and amortization | 185.7 | 154.7 | 181.0 | 696.3 | 580.1 |
| Total investments, net of disposals and repayments | 589.7 | 386.2 | 342.5 | 1,491.4 | 1,089.5 |
| RATIOS | | | | | |
| Earnings per share - R\$ | 0.56 | 0.41 | 0.54 | 1.89 | 1.59 |
| Net debt / Stockholders' equity | 0.51 | 0.50 | 0.58 | 0.51 | 0.50 |
| Net debt / LTM EBITDA | 1.28 | 1.37 | 1.52 | 1.28 | 1.37 |
| Net interest expense / EBITDA | 0.08 | 0.16 | 0.09 | 0.11 | 0.15 |
| Gross margin | 7.8 | % 7.2 | % 7.7 | % 7.6 | % 7.2 |
| Operating margin | 3.4 | % 2.8 | % 3.3 | % 3.2 | % 3.0 |
| EBITDA margin | 4.7 | % 4.0 | % 4.6 | % 4.5 | % 4.2 |

¹ As set forth in CVM Instruction 527 of October 4, 2012, EBITDA is Earnings Before Interest, Taxes, Depreciation and Amortization

² Before income from sale of assets and equity in earnings (losses) of affiliates

ULTRAPAR
CONSOLIDATED CASH FLOW STATEMENT
In millions of Reais - IFRS

| | JAN - DEC | |
|--|------------|------------|
| | 2012 | 2011 |
| Cash Flows from operating activities | 2,449.5 | 1,710.8 |
| Net income | 1,017.9 | 854.8 |
| Depreciation and amortization | 696.3 | 580.1 |
| Working capital | 170.5 | (313.6) |
| Financial expenses (A) | 613.5 | 736.7 |
| Deferred income and social contribution taxes | 107.2 | 85.9 |
| Income from sale of assets | (3.7) | (21.4) |
| Cash paid for income and social contribution taxes | (169.1) | (131.5) |
| Other (B) | 16.8 | (80.2) |
| Cash Flows from investing activities | (1,463.8) | (1,046.6) |
| Additions to fixed and intangible assets, net of disposals | (1,295.1) | (970.2) |
| Acquisition and sale of equity investments | (168.7) | (76.4) |
| Cash Flows from (used in) financing activities | (618.6) | (1,104.4) |
| Debt raising | 2,755.2 | 975.6 |
| Amortization of debt | (2,437.9) | (1,226.5) |
| Interest paid | (331.9) | (348.1) |
| Payment of financial lease | (4.6) | (7.0) |
| Payment of loan with Noble Brasil | (50.0) | - |
| Related parties | (0.8) | 3.8 |
| Dividends paid (C) | (548.6) | (502.0) |
| Other (D) | (0.0) | (0.1) |
| Net increase (decrease) in cash and cash equivalents | 367.0 | (440.2) |
| Cash from subsidiaries acquired | 12.3 | 2.2 |
| Cash and cash equivalents at the beginning of the period (E) | 2,782.3 | 3,220.4 |
| Cash and cash equivalents at the end of the period (E) | 3,161.7 | 2,782.3 |
| Supplemental disclosure of cash flow information | | |
| Debt from subsidiaries acquired (F) | 136.3 | - |

(A) Comprised of interest and exchange rate and inflationary variation expenses on loans and financing. Does not include revenues from interest and exchange rate and inflationary variation on cash equivalents.

(B) Comprised mainly of noncurrent assets and liabilities variations net.

- (C) Includes dividends paid by Ultrapar and its subsidiaries to third parties.
- (D) Corresponds to the acquisition of non-controlling interest.
- (E) Includes long term financial investments.
- (F) In 2012, includes gross debt of R\$ 96 million from the acquisition of Temmar and R\$ 40 million from the acquisition of American Chemical.

ULTRAGAZ
CONSOLIDATED INVESTED CAPITAL
In millions of Reais - IFRS

| | QUARTERS ENDED IN | | |
|--|-------------------|----------------|----------------|
| | DEC 2012 | DEC 2011 | SEP 2012 |
| OPERATING ASSETS | | | |
| Trade accounts receivable | 179.2 | 187.1 | 202.5 |
| Trade accounts receivable - noncurrent portion | 25.4 | 26.0 | 24.4 |
| Inventories | 50.7 | 63.9 | 51.0 |
| Taxes | 28.6 | 22.7 | 27.0 |
| Escrow deposits | 129.9 | 113.2 | 126.6 |
| Other | 40.4 | 27.9 | 28.3 |
| Property, plant and equipment and intangibles | 725.4 | 709.3 | 733.8 |
| TOTAL OPERATING ASSETS | 1,179.7 | 1,150.0 | 1,193.6 |
| OPERATING LIABILITIES | | | |
| Suppliers | 51.0 | 44.3 | 44.7 |
| Payroll and related charges | 78.9 | 81.7 | 74.9 |
| Taxes | 4.3 | 4.4 | 4.6 |
| Provision for contingencies | 74.1 | 65.1 | 70.9 |
| Other accounts payable | 18.5 | 11.5 | 12.4 |
| TOTAL OPERATING LIABILITIES | 226.8 | 206.9 | 207.6 |

ULTRAGAZ
CONSOLIDATED INCOME STATEMENT
In millions of Reais - IFRS

| | QUARTERS ENDED IN | | | ACCUMULATED | |
|----------------------------|-------------------|-------------|-------------|-------------|-------------|
| | DEC 2012 | DEC 2011 | SEP 2012 | DEC 2012 | DEC 2011 |
| Net sales | 956.9 | 956.4 | 997.1 | 3,847.1 | 3,766.8 |
| Cost of sales and services | (830.8) | (825.5) | (853.5) | (3,313.3) | (3,213.5) |
| Gross profit | 126.0 | 131.0 | 143.6 | 533.8 | 553.2 |
| Operating expenses | | | | | |
| Selling | (70.8) | (78.8) | (75.2) | (291.0) | (271.6) |

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| | | | | | |
|---|---------|---------|---------|----------|----------|
| General and administrative | (32.9) | (32.4) | (29.6) | (121.0) | (116.1) |
| Other operating income (expenses), net | (0.3) | (0.4) | (0.3) | (0.3) | (1.1) |
| Income from sale of assets | (2.8) | (1.4) | (3.2) | (9.6) | (1.7) |
| Operating income | 19.2 | 18.0 | 35.3 | 111.8 | 162.7 |
| Equity in earnings (losses) of affiliates | 0.0 | 0.0 | (0.0) | 0.0 | 0.0 |
| EBITDA ¹ | 52.1 | 49.7 | 68.5 | 243.2 | 280.1 |
| EBITDA (prior to ICVM 527) ² | 54.8 | 51.1 | 71.7 | 252.8 | 281.9 |
| Depreciation and amortization | 32.8 | 31.7 | 33.2 | 131.4 | 117.5 |

RATIOS

| | | | | | |
|--------------------------------------|-----|-----|-----|-----|-----|
| Gross margin (R\$/ton) | 303 | 315 | 329 | 318 | 335 |
| Operating margin (R\$/ton) | 46 | 43 | 81 | 66 | 98 |
| EBITDA margin ¹ (R\$/ton) | 125 | 120 | 157 | 145 | 170 |

¹ As set forth in CVM Instruction 527 of October 4, 2012, EBITDA is Earnings Before Interest, Taxes, Depreciation and Amortization

² Before income from sale of assets and equity in earnings (losses) of affiliates

IPIRANGA
CONSOLIDATED INVESTED CAPITAL
In millions of Reais - IFRS

| | QUARTERS ENDED IN | | |
|--|-------------------|----------------|----------------|
| | DEC 2012 | DEC 2011 | SEP 2012 |
| OPERATING ASSETS | | | |
| Trade accounts receivable | 1,717.2 | 1,432.9 | 1,703.0 |
| Trade accounts receivable - noncurrent portion | 111.0 | 91.5 | 91.4 |
| Inventories | 805.6 | 795.1 | 800.0 |
| Taxes | 151.7 | 210.9 | 142.8 |
| Other | 174.0 | 149.1 | 174.3 |
| Property, plant and equipment and intangibles | 3,011.8 | 2,475.3 | 2,734.7 |
| TOTAL OPERATING ASSETS | 5,971.3 | 5,154.8 | 5,646.1 |
| OPERATING LIABILITIES | | | |
| Suppliers | 1,102.7 | 892.7 | 831.9 |
| Payroll and related charges | 87.6 | 98.8 | 77.0 |
| Post-retirement benefits | 101.8 | 86.7 | 95.5 |
| Taxes | 70.8 | 76.5 | 68.2 |
| Provision for contingencies | 170.2 | 169.4 | 171.9 |
| Other accounts payable | 176.0 | 169.4 | 157.6 |
| TOTAL OPERATING LIABILITIES | 1,709.1 | 1,493.6 | 1,402.1 |

IPIRANGA
CONSOLIDATED INCOME STATEMENT
In millions of Reais - IFRS

| | QUARTERS ENDED IN | | | ACCUMULATED | |
|----------------------------|-------------------|-------------|-------------|-------------|-------------|
| | DEC 2012 | DEC 2011 | SEP 2012 | DEC 2012 | DEC 2011 |
| Net sales | 12,544.6 | 11,070.4 | 12,248.7 | 46,832.8 | 42,223.9 |
| Cost of sales and services | (11,750.6) | (10,468.5) | (11,539.4) | (44,055.2) | (39,897.9) |
| Gross profit | 794.0 | 601.9 | 709.3 | 2,777.5 | 2,326.0 |
| Operating expenses | | | | | |
| Selling | (277.3) | (243.3) | (276.1) | (1,085.2) | (917.5) |

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| | | | | | |
|---|----------|----------|----------|----------|----------|
| General and administrative | (155.7) | (126.5) | (137.2) | (536.8) | (447.5) |
| Other operating income (expenses), net | 31.1 | 25.3 | 19.3 | 81.3 | 53.1 |
| Income from sale of assets | 10.5 | 7.3 | 4.6 | 12.3 | 22.9 |
| Operating income | 402.7 | 264.6 | 320.0 | 1,249.0 | 1,037.1 |
| Equity in earnings (losses) of affiliates | 0.1 | 0.0 | 0.1 | 0.3 | 0.2 |
| EBITDA ¹ | 509.1 | 349.3 | 422.4 | 1,640.1 | 1,353.5 |
| EBITDA (prior to ICVM 527) ² | 498.5 | 342.0 | 417.7 | 1,627.5 | 1,330.4 |
| Depreciation and amortization | 106.3 | 84.6 | 102.3 | 390.7 | 316.2 |

RATIOS

| | | | | | |
|-------------------------------------|-----|-------|-------|-------|-------|
| Gross margin (R\$/m3) | 129 | 107 | 117 | 119 | 107 |
| Operating margin (R\$/m3) | 66 | 47 | 53 | 53 | 48 |
| EBITDA margin ¹ (R\$/m3) | 83 | 62 | 70 | 70 | 62 |
| EBITDA margin ¹ (%) | 4.1 | % 3.2 | % 3.4 | % 3.5 | % 3.2 |

¹ As set forth in CVM Instruction 527 of October 4, 2012, EBITDA is Earnings Before Interest, Taxes, Depreciation and Amortization

² Before income from sale of assets and equity in earnings (losses) of affiliates

OXITENO
CONSOLIDATED INVESTED CAPITAL
In millions of Reais - IFRS

| | QUARTERS ENDED IN | | |
|---|-------------------|----------------|----------------|
| | DEC 2012 | DEC 2011 | SEP 2012 |
| OPERATING ASSETS | | | |
| Trade accounts receivable | 384.1 | 392.3 | 460.7 |
| Inventories | 432.1 | 442.9 | 420.7 |
| Taxes | 141.9 | 129.4 | 143.3 |
| Other | 100.3 | 98.2 | 92.4 |
| Property, plant and equipment and intangibles | 1,640.9 | 1,556.8 | 1,550.3 |
| TOTAL OPERATING ASSETS | 2,699.2 | 2,619.6 | 2,667.4 |
| OPERATING LIABILITIES | | | |
| Suppliers | 134.4 | 124.5 | 120.0 |
| Payroll and related charges | 71.7 | 64.0 | 61.3 |
| Taxes | 25.1 | 21.9 | 26.0 |
| Provision for contingencies | 91.3 | 84.5 | 89.8 |
| Other accounts payable | 20.5 | 13.4 | 14.0 |
| TOTAL OPERATING LIABILITIES | 342.9 | 308.4 | 311.1 |

OXITENO
CONSOLIDATED INCOME STATEMENT
In millions of Reais - IFRS

| | QUARTERS ENDED IN | | | ACCUMULATED | |
|-------------------------------|-------------------|-------------|-------------|-------------|-------------|
| | DEC 2012 | DEC 2011 | SEP 2012 | DEC 2012 | DEC 2011 |
| Net sales | 761.8 | 661.9 | 795.9 | 2,928.8 | 2,408.6 |
| Cost of goods sold | | | | | |
| Variable | (517.4) | (437.3) | (522.8) | (1,957.8) | (1,611.4) |
| Fixed | (64.9) | (56.6) | (62.4) | (241.2) | (222.6) |
| Depreciation and amortization | (29.0) | (25.2) | (29.2) | (113.4) | (97.0) |
| Gross profit | 150.6 | 142.8 | 181.6 | 616.4 | 477.6 |
| Operating expenses | | | | | |
| Selling | (51.1) | (44.6) | (51.2) | (191.7) | (153.8) |

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| | | | | | |
|---|---------|---------|---------|----------|----------|
| General and administrative | (54.9) | (45.4) | (50.8) | (197.5) | (166.0) |
| Other operating income (expenses), net | (0.2) | (0.9) | (0.9) | (1.5) | (3.0) |
| Income from sale of assets | (4.7) | (0.0) | 3.4 | 0.9 | 0.1 |
| Operating income | 39.8 | 51.9 | 82.1 | 226.6 | 154.8 |
| Equity in earnings (losses) of affiliates | (0.1) | 0.0 | (0.1) | (0.1) | 0.0 |
| EBITDA ¹ | 71.2 | 79.5 | 113.8 | 349.6 | 261.1 |
| EBITDA (prior to ICVM 527) ² | 75.9 | 79.5 | 110.5 | 348.8 | 261.0 |
| Depreciation and amortization | 31.5 | 27.6 | 31.8 | 123.1 | 106.3 |
| RATIOS | | | | | |
| Gross margin (R\$/ton) | 813 | 799 | 888 | 809 | 724 |
| Operating margin (R\$/ton) | 215 | 291 | 401 | 298 | 235 |
| EBITDA margin ¹ (R\$/ton) | 384 | 445 | 556 | 459 | 396 |

¹ As set forth in CVM Instruction 527 of October 4, 2012, EBITDA is Earnings Before Interest, Taxes, Depreciation and Amortization

² Before income from sale of assets and equity in earnings (losses) of affiliates

ULTRACARGO
CONSOLIDATED INVESTED CAPITAL
In millions of Reais - IFRS

| | QUARTERS ENDED IN | | |
|---|-------------------|--------------|----------------|
| | DEC 2012 | DEC 2011 | SEP 2012 |
| OPERATING ASSETS | | | |
| Trade accounts receivable | 29.0 | 16.2 | 20.7 |
| Inventories | 2.3 | 1.5 | 2.2 |
| Taxes | 11.1 | 6.9 | 10.9 |
| Other | 16.5 | 10.3 | 13.1 |
| Property, plant and equipment and intangibles | 959.7 | 758.4 | 963.4 |
| TOTAL OPERATING ASSETS | 1,018.6 | 793.2 | 1,010.3 |
| OPERATING LIABILITIES | | | |
| Suppliers | 8.7 | 16.0 | 10.5 |
| Payroll and related charges | 14.4 | 19.5 | 13.3 |
| Taxes | 4.3 | 3.9 | 4.8 |
| Provision for contingencies | 10.1 | 12.6 | 10.7 |
| Other accounts payable ¹ | 49.3 | 42.9 | 51.6 |
| TOTAL OPERATING LIABILITIES | 86.9 | 94.8 | 91.0 |

¹ Includes the long term obligations with clients account and the extra amount related to the acquisition of Temmar, in the port of Itaquí

ULTRACARGO
CONSOLIDATED INCOME STATEMENT
In millions of Reais - IFRS

| | QUARTERS ENDED IN | | | ACCUMULATED | |
|----------------------------|-------------------|-------------|-------------|-------------|-------------|
| | DEC 2012 | DEC 2011 | SEP 2012 | DEC 2012 | DEC 2011 |
| Net sales | 78.8 | 68.8 | 78.8 | 300.9 | 266.9 |
| | - | - | - | - | - |
| Cost of sales and services | (33.5) | (30.7) | (31.5) | (123.0) | (114.6) |
| | - | - | - | - | - |
| Gross profit | 45.3 | 38.1 | 47.2 | 177.9 | 152.3 |
| | - | - | - | - | - |
| Operating expenses | | | | | |
| Selling | (4.4) | (1.9) | (3.4) | (11.6) | (5.8) |

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| | | | | | |
|---|---------|---------|---------|---------|---------|
| General and administrative | (18.3) | (16.3) | (15.4) | (64.1) | (60.8) |
| Other operating income (expenses), net | 1.3 | 1.3 | 0.9 | 3.9 | 3.1 |
| Income from sale of assets | 0.0 | 0.2 | (0.0) | 0.0 | 0.1 |
| Operating income | 23.9 | 21.4 | 29.3 | 106.1 | 88.9 |
| Equity in earnings (losses) of affiliates | (0.0) | - | 0.0 | - | - |
| EBITDA ¹ | 35.8 | 29.2 | 40.0 | 144.9 | 118.2 |
| EBITDA (prior to ICVM 527) ² | 35.7 | 29.0 | 40.1 | 144.9 | 118.1 |
| Depreciation and amortization | 11.9 | 7.7 | 10.7 | 38.9 | 29.3 |

RATIOS

| | | | | | | | | | | |
|----------------------------|----|---|----|---|----|---|----|---|----|---|
| Gross margin | 57 | % | 55 | % | 60 | % | 59 | % | 57 | % |
| Operating margin | 30 | % | 31 | % | 37 | % | 35 | % | 33 | % |
| EBITDA margin ¹ | 45 | % | 42 | % | 51 | % | 48 | % | 44 | % |

¹ As set forth in CVM Instruction 527 of October 4, 2012, EBITDA is Earnings Before Interest, Taxes, Depreciation and Amortization

² Before income from sale of assets and equity in earnings (losses) of affiliates

ULTRAPAR
CONSOLIDATED INCOME STATEMENT
In millions of US dollars except where otherwise mentioned - IFRS

| | QUARTERS ENDED IN | | | ACCUMULATED | |
|---------------------------|-------------------|-------------|-------------|-------------|-------------|
| | DEC 2012 | DEC 2011 | SEP 2012 | DEC 2012 | DEC 2011 |
| Net sales | | | | | |
| Ultrapar | 6,969.7 | 7,088.1 | 6,961.4 | 27,586.0 | 29,052.0 |
| Ultragaz | 464.8 | 531.3 | 491.5 | 1,968.2 | 2,248.9 |
| Ipiranga | 6,094.1 | 6,150.3 | 6,037.5 | 23,960.4 | 25,208.7 |
| Oxitenó | 370.1 | 367.7 | 392.3 | 1,498.4 | 1,438.0 |
| Ultracargo | 38.3 | 38.2 | 38.8 | 153.9 | 159.3 |
| EBITDA ¹ | | | | | |
| Ultrapar | 328.9 | 283.9 | 321.3 | 1,230.7 | 1,213.3 |
| Ultragaz | 25.3 | 27.6 | 33.8 | 124.4 | 167.3 |
| Ipiranga | 247.3 | 194.0 | 208.2 | 839.1 | 808.1 |
| Oxitenó | 34.6 | 44.2 | 56.1 | 178.9 | 155.9 |
| Ultracargo | 17.4 | 16.2 | 19.7 | 74.2 | 70.6 |
| Operating income | | | | | |
| Ultrapar | 238.7 | 198.0 | 232.1 | 874.3 | 866.9 |
| Ultragaz | 9.3 | 10.0 | 17.4 | 57.2 | 97.1 |
| Ipiranga | 195.6 | 147.0 | 157.7 | 639.0 | 619.2 |
| Oxitenó | 19.3 | 28.8 | 40.5 | 115.9 | 92.4 |
| Ultracargo | 11.6 | 11.9 | 14.5 | 54.3 | 53.1 |
| EBITDA margin | | | | | |
| Ultrapar | 5 | % 4 | % 5 | % 4 | % 4 |
| Ultragaz | 5 | % 5 | % 7 | % 6 | % 7 |
| Ipiranga | 4 | % 3 | % 3 | % 4 | % 3 |
| Oxitenó | 9 | % 12 | % 14 | % 12 | % 11 |
| Ultracargo | 45 | % 42 | % 51 | % 48 | % 44 |
| EBITDA margin / volume | | | | | |
| Ultragaz (US\$/ton) | 61 | 66 | 77 | 74 | 101 |
| Ipiranga (US\$/m3) | 40 | 34 | 34 | 36 | 37 |
| Oxitenó (US\$/ton) | 187 | 247 | 274 | 235 | 236 |
| Net income | | | | | |
| Ultrapar | 146.6 | 122.9 | 143.3 | 520.8 | 510.3 |
| Net income / share (US\$) | 0.27 | 0.23 | 0.27 | 0.96 | 0.95 |

¹ As set forth in CVM Instruction 527 of October 4, 2012, EBITDA is Earnings Before Interest, Taxes, Depreciation and Amortization

ULTRAPAR PARTICIPAÇÕES S/A
LOANS

In millions of Reais - Accounting practices adopted in Brazil

| LOANS | Balance in December/2012 | | | | | | | | Weighted average interest rate (% p.y.) ¹ | M |
|---|--------------------------|---------|------------|----------|---|--------------------------|--------------------|------|--|---|
| | Ultragaz | Oxiteno | Ultracargo | Ipiranga | Ultrapar Parent Company / Other | Ultrapar Consolidated | Index/ Currency | | | |
| Foreign Currency | | | | | | | | | | |
| Notes | 508.9 | - | - | - | - | 508.9 | US\$ | 7.2 | | |
| Foreign loan | - | 122.1 | - | 159.6 | - | 281.7 | US\$ + LIBOR | 0.9 | 2 | |
| Advances on foreign exchange contracts | - | 114.8 | - | - | - | 114.8 | US\$ | 2.0 | | |
| Financial institutions | - | 84.0 | - | - | - | 84.0 | US\$ | 2.5 | 2 | |
| BNDES | 19.5 | 31.0 | - | 8.8 | - | 59.3 | US\$ | 5.5 | 2 | |
| Foreign currency advances delivered | - | 52.7 | - | - | - | 52.7 | US\$ | 1.6 | | |
| Financial institutions | - | 40.6 | - | - | - | 40.6 | US\$ + LIBOR | 2.0 | | |
| Financial institutions | - | 30.2 | - | - | - | 30.2 | Bs | 11.3 | 2 | |
| Financial institutions | - | 25.3 | - | - | - | 25.3 | MX\$ + TIE | 1.4 | 2 | |
| BNDES | - | - | - | - | 0.3 | 0.3 | UMBND | 6.9 | | |
| Subtotal | 528.4 | 500.8 | - | 168.3 | 0.3 | 1,197.8 | | | | |
| Local Currency | | | | | | | | | | |
| Banco do Brasil fixed rate ² | - | - | - | 1,948.1 | - | 1,948.1 | R\$ | 11.9 | 2 | |

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| | | | | | | | | | |
|---|-------|-------|-------|---------|-------|---------|------|-------|---|
| Debentures - 4th issuance | - | - | - | - | 845.9 | 845.9 | CDI | 108.2 | 2 |
| BNDES | 210.6 | 208.9 | 140.1 | 118.3 | 1.1 | 679.0 | TJLP | 2.5 | 2 |
| Banco do Brasil floating rate | - | - | - | 668.9 | - | 668.9 | CDI | 101.4 | 2 |
| Debentures - 1st issuance IPP | - | - | - | 602.3 | - | 602.3 | CDI | 107.9 | 2 |
| Banco do Nordeste do Brasil | - | 72.9 | 45.9 | - | - | 118.8 | R\$ | 8.5 | 2 |
| BNDES | 7.1 | 12.3 | 2.1 | 27.7 | 0.4 | 49.6 | R\$ | 5.8 | 2 |
| Financial leasing | 42.4 | - | - | - | - | 42.4 | IGPM | 5.6 | 2 |
| Research and projects financing (FINEP) | - | 20.1 | - | 10.7 | - | 30.8 | R\$ | 4.0 | 2 |
| Research and projects financing (FINEP) | 1.0 | 22.5 | - | - | - | 23.5 | TJLP | 0.2 | 2 |
| Debentures - RPR | - | - | - | - | 21.0 | 21.0 | CDI | 118.0 | 2 |
| Agency for Financing Machinery and Equipment (FINAME) | - | - | - | 0.5 | - | 0.5 | TJLP | 2.8 | 2 |
| Financial leasing fixed rate | - | - | - | 0.1 | 0.4 | 0.5 | R\$ | 14.4 | 2 |
| Subtotal | 261.0 | 336.7 | 188.1 | 3,376.5 | 868.8 | 5,031.2 | | | |
| Unrealized losses on swaps transactions | - | 4.8 | - | 4.9 | - | 9.7 | | | |
| Total | 789.4 | 842.3 | 188.1 | 3,549.8 | 869.2 | 6,238.7 | | | |
| Composition per annum | | | | | | | | | |
| Up to 1 year | 58.4 | 361.0 | 36.4 | 1,121.4 | 63.9 | 1,641.1 | | | |

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| | | | | | | |
|-------------------|-------|-------|-------|---------|-------|---------|
| From 1 to 2 years | 47.7 | 223.7 | 40.1 | 1,132.7 | 5.1 | 1,449.2 |
| From 2 to 3 years | 561.6 | 72.0 | 34.0 | 638.3 | 799.6 | 2,105.5 |
| From 3 to 4 years | 42.1 | 61.8 | 30.5 | 32.2 | 0.4 | 167.0 |
| From 4 to 5 years | 23.1 | 94.9 | 22.7 | 621.8 | 0.1 | 762.6 |
| Thereafter | 56.5 | 28.9 | 24.4 | 3.3 | 0.1 | 113.2 |
| Total | 789.4 | 842.3 | 188.1 | 3,549.8 | 869.2 | 6,238.7 |

Balance in December/2012

| | Ultragaz | Oxiteno | Ultracargo | Ipiranga | Ultrapar Parent Company / Other | Ultrapar Consolidated |
|--------------------------------|----------|---------|------------|----------|--|--------------------------|
| CASH AND LONG TERM INVESTMENTS | 809.7 | 638.2 | 233.9 | 1,371.3 | 108.6 | 3,161.7 |

¹ Some loans have hedging against foreign currency exposure and interest rate (see note 22 to financial statements).

² For this loan, a hedging instrument was hired with the objective of swapping the fixed to floating rate, equivalent to 99% of CDI on average.

ULTRAPAR PARTICIPAÇÕES S.A.

Publicly Traded Company

CNPJ nº 33.256.439/0001- 39

NIRE 35.300.109.724

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS (01/2013)

Date, Time and Location:

February 20th, 2013, at 2:30 p.m., at the Company's headquarters, located at Av. Brigadeiro Luís Antônio, nr 1,343 – 9th floor, in the City and State of São Paulo.

Attendance:

Members of the Board of Directors, members of the Fiscal Council, pursuant to the terms of paragraph 3 of article 163 of the Brazilian Corporate Law, all of whom undersigned these minutes, and Mr. Edimar Facco, representative of Deloitte Touche Tohmatsu ("DTT").

Decisions:

1. To approve, after having discussed and analyzed, the financial statements of the Company, including the balance sheet and the management report for the fiscal year ended December 31st, 2012, as well as the destination of net earnings for the year and the distribution of dividends, supported by the report from the Company's independent auditors.
-

(Minutes of the Meeting of the Board of Directors of Ultrapar Participações S.A., held on February 20th, 2013)

2. To approve, subject to the annual general shareholders' meeting's approval, the following destination of net earnings for the year ended December 31st, 2012, in the amount of R\$ 1,011,009,115.34 (one billion eleven million nine thousand one hundred and fifteen Reais and thirty-four cents), as described below:
- a) R\$ 50,550,455.77 (fifty million five hundred and fifty thousand four hundred and fifty-five Reais and seventy-seven cents) will be allocated to the legal reserve;
 - b) R\$ 333,034,604.77 (three hundred and thirty-three million thirty-four thousand six hundred and four Reais and seventy-seven cents) will be allocated to the statutory reserve for investments; and
 - c) R\$ 627,424,054.80 (six hundred and twenty-seven million four hundred and twenty-four thousand and fifty-four Reais and eighty cents) will be allocated to the payment of dividends to holders of common shares, of which R\$ 273,391,844.40 (two hundred and seventy-three million three hundred and ninety-one thousand eight hundred and forty-four Reais and forty cents) were paid as intermediary dividends as approved by the Board of Directors on August 1st, 2012. The remaining balance of the dividends approved today, equivalent to R\$ 354,032,210.40 (three hundred and fifty-four million thirty-two thousand two hundred and ten Reais and forty cents) will be paid to shareholders from March 8th, 2013 onwards, with no remuneration or monetary adjustment.
-

(Minutes of the Meeting of the Board of Directors of Ultrapar Participações S.A., held on February 20th, 2013)

Shareholders will receive dividends per share of R\$ 0.66 (sixty-six cents of Real).

The record date to establish the right to receive the dividend approved today will be February 27th, 2013 in Brazil and March 4th, 2013 in the United States of America. The shares will be traded "ex-dividend" on both the São Paulo Stock Exchange (BM&FBOVESPA) and the New York Stock Exchange (NYSE) from February 28th, 2013 onwards.

3. The members of the Board of Directors were updated on strategic and expansion projects of the Company.
4. To approve the proposed amendment to the Company's Financial Risk Management Policy, in order to modify certain parameters to encompass the financial management of its foreign subsidiaries.
5. Pursuant to the approval by the Board of Directors, on May 2nd, 2012 of guarantees provided by Ultrapar to its subsidiaries in connection with the Credit Limit Contract nr 12.2.0168.1, entered into among the BNDES (Banco Nacional de Desenvolvimento Econômico e Social), the Company and its subsidiaries on July 5th, 2012 ("Contract"), the members of the Board of Directors authorized the Company to amend such Contract, to include the subsidiary Terminal Marítimo do Maranhão S.A. – TEMMAR. All other conditions set forth in the Contract, including the total credit limit, remain unchanged.

Observations: The deliberations were approved, with no amendments or qualifications, by all the Board Members present.

(Minutes of the Meeting of the Board of Directors of Ultrapar Participações S.A., held on February 20th, 2013)

As there were no further matters to be discussed, the meeting was closed, the minutes of this meeting were written, read and approved by all the undersigned members present, as well as by the members of the Fiscal Council.

Paulo Guilherme Aguiar Cunha – Chairman

Lucio de Castro Andrade Filho

Ana Maria Levy Villela Igel

Paulo Vieira Belotti

Olavo Egydio Monteiro de Carvalho

Nildemar Secches

Renato Ochman

Pedro Wongtschowski

(Minutes of the Meeting of the Board of Directors of Ultrapar Participações S.A., held on February 20th, 2013)

Luiz Carlos Teixeira

Members of the Fiscal Council:

Flavio César Maia Luz

Mario Probst

Luiz Oswaldo Sant'Iago Moreira de Souza

ULTRAPAR PARTICIPAÇÕES S.A.
Publicly Traded Company

CNPJ nº 33.256.439/0001- 39

NIRE 35.300.109.724

MINUTES OF THE FISCAL COUNCIL'S MEETING (02/2013)

Date, Time and Location:

February 20th, 2013, at 2 p.m., at the Company's headquarters, located at Av. Brigadeiro Luis Antônio, nr 1343, 9th floor, in the City and State of São Paulo.

Attendance:

Members of the Fiscal Council, duly signed.

Discussed and approved matters:

1. The members of the Fiscal Council unanimously expressed a favorable opinion about the Company's financial statements and management report for the year 2012, as well as the proposal for the destination of net earnings of the year and distribution of dividends to shareholders under the terms presented by the Company's management.
 2. Pursuant to legal requirements and to the Internal Bylaws of the Fiscal Council, having examined the matters at the meeting held on February 19th, 2013 and based on the unqualified opinion of the independent auditors, dated February 20th, 2013, the Fiscal Council issued its report, as attached (Annex A).
-

(Minutes of the Fiscal Council's meeting of Ultrapar Participações S .A., held on February 20th , 2013)

As there were no further matters to be discussed, the meeting was closed and the minutes of this meeting were read and approved by all the undersigned members present.

Flavio César Maia Luz

Mario Probst

Luiz Oswaldo Sant'Iago Moreira de Souza

(Minutes of the Fiscal Council's meeting of Ultrapar Participações S .A., held on February 20th , 2013)

ANNEX A
REPORT OF THE FISCAL COUNCIL

The Fiscal Council of Ultrapar Participações S.A., pursuant to legal and statutory provisions, analyzed the Management Report and the Financial Statements (parent company and consolidated) for the year ended December 31st, 2012. Based on the assessment made and considering the report with an unqualified opinion by the independent auditors, Deloitte Touche Tohmatsu, dated February 20th, 2013, the Fiscal Council attests that the mentioned documents, as well as the proposal for destination of net earnings for the period, including dividend distribution, are ready to be presented in the Annual General Shareholders' Meeting.

ULTRAPAR PARTICIPAÇÕES S.A.
Publicly-Traded Company
CNPJ nº 33.256.439/0001- 39
NIRE 35.300.109.724

NOTICE TO SHAREHOLDERS

Distribution of dividends

We hereby inform that the Board of Directors of Ultrapar Participações S.A. ("Ultrapar"), at the meeting held on February 20th, 2013, approved the distribution of dividends, payable from the net earnings account for fiscal year of 2012, in the amount of R\$ 354,032,210.40 (three hundred and fifty-four million thirty-two thousand two hundred and ten Reais and forty cents), to be paid from March 8th, 2013 onwards, without remuneration or monetary adjustment. This distribution, in addition to the intermediary distribution of dividends in the amount of R\$ 273,391,844.40 (two hundred and seventy-three million three hundred ninety-one thousand eight hundred forty-four Reais and forty cents) paid in August 2012, totals R\$ 627,424,054.80 (six hundred and twenty-seven million four hundred and twenty-four thousand and fifty-four Reais and eighty cents) in dividends for the fiscal year ended December 31st, 2012. The proposal of the 2012 net earnings destination is subject to approval in the Company's annual shareholders' meeting.

Holders of shares issued by Ultrapar as of the record dates informed below will receive the dividend of R\$ 0.66 per share.

The record date to establish the right to receive the dividend will be February 27th, 2013 in Brazil, and March 4th, 2013 in the United States of America. Therefore, from February 28th, 2013 onwards, the shares will be traded "ex-dividend" on both the São Paulo Stock Exchange (BM&FBOVESPA) and the New York Stock Exchange (NYSE).

São Paulo, February 20th, 2013.

André Covre
Chief Financial and Investor Relations Officer
ULTRAPAR PARTICIPAÇÕES S.A.

SIGNATURES

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

Date: February 20, 2013

ULTRAPAR HOLDINGS INC.

| | |
|--------|---|
| By: | /s/ André Covre |
| Name: | André Covre |
| Title: | Chief Financial and Investor Relations Officer |

(2012 Financial Report; 4Q12 and 2012 Earnings release; Board of Directors Minutes; Fiscal Council Minutes; Notice to Shareholders)
