ULTRAPAR HOLDINGS INC
Form 6-K
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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, 2011

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 20-F	X	Form 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

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Yes		No	X

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

Yes		No	X

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

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MANAGEMENT REPORT 2010

Dear Shareholders,

The Management of ULTRAPAR PARTICIPAÇÕES S.A. (Ultrapar) hereby presents the Management Report and Financial Statements for the fiscal year 2010. 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

Ultrapar is a Brazilian business group with more than 70 years of history, with leading position in the markets in which it operates: fuel distribution through Ultragaz and Ipiranga, specialty chemicals through Oxiteno and storage for liquid bulk through Ultracargo.

With 8.9 thousand employees by the end of 2010, Ultrapar has activities in the entire Brazilian territory and, through Oxiteno, operates in Mexico and Venezuela and has business offices in Argentina, Belgium and the United States.

Over the last years, as a result of the consistent strategic planning and execution, Ultrapar made a series of acquisitions and investments that led the company to achieve a new level of financial and operational scale. The excellence in management and the focus on value creation, combined with its strong fundamentals and the resilient nature of its businesses, enabled Ultrapar to attain record levels of EBITDA and net earnings in 2010, with growth rates of 24% and 74%, respectively, over the previous year, reaching 18 consecutive quarters of EBITDA growth and presenting one of the highest appreciations in the year among the companies part of Ibovespa index. With these results obtained in 2010, we accumulated over the last 10 years an average annual growth of 19% in EBITDA and 20% in net earnings.

Ultrapar has been listed at the BM&FBOVESPA – São Paulo Securities, Commodities and Future Exchange and at the NYSE – New York Stock Exchange since 1999. In 2010, Ultrapar was ranked the first among the 50 companies with the highest growth rate in the energy segment in the world, a ranking prepared by Platts, consulting firm specialized in the sector.

ECONOMIC AND OPERATIONAL ENVIRONMENT

The year 2010 was marked by the strong growth of the Brazilian economy, with highlights to the low unemployment rates, expansion in income and total wages and higher credit availability, which reached in December a record level of 47% of the GDP. The gross domestic product grew by 8% as of September year-to-date, according to the latest published data, driven by the good performance of the retail, automotive and civil construction sectors. In 2010, the automotive industry reached a new sales record, with an 11% increase in the number of light vehicles licensed. In the financial market, the effects of the strong economic growth in Brazil, together with the public offering of Petrobras in the third quarter, resulted in a record of foreign investments inflow of US$ 48 billion to Brazil during 2010, contributing to a 12% appreciation of the Real against the US dollar, which ended the year at R$ 1.67/US$. In the international environment, the slower recovery in the economy of certain countries, particularly developed countries, led to a relative stability in oil prices during the first nine months of 2010. From the 4Q10 onwards, the higher demand, as a result of more severe winter in the northern hemisphere and the progression in the global economic growth resulted in soaring oil prices, which accumulated an 18% growth during the period and ended the year quoted at US$ 92/barrel, up 23% from 2009.

(1) Source: Brazilian Central Bank (forecast)

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ULTRAPAR IN 2010

Highlights of the year

The larger scale of operations, derived from investments made in the last years, the prudence in financial management and results- and value creation oriented culture enabled Ultrapar to achieve record levels of results in 2010, enhanced by the strong growth presented by the Brazilian economy.

Ipiranga, which completed the acquisition of Texaco in 2009, consolidated in 2010 the capture of expected benefits in its results in a period shorter than that initially estimated. The integration of Texaco enabled the acceleration of its expansion strategy through converting unbranded stations to Ipiranga's brand and opening of new gas stations, as well as through the acquisition of Distribuidora Nacional de Petróleo Ltda. ("DNP"), the fourth largest fuel distributor in the north region of Brazil. Additionally, as part of its differentiation strategy, Ipiranga also added 188 new units to its am/pm and Jet Oil franchise network in 2010, and opened 18 bakeries in its convenience stores.

At Oxiteno, the capacity expansions made in recent years were focused in segments with growth rates higher than that presented by the economy, making the strong expansion in the volume sold and better sales mix possible, with an increased share of specialty chemicals. Furthermore, the relative stability in raw materials prices, especially ethylene, contributed to Oxiteno's margin recovery process, resulting in a significant growth in its 2010 result, even with the stronger Real.

Ultracargo completed the sale of its road transportation, solid bulk storage and in-house logistics businesses, concentrating on its liquid bulk storage business, segment in which it holds a leading position with outstanding differentials. Focusing on the storage activities, Ultracargo accelerated the pace of expansion of its terminals and consequent profitability growth. The three main terminals of Ultracargo – Aratu, Santos and Suape – currently have investment projects in different phases of execution that will result in an expansion equivalent to 15% of the company's existing capacity.

Ultragaz continued to benefit from the operational efficiency programs implemented in the past years, with a focus on strengthening the relationship and enhancing the quality of resellers. In parallel, the greater dynamism of the economy positively reflected in the sales of bulk LPG, segment in which Ultragaz is a renowned leader, and to which the larger part of its investments was directed this year.

As a result of the positive progression in all businesses, Ultrapar presented record levels of revenue, EBITDA and net earnings in 2010. The net revenue of Ultrapar was R$ 42 billion in 2010, an 18% increase over 2009. Ultrapar's consolidated EBITDA reached R$ 1,776 million in 2010, a growth of 24% over 2009. Net earnings amounted to R$ 765 million in the year, 74% higher than the previous year's. The 2010 net debt to EBITDA ratio was 1.2 - lower than the 1.5 ratio of the end of 2009 - reflecting the increase in earnings and cash generation.

The progression of our results and financial position in recent years prove our good track record in all the moments of the economic cycles. In 2009, a year marked by the effects of the world economic crisis, the resilient nature of our businesses and the investments made allowed us to continue our growth trajectory even facing a more challenging context. In 2010, in a completely different environment, with a greater dynamism of the economy, our businesses also grew leveraged on the GDP growth, as it can be seen in the higher sales of diesel, LPG for the bulk segment, specialty chemicals in the domestic market and in the liquid bulk storage.

Ultrapar – Highlights in 2010

Acquisitions, Investments and Divestments

ü In July, Ultracargo completed the sale of its road transportation, solid bulk storage and in-house logistics businesses for R$ 80 million, concentrating on the liquid bulk storage business, segment in which it holds a leading position with outstanding differentials.

ü In November, Ipiranga completed the acquisition of Distribuidora Nacional de Petróleo Ltda. for R$ 85 million, adding 110 gas stations to its network, consolidating as the second largest fuel distributor in the North region, following its expansion strategy in the North, Northeast and Mid-West regions of Brazil.

ü Net investments (ex-acquisitions) increased 45% to R$ 848 million in 2010, starting a new expansion cycle, aiming to capture the opportunities arising from the continuity of the Brazilian economic dynamism and to grow through scale, technological differentiation and productivity gains.

Results

ü Consolidated net sales of Ultrapar exceeds R$ 42 billion in 2010, an 18% increase compared with that of 2009.

ü Record EBITDA of R$ 1,766 million in 2010, a growth of 24% over the previous year.

ü Ultrapar's net earnings reach the record level of R$ 765 million in 2010, a 74% increase compared with that reported in 2009.

Capital markets

ü The shares of Ultrapar presented a 31% and 38% appreciation in 2010 at the BM&FBOVESPA and the NYSE, respectively, while the respective indexes presented a 1% and 11% appreciation.

ü Ultrapar reached a market value of R$ 14 billion by the end of 2010, 31% higher than that observed in 2009.

ü Dividends declared in the amount of R$ 429 million, equivalent to a 56% payout over 2010 net earnings and to a 4% dividend yield.

ü In 2010, Ultrapar was selected once more to be part of the portfolio of the Corporate Sustainability Index (ISE) of BM&FBOVESPA, comprised of companies with renowned commitment to social and environmental responsibility, corporate governance and sustainability.

Financial soundness

ü Consistent cash generation allows the decrease of the net debt to EBITDA ratio from 1.5 by the end of 2009 to 1.2 by the end of 2010.

ü Reduction of the cost of debt through new financing, bringing the consolidated cost of debt to levels lower than the market references.

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Investments

The more dynamic economic environment in 2010 reflected in attractive opportunities for all Ultrapar's businesses. The organic investments were made focusing on the growth through scale, technological differentiation, modernization of existing facilities and productivity gains. The year 2010 was also marked by the capture of synergies from the acquisition of Texaco and by the initial benefits derived from the expansions at Oxiteno.

Ultrapar's investments decision follows a strict policy under which all the investments are evaluated with the use of managerial tools, notably the EVA® (Economic Value Added), metric also used to set the variable compensation of executives. Besides the deep analysis and criteria in the conception, the careful implementation by Ultrapar of the approved investments is key to ensure value creation.

Ultrapar's investments in 2010, net of disposals, totaled R$ 815 million, of which R$ 848 million were related to organic investments and R$ 33 million were related to the sale of the road transportation, solid bulk storage and in-house logistics businesses, partially offset by the initial disbursement for the acquisition of DNP.

Regarding organic investments, Ipiranga invested R$ 383 million in 2010, mainly in the conversion of unbranded service stations, new service stations, and renewal and improvement of the distribution network, in order to strengthen its strategic positioning and to increase its operating scale. Of the total amounted invested, R$ 376 million were related to additions to property, plant and equipment and intangible assets, and R$ 7 million were related to financing to clients, net of repayments.

Oxiteno invested in 2010 R$ 227 million, mainly in the expansion of the ethylene oxide unit in Camaçari, which will be completed in 2011, and in the conclusion of the expansion of the ethoxylation production capacity at the Camaçari plant, which started operating in late 2010, increasing Oxiteno's ethoxylates capacity by 70 thousand tons per year.

Ultracargo invested R$ 62 million in 2010, mainly to expand the Suape terminal, which will add 30 thousand cubic meters to Ultracargo's capacity and is expected to start up in 2Q11, and the modernization of its terminals.

At Ultragaz, R$ 157 million were invested in 2010, mainly in new clients in the bulk segment, which is linked to the economic performance, and in the renewal of LPG bottles.

In 2010, Ultracargo completed the sale of its road transportation, solid bulk storage and in-house logistics businesses, with a net receipt of R$ 80 million, concentrating on its liquid bulk storage business. Ipiranga completed in November 2010 the acquisition of DNP, the fourth largest fuel distributor in the North region of Brazil, thus reinforcing its strategy of expansion to the North, Northeast and Midwest regions of Brazil, where the consumption growth rate has been above the national average and the market share of Ipiranga is lower than that in the South and Southeast regions. An amount of R$ 47 million was paid in November 2010 in connection with the acquisition of DNP. The remaining portion will be paid after the completion of the calculation of the working capital and indebtedness existing on the closing date, completion expected to occur in 1Q11.

Ultrapar's 2011 investment plan, excluding acquisitions, amounts to R$ 1,044 million and aims at growth through increased scale, technological differentiation and productivity gains, as well as modernizing existing operations. The increase in investments over 2010 reflects the opportunities arising from the continued dynamism of the Brazilian economy and the implementation of strategic initiatives specific to each business unit.

Organic investments plan for 20111	R$ million

Ipiranga	548
Oxiteno	153
Ultracargo	146
Ultragaz	171
Outros²	26
Total	1,044

1 Net of disposals
2 Includes mainly RPR and corporate IT services

At Ipiranga, investments will be directed to the expansion and renewal of its service stations, franchise network and facilities, focusing the expansion in the North, Northeast and Midwest regions of Brazil. Out of Ipiranga's total investment budget, R$ 520 million refer to additions to property, plant and equipment and intangible assets and R$ 29 million refer to financing to clients, net of repayments. At Oxiteno, the significant reduction in investments reflects the conclusion of an expansion cycle, with R$ 87 million directed to expansion projects, mainly the conclusion of the ethylene oxide plant in Camaçari, adding 90 thousand tons/year to the current capacity. Ultracargo's investments will be directed to expansions in Santos, Suape and Aratu terminals, adding 98 thousand m³ to Ultracargo's storage capacity, an addition equivalent to 15% of its current capacity, with start-ups scheduled for 2011 and 2012. At Ultragaz, investments will be mainly dedicated to the expansion of UltraSystem (small bulk), as a result of the higher level of economic activity and the prospects for capturing new clients, to the expansion and modernization of bottling facilities and to the replacement of LPG bottles and tanks.

Capital markets

Ultrapar ended 2010 with a market value of R$ 14 billion, 31% higher than that of 2009. The greater dynamism of the economy, the benefits from the investments made and the growth and value creation potential of its businesses resulted in a 31% appreciation of Ultrapar's shares in 2010, one of the five highest stock appreciations among the companies that are part of the Ibovespa index in the year. In the same period, Ibovespa presented a 1% appreciation. At the NYSE, the shares of Ultrapar presented a 38% appreciation, while the Dow Jones index appreciated by 11% in the period.

In 2010, Ultrapar declared dividends in the amount of R$ 429 million, related to the fiscal year of 2010, 54% higher than that in 2009, representing a 56% payout over the consolidated net earnings of the year and a dividend yield of 4% over the average share price in 2010. Ultrapar constantly evaluates its capital needs for investments and acquisitions and, being assured the maintenance of a solid financial position, distributes the proceeds to its shareholders in the form of dividends. Since its IPO in 1999, Ultrapar consistently distributed dividends to its shareholders, both in periods of adverse economic environment as 2008 and 2009 and in periods of large investments, as 2007 and 2008, years marked by the acquisitions of Ipiranga and Texaco.

Ultrapar's shares ended the decade with an average appreciation of 21% per year in the period, reflecting its strategy of sustained growth and value creation. Considering the reinvestment of dividends distributed in the period, the yearly average shareholder return in the decade would have been of 29% per year. In the same period, Ibovespa, the main liquidity index of BM&FBOVESPA, presented an average return of 16% per year.

In 2010, the average daily trading volume of BM&FBOVESPA was R$ 6.5 billion/day, 23% higher than that in 2009. The average daily trading volume of Ultrapar shares at BM&FBOVESPA and NYSE was R$ 33 million, 22% higher than that in 2009.

In 2010, Ultrapar took advantage of the more favorable market environment to reduce its indebtedness and extend its debt profile, taking the average cost of its consolidated debt to levels lower than market references by the end of the year.

Following its philosophy of assuring the transparency, the reach and the symmetry of information disclosure, more than 300 meetings with representatives of the capital markets and interested public were held in 2010 in proper forums, besides keeping information of interest updated in its Investor Relations' website, contributing to the proper pricing of its shares and to the feasibility of the capital markets as means of financing the company's growth.

Corporate governance

In 2010, Ultrapar was selected once more to be part of the Corporate Sustainable Index (ISE) of BM&FBOVESPA, index that reflects the return of a portfolio comprised of shares from companies with renowned practices of corporate sustainability, selected through an assessment that includes aspects such as corporate governance, economic- financial performance, and social and environmental responsibility. The inclusion of Ultrapar in the ISE also reflects its pioneering and constant evolution in the adoption of the best practices of corporate governance, a company’s essential value.

The importance of the topic for Ultrapar harks back to almost 30 years ago, when the stock ownership plan was implemented, turning key executives into relevant shareholders of the company, aiming to align long-term interests and to retain executives.

In 2000, already as a listed company, Ultrapar pioneered in granting tag along rights to all its shareholders, at 100% of the offered value. Only in 2001 the Brazilian Corporate Law established the mandatory adoption of tag along rights, although limited to voting shareholders and to 80% of the offered value.

Following the interest alignment principles, in addition to the stock ownership plan, Ultrapar adopted a variable compensation plan linked to economic value added (EVA®) growth targets, reinforcing the interest alignment among managers and shareholders and the implementation of investment projects that create value to the company.

Since 2004, Ultrapar adopts a Code of Ethics which is a reference to the professional conduct of employees and internal and external relationship with stakeholders, reducing the subjectivity of interpretations about ethical principles and assuring that the daily concerns with efficiency, competitiveness and profitability include the ethical behavior. This code was enhanced in 2009, with the inclusion of acceptable and unacceptable behavior and an additional channel to report behavior that may not be in accordance with the code.

Ultrapar has a Board of Directors comprised of eight members, five of which are independent and, among them, two were elected by minority shareholders. In 2010, the Board of Directors held 13 meetings. Since 2007, the roles of chief executive officer and chairman of the Board of Director have been separated. Paulo Cunha, who held both positions, became exclusively the chairman of the Board of Directors. Pedro Wongtschowski took over as chief executive officer, a position he still holds.

Ultrapar has a permanent Fiscal Council that also works as an audit committee pursuant to the requirements of Sarbanes-Oxley Act. The Fiscal Council is a body independent from our management comprised of five members, two of them representing minority shareholders. In 2010, the Fiscal Council held 10 meetings.

The executive board of Ultrapar is comprised of the chief executive officer, executive officers of Ipiranga, Oxiteno, Ultracargo and Ultragaz and the chief financial and investor relations officer, officers that perform the integrated management of the businesses following the guidelines of the Board of Directors.

Ultrapar has level III ADRs listed in the NYSE and complies with the highest corporate governance standards of foreign companies listed in the United States. The company is also compliant with the requirements of the Sarbanes-Oxley Act, which regulates mechanisms that guarantee the transparency of companies listed in the United States and the responsibility of managers towards the information provided. Since 2007, Ultrapar has had the SOX certification under section 404, attesting to the efficiency of its internal controls over the company’s financial information. Ultrapar developed and implemented in 2009 a distinguished risk matrix to monitor its internal controls, initiative that was awarded by the Brazilian Institute of Corporate Governance (IBGC).

In advance to the requirements of CVM for the convergence of the accounting standards to the International Financial Reporting Standards - IFRS for the fiscal year 2010, Ultrapar started to report its financial statements according to the new accounting practices in the third quarter of 2010, aiming to provide the shareholders and investors with a longer period to understand their effects over its financial statements and allow for a gradual transition of accounting standards.

The continuous improvement in corporative governance practices adopted by Ultrapar allowed the company to receive important acknowledgements. In 2010, Ultrapar was chosen one of the five best companies in Brazil in “Corporate Governance” and in “Performance of Investor Relations by a CEO or CFO” to André Covre, according to the IR Magazine.

Besides internal initiatives related to good corporate governance practices, Ultrapar also actively contributed to the development of the capital market in Brazil through its participation in the Latin American Governance Roundtable Companies Circle, of which it is a founding member. Such entity is sponsored by the Organization for the Economic Co-operation and Development (OECD) and by the International Finance Corporation (IFC) and aims at promoting corporate governance in Latin America. Between 2008 and 2010, André Covre, chief financial and investor relations officer, was the chairman of this group.

Social and environmental performance and operational excellence

Among Ultrapar's initiatives regarding safety and the environment in 2010, the implementation of the Air Emission Monitoring and Reduction Program by its businesses stands out, a program that deepens initiatives to minimize the volume of gas emissions. As part of this work, Ultrapar's businesses completed emission inventories of Greenhouse Gases (GHG), focusing on the identification and quantification of the main sources of GHG emission to a more efficient action in its reduction.

Ipiranga, which has been monitoring the GHG emissions for three years, prepared in 2010 its emission inventory at nearly 70 operational and administrative units of the company. Oxiteno's inventory, started in 2008, enabled the company to identify several opportunities to reduce GHG emissions, of which 15 gases were selected and will be prioritized in specific action plans, mainly through Six Sigma projects. Additionally, Oxiteno has been evaluating alternatives that should bring higher financial return through the possibility of converting the reduction of GHG emissions in carbon credits. Ultracargo and Ultragaz also adopted in 2010 programs related to the reduction of polluting gases emission such as the program to reduce CO_2 emissions in all Ultragaz's fleet.

In parallel, Ultrapar keeps a range of initiatives in its businesses aiming not only to comply with the increasing environmental requirements in its operating segments but also to strengthen its pioneering and innovative approach, which distinguish the company.

Ipiranga has adopted for almost 10 years its own environmental management system through SIGA, which considers the highest international standards in its practices. In addition to initiatives focused on management, training and investments in preventive technology, since 2009 SIGA has had its scope amplified, starting to include matters such as safety, health, quality and social responsibility, with the objective of adjusting the operations of its terminals to a broaden vision of sustainability. Evolving to the SIGA+ concept (Ipiranga's management system applied to health, safety, environment, quality and social responsibility), the program involved, in 2010, the performance of audits to verify the results of the actions expected in its implementation and to identify improvement opportunities.

As part of its Energetic Efficiency Program, which intends to reduce the energy consumption in its service stations, Ipiranga launched in 2009 the first eco-efficient station in the country, called Caminho Verde, built in Porto Alegre. Operating as a pilot project, it was awarded the National Award of Conservation and Rational Use of Energy in 2009. This project foresees the multiplication of a series of actions to adapt the service stations, with focus on water, energy, materials and waste management, aiming to reduce impacts and costs. In 2010, the Energetic Efficiency Program was implemented at nearly 1,600 stations, resulting in a reduction of 1 million kWh/month in energy consumption. The energy consumption reduction resulted in avoided emissions equivalent to nearly 140 trees monthly planted, considering the carbon stock during the first twenty years of the plant.

At Oxiteno, the strategy of intensifying its presence in the segment of green chemicals, initiated in 2008 with the start-up of the oleochemicals unit, the only in Latin America that produces fatty alcohols from palm-kernel oil, resulted in new business opportunities. Aiming to strengthen its regional leadership, in 2010 Oxiteno joined the Roundtable on Sustainable Palm Oil, an organization that works to regulate the sustainable plantation of palm, as the company is currently an important buyer of palm kernel oil in the world. Oxiteno, that had only 9% of its raw materials from renewable origins in 2006, ended 2010 with a share of 20%.

Other important initiatives in Oxiteno were the development of new solvents to clients of the coatings segment and new applications in the segment of soaps from co-products of the oleochemicals unit, initiatives that resulted in additional sources of revenues and in reduction of effluents.

Ultracargo has the safety and care for the environment as key elements for its differentiated positioning. The Ultracargo unit in Paulínia (São Paulo) has the ISO 14001:2004 certification and was re-certificated in 2009. In 2007, the Aratu unit obtained the ISO 14001:2004 certification and was re-certified in 2009. The Santos terminal was designed with the maximum safety standards and obtained the ISO 14001 and ISO 18001 certificates in 2009.

At Ultragaz, the standardization of quality, operational safety, health and care for the environment is established through the Fator Azul (Blue Factor), which sets the environmental, quality and safety guidelines to all the units of company.

Relationship with stakeholders

Ultrapar’s long trajectory of growth has been based on the strong commitment built with the stakeholders of the company, through principles of ethics, respect, trust, and sharing of values.

Based on these assumptions, Ultrapar seeks to keep a sustainable relationship network with its stakeholders, with continuous improvement of the best practices of social and environmental responsibility, in addition to adopting policies directed to the development and recognition of its employees, aiming to create value for all the value chain.

Ultrapar continuously invests in its professionals, with the objective of developing leaders for the company and the society. Ethics, transparency and respect for people have been the main values of Ultrapar's relationship with its employees since the beginning of its activities, more than 70 years ago. By the end of 2010, Ultrapar had 8.9 employees, 400 of them headquartered outside of Brazil.

Ultrapar adopts a personnel management policy based on the valorization and development of employees, seeking to provide them with professional development and growth opportunities, recognition of the technical skills and commitment to the organizational values, in order to achieve the best results. This philosophy can be proved by many professionals that started their careers in the internship or trainee programs maintained by Ultrapar that currently are part of the company's executive board and its group of managers. The good track record in recruiting people made these processes one of the most important sources of renovation and qualification of Ultrapar's staff. Training and stimulating employees in order to make them achieve their targets and dreams are Ultrapar's daily goals.

Ipiranga yearly sponsors the General Training Program (PGT), which promoted the training of 58% of its staff in 2010. The PGT offers in-company training and enables the continuous learning, the adjustment of professionals to the company's strategy and, consequently, the generation of results.

In 2010, Oxiteno started the implementation of a new approach of personnel management, consolidating actions, programs and processes of management of international units with the Brazilian unit, aiming to create a stronger convergence and identity of performance in personnel management, preserving certain adjustments to local cultures. Oxiteno also has partnerships with renowned universities and institutions in its area, offering its staff continuous technical training, a rich exchange of information about trends in specialty chemicals, keeping the constant innovation as part of its culture.

Ultracargo developed in 2010 the Leadership Training Program, promoting the training of employees in leading positions with new concepts of personnel management, team motivation and work environment harmonization, strengthening its managers to face the challenges of its strategic repositioning with focus on the liquid bulk storage business.

Regarding the development of its staff, Ultragaz maintains the Ultragaz Academy, which offers training programs in the areas of business management, planning, marketing and client service, being supported by partnerships with renowned educational institutions such as Fundação Getúlio Vargas, Universidade de São Paulo and Fundação Dom Cabral. Training programs are also offered to the company's resellers.

The passion for the client heads Ultrapar's search for continuously improving its products and services to the specific needs of its clients. This philosophy, responsible for the solid partnership with its clients throughout decades, is based on the proximity to customers, constant innovation and excellence in the quality of products and services provided.

At Ipiranga, the strategy of innovation and differentiated service and convenience is evidenced by the constant launch of specific products and services for each segment of activity. Among the initiatives in 2010, the opening of bakeries at am/pm stores proved to be a significant sales booster, reaching 30% of the revenues in some stores. Private label products, which started to be sold at am/pm stores in 2010, provide resellers with the benefit of an additional source of income, and also strengthen the am/pm brand. Other recent very successful initiatives were Km de Vantagens, a pioneer loyalty program in the fuel industry that grants rewards and benefits to customers and resellers, currently with over five million participants, and Jet Oil Motos, the first specialized lubricant oil changing and service network to serve an increasing motorcycle fleet that nearly doubled in five years. These strategic differentiation initiatives implemented by Ipiranga result in a better value proposition for customers and resellers, generating benefits for the whole chain – the consumer gets access to differentiated products, the reseller earns higher revenues, and the service station obtains a differentiated positioning, thus contributing for an increase in the company's income.

For Oxiteno, innovation is one of the essential guidelines to allow it to reach its strategy of maximizing sales of specialty chemicals and added value to its products. Over the last three years, Oxiteno developed more than 40 new products and deployed significant resources to research and development of products and processes. For example, sec-butyl acetate, a new solvent launched in late 2009, has been successfully introduced into the coatings industry and, at the same time, positioned Oxiteno as the only producer in the continent. Oxiteno is also working on other fronts to incorporate new technologies and vegetal raw materials into its process, in order to increase its offer of renewable products, such as fatty alcohols and solvents derived from sugarcane.

At Ultragaz, behind the apparent stability in the LPG market, there is a very dynamic retail market where consumers' habits change constantly, thus creating opportunities for the company. In order to follow market developments and differentiate from competitors, in light of this new scenario, Ultragaz has developed and enlarged new sales channels and payment methods. In the last years, the company has expanded Disk Gás (sale of LPG bottles by telephone) and online ordering share, and has introduced bottle ordering by mobile phone messages. These initiatives provide customers with greater convenience, add further value and generate logistic optimization to Ultragaz. The same principles are extended to the bulk segment, in which Ultragaz is a pioneer and has a leading position, and where it has been developing new applications to its products, such as localized heating to start up the operation of industrial furnaces, mainly in iron and steel industries.

Ultrapar's relationship with its suppliers and its network of resellers is based on shared values and principles covering ethics, sustainability, business vision, quality and safety. Ultrapar's suppliers are subject to strict requirements related to the quality standards of their processes, products and services, including compliance with social and environmental requirements in the supply chain.

In order to strengthen the relationship with its network of resellers and brand loyalty, Ipiranga develops several incentive programs. Through the Clube do Milhão (Million Club) incentive program, the company annually rewards with international trips the most accomplished resellers in terms of the year's pre-established targets. Ipiranga also establishes incentive programs for service stations' employees, such as Clube VIP (VIP Club), with the purpose of valuing these employees and encouraging sales of products with higher added value. Following this strategy, the company has offered, since 2006, Treinamento VIP (VIP Training) to set a service standard for the Ipiranga network, to advertise the incentive programs, and to provide guidance to service stations' employees on ongoing promotions, travelling Brazil in itinerant qualification units (school-like buses) adapted to work as classrooms. In addition to these initiatives, Ipiranga has maintained for ten years the Programa Gestão da Revenda (Management Program for Resellers), which offers training in business and financial management, marketing, legislation and the environment for resellers. In line with the PGR, Ipiranga also keeps Programa Gestão de Negócios de Varejo (Retail Business Management Program), which offers training specifically developed for am/pm and Jet Oil franchises in order to increase the specialization of its resellers.

Ultragaz also maintains Programa de Qualificação de Revendas (Reseller Qualification Program), which aims at standardizing Ultragaz's resellers' good management practices, which includes brand standardization, management quality, and strict compliance with the laws applicable to the industry. Through an assessment process, resellers are classified into categories (blue diamond, diamond, golden and opportunity), allowing the participants to check their performance compared to Ultragaz's excellence standards and encouraging constant improvement. In 2010, over three thousand resellers participated in the program – a significant increase against 2008, year of inception of the program, when 700 resellers were evaluated. Out of the resellers that participated in the program in 2010, 228 qualified as blue diamond, a 109% increase over 2009, indicating an improvement in the quality of the resellers network last year.

The training of resellers' employees is an essential part of the relationship with the end customer. In 2010, Ultragaz strengthened its Ultragaz Especialista (Ultragaz Specialist) advertising campaign, as a reference to its long experience in and knowledge of LPG distribution. This year's campaign was accompanied by a reseller training process to enhance technical skills and improve customer service. Still in 2010, Ultragaz continued Formação em Gestão de Revendas (Reseller Management Education) program, developed by Academia Ultragaz together with the Parceria Consultores consulting firm, which applies business management concepts to the LPG market.

RETAIL INITIATIVES AND DIFFERENTIATING FACTORS

Ipiranga

Initiatives directed to end consumers, aiming at differentiation, client loyalty and brand promotion

ü Km de Vantagens – Created in 2009, the Km de Vantagens loyalty program consists in accumulating points through the purchase of products and services in Ipiranga's network. One of the most important partnerships developed is the agreement with Multiplus Fidelidade, allowing the transfer of points from the Km the Vantagens program to the TAM Fidelidade program and vice versa. In 2010, Ipiranga increased its strategic partnerships to broaden the scope of the program and, accordingly, the benefits for its clients and resellers, including partners in the areas of entertainment, tourism and magazines, among others. The Km de Vantagens program had reached over 5.5 million clients by the end of 2010.

ü Ipirangashop.com – Launched in 2008, Ipirangashop.com became an online retail platform that leverages the business potential from the large flow of consumers in Ipiranga's service stations. The success of this initiative is demonstrated by a strong growth in revenues, which almost tripled between 2009 and 2010, leading Ipiranga to expand the range of options to consumers in this channel. Examples of these innovative initiatives are the online wedding gift list and a special section for wine enthusiasts.

ü am/pm – The largest convenience store network and second largest retail network in number of points of sale in Brazil, am/pm ended 2010 with 1,024 franchises that offer a wide variety of products, including its own fast food brand, centrally produced, and a private label product line launched in early 2010 and expanded over the year on the back of its success. In 2010, Ipiranga initiated the opening of bakeries inside its am/pm stores and became Brazil's largest bakery franchise chain. Over the year, it developed a new image, further strengthening the perception of being a convenience center always close to its consumer.

ü Jet Oil – Lubricant changing and automotive services specialized network, Jet Oil ended 2010 with 704 franchises. It offers free check-up services for 15 items of the car, and relies on an IT system with more than 17 thousand vehicles registered. Launched in 2009, Jet Oil Motos, a specialized motorcycle lubricant changing services, was introduced to meet the growing demand for this service, demand boosted by the increase in the motorcycle fleet in Brazil. Increasing its bet on this segment, Ipiranga also launched new lubricants for motorcycles, in order to broaden the product mix for this public. Jet Oil Motos ended 2010 with 61 units, up 205% from 2009.

- ü Ipiranga credit cards – Accepted in the entire network, credit cards are part of Ipiranga's differentiation and client loyalty strategy through the alignment of incentives among resellers, VIPs and cardholders. Currently, there are about 6 million cards issued all over Brazil, with different models to serve different client profiles.

- ü Promoção Copa Premiada – Draw of ten thousand official t-shirts of the Brazilian soccer team.

- ü Promoção Abasteça Sua Sorte – Draw of 200 iPads and mobile phones to Ipiranga service stations' customers.

- ü Rewarded fueling – Draw of twenty thousand free fuel supplies at Ipiranga service stations.

- ü Ipiranga Racing – In 2010, Ipiranga sponsored the Stock Car Ipiranga Racing team, comprised of pilot Thiago Camilo, and participated in the Indy Racing League with pilot Ana Beatriz Figueiredo, as a way to strengthen the link of its brand to the passion for cars.

Reseller relationship programs

- ü Clube do Milhão (Million Club) – An incentive program carried out for more than 20 years, Clube do Milhão yearly rewards with international trips the most accomplished resellers in terms of the year's pre-established targets. In 2010, the best resellers were awarded with a cruise through Europe.

- ü Clube VIP (VIP Club) – A program directed to service stations' employees, including pump attendants and am/pm and Jet Oil employees, aimed at training the staff for service quality improvement and increasing the sales of specific products, aligned to Ipiranga's strategy, such as Gasolina Original Aditivada (Premium Gasoline), Ipiranga Credit Cards, F1 Master Lubricants Family and fast food at am/pm units.

- ü Rally de Vendas (Sales Rally) – In the lubricant segment, Ipiranga rewards the best performing authorized distributors with a participation in the Clube do Milhão international trip.

Ultragaz

Initiatives directed to the end consumers and brand promotion

- ü Ultragaz na sua rua (Ultragaz in your street) – A program with professionals dedicated to interact with customers through distribution of souvenirs and brochures containing safety tips and relevant information on LPG and cultural contests.

- ü New brand positioning – Development of the new positioning "Ultragaz – specialist" ("Ultragaz – especialista no que faz"), reinforcing the features of quality and differentiation of products and services offered by Ultragaz in a nationwide marketing campaign through magazines and radio advertisements.

- ü Carreta Ultragaz (Ultragaz Wagon) – Trailer truck that travels throughout the many regions of the country promoting initiatives with consumers, such as culinary courses, food reuse courses and handicraft work courses as an alternative source of income, among others.

Reseller relationship programs

ü Marketing solutions applied to resellers – Ultragaz offers a program to promote the quality improvement and development of its resellers. Academia de Revendedores (Resellers Academy), a branch of Academia Ultragaz (Ultragaz Academy), was created to develop specific training for these partners.

ü Resellers training program – As part of its operational excellence program, Ultragaz promotes a diagnosis of its resellers and implements initiatives to improve the level of efficiency and training of its resellers' employees, also in addition to share best practices among resellers. The program also aims at supporting the management of their businesses, optimizing profitability and return on investment.

ü Ultragaz – especialista no que faz (Ultragaz – specialist) – In line with its quality and differentiation positioning, Ultragaz developed in 2009 "O Especialista em Atendimento" (The Specialist in Serving), a training program to improve the technical and behavioral skills of resellers as well as service to clients.

ü Rota Azul Ultragaz (Ultragaz Blue Route) – An initiative adopted to offer information on traffic to São Paulo inhabitants, through a partnership with Rádio Sul América Trânsito (a radio station specialized in traffic information). In this program, the radio host obtains information on traffic from truck drivers who distribute Ultragaz LPG in the city of São Paulo.

Ultrapar focuses its social work on programs based on promotion and dissemination of education, culture and professionalization. With its great diversity of programs and projects for this purpose, Ultrapar seeks to support initiatives that promote social inclusion and development, and benefit the communities with which it interacts.

Through the Ultra Formare project, Ultrapar offers free professional training to low-income young students, to the beginning of their working life. The programs are taught at the São Paulo headquarters and offer young students training as administrative assistants. Approximately 100 Ultrapar's employees voluntarily participate as teachers and mentors in the project, which graduated its ninth class in 2010. During the program, students are provided with several benefits so that they may devote themselves exclusively to study. They receive certificates accredited by the Ministry of Education upon completion.

In addition to Ultrapar's initiatives, each business has its own social programs. In 2010, Ipiranga held the third edition of its Saúde na Estrada (Health on the Road) roadshow, aimed at promoting the health and well-being of professional drivers and released in 85 service stations spread across the main Brazilian highways. The initiative includes performing free medical exams, blood pressure measurement, blood glucose and blood type tests, besides providing information on sexually transmitted diseases. Over 120 thousand exams were performed since the implementation of the campaign. In 2010 alone, 32 thousand people received medical care.

Ipiranga also built partnerships with renowned education-oriented institutions, as in the case of the partnership with Alfabetização Solidária, which has been engaged in reducing illiteracy levels in Brazil since 1997. Another type of partnership is the support provided by Ipiranga to Instituto Superior de Educação – Pró-Saber, a community college that develops and disseminates alternative solutions to educational problems in Brazil.

Oxiteno, together with the member companies of APOLO (Industrial Association of ABC Region Petrochemical Complex), offers underprivileged communities surrounding the petrochemical complex several social and health services, including, for example, dental and medical exams. The Tremembé unit, at its turn, maintains a partnership with the municipal government in order to offer lectures on vocational guidance to students from the municipal education system.

Oxiteno and Ultracargo, together with the other companies of the Camaçari complex, participate in the activities of the Polo Cidadania (Citizenship Complex), which is aimed at providing free healthcare services, in addition to developing cultural, leisure, sporting and cultural awareness activities.

In 2010, Ultragaz entered into a partnership with the Ministry of Health to disseminate social and educational campaigns, such as its prominent role in the campaign against H1N1 Influenza, with the mobilization of employees and resellers in the distribution of brochures containing prevention tips and vaccination dates, reaching over 25 million people. Ultragaz also offered support to campaigns against the use of drugs and alcohol, fight against dengue fever and clarifications on cancer prevention and detection exams.

In 2010, the Ultragaz Cultural program once again took cinema to low-income populations in several Brazilian regions. Ultragaz Cultural is a movie theatre adapted to a wagon that travels throughout several cities exhibiting movies. This program, launched in 2000, traveled to 37 cities in 2010, totaling approximately 370 exhibitions.

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. In order 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, 2010, Ultrapar and its subsidiaries did not contract any service from their independent auditors that was not directly linked to the auditing of financial statements.

KPMG Auditores Independentes has provided external audit services to Ultrapar since 2007.

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ANALYSIS OF FINANCIAL PERFORMANCE IN 2010

Considerations on the financial information

Standards and criteria adopted in preparing the information

From the year ending December 31st, 2010 onwards, CVM made mandatory the adoption of the International Financial Reporting Standards (IFRS) in the presentation of financial statements of the Brazilian publicly-listed companies. Accordingly, Ultrapar's consolidated financial statements for the year ended December 31st, 2010 and its quarters were prepared in compliance with the IFRS, which differs in certain aspects from the previous Brazilian accounting standards.

For an understanding of the effects of the adoption of the IFRS, we released financial spreadsheets on CVM's website (www.cvm.gov.br), as well as on Ultrapar's website (www.ultra.com.br), demonstrating the impacts of the accounting changes introduced by the IFRS on the main line items of the quarterly financial statements for 2009 and 2010 and years ended December 31st, 2009 and 2010 in comparison with the amounts that would have been obtained without such changes. Additional information on the changes resulting from the adoption of the IFRS is available in note 2 of the financial statements of the year ended December 31st, 2010.

The financial information of Ipiranga, Oxiteno, Ultracargo and Ultragaz 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 R$ 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.

Effect of the acquisition – Texaco

In August 2008, Ultrapar announced the signing of the sale and purchase agreement for the acquisition of Texaco's fuel distribution business in Brazil. The results of Texaco were consolidated in Ultrapar's financial statements from April 1st, 2009, after the financial settlement of the transaction, which occurred on March 31st, 2009. Ultrapar's financial statements in periods prior to 2Q09 do not include Texaco's results.

Effect of the divestment – Ultracargo's road transportation, in-house logistics, and solid bulk storage

On July 1st, 2010, Ultrapar sold Ultracargo's in-house logistics, solid bulk storage, and road transportation businesses, with the transfer of shares of AGT – Armazéns Gerais e Transporte Ltda. and Petrolog Serviços e Armazéns Gerais Ltda. to Aqces Logística Internacional Ltda. and the receipt of R$ 74 million, in addition to the R$ 8 million deposit received upon announcement of the transaction on March 31st, 2010. In October 2010, Ultrapar disbursed R$ 2 million in connection with the expected working capital adjustment. The financial statements of Ultrapar and Ultracargo from 3Q10 onwards no longer include the businesses sold.

Effect of the acquisition – DNP

On October 26th, 2010, Ultrapar announced the signing of the sale and purchase agreement for the acquisition of 100% of the shares of Distribuidora Nacional de Petróleo Ltda. – DNP. The total value of the acquisition is R$ 85 million, with the initial disbursement of R$ 47 million settled in November 2010. Ultrapar's and Ipiranga's financial statements started to consolidate the results of the acquired business from the closing of the acquisition, occurred on November 1st, 2010.

Comparative performance 2010-2009
(R$ million)

	2010					2009				
	Ultrapar	Ipiranga	Oxiteno	Ultracargo	Ultragaz	Ultrapar	Ipiranga	Oxiteno	Ultracargo	Ultragaz
Net sales	42,482	36,483	2,083	293	3,661	36,097	30,486	1,916	337	3,441
Cost of products and services	(39,323)	(34,524)	(1,655)	(138)	(3,076)	(33,444)	(28,831)	(1,587)	(200)	(2,947)
Gross profit	3,159	1,959	428	155	586	2,653	1,655	329	137	494
Sales, general and administrative expenses	(1,924)	(1,184)	(291)	(76)	(375)	(1,772)	(1,095)	(260)	(88)	(325)
Other operational results	11	29	0	3	(22)	19	19	(1)	3	(2)
Operational income before income from sale of assets	1,246	804	137	83	189	901	579	68	52	168
EBITDA	1,776	1,073	241	111	307	1,430	830	171	104	281
Depreciation and amortization	531	269	104	29	119	529	251	103	53	114

The financial information of Ultragaz, Ipiranga, Oxiteno and Ultracargo is presented without elimination of transactions carried out between the companies.

Sales Volume

At Ipiranga, sales volumes grew by 17%, totaling 20,150 thousand cubic meters. The sales volume of fuels for light vehicles grew by 16%, as a consequence of the consolidation of Texaco's volume from April 1st, 2009 onwards, and of the increase in the light vehicle fleet during the last 12 months, notably the 27% growth in gasoline volume. Diesel volumes grew by 19%, due to the consolidation of Texaco's volume from April 1st, 2009 and the economic growth. At Oxiteno, sales volume totaled 684 thousand tons in 2010, up 8% over 2009, with highlight to the growth of 11% of specialty chemicals volume sold in Brazil, on the back of the increased economic activity and the expansions in the production capacity. At Ultracargo, effective storage increased by 20%, as a result of the consolidation of the terminal acquired in Suape in December 2009 and of the higher utilization level in the Santos and Aratu terminals, partially offset by a reduction in ethanol handling. In 2010, Ultragaz's sales volume reached 1,608 thousand tons, a 1% increase over 2009, with volumes practically stable in the bottled segment and a 4% growth in the bulk segment, due to the increased economic activity and the recovery in the industrial activity.

Net Sales and Services

Ultrapar's net sales and services amounted to R$ 42,482 million in 2010, up 18% from 2009, as a result of the increased volume of operations in all businesses and the consolidation of Texaco from 2Q09 onwards, partially offset by the sale of the in-house logistics, solid bulk storage, and road transportation businesses of Ultracargo. Ipiranga's net sales and services amounted to R$ 36,483 million in 2010, up 20% over 2009, as a result of a higher sales volume, an increase in the share of gasoline in the product mix, and the increased ethanol costs due to the lower availability of the product, partially offset by the decrease in the diesel ex-refinery cost in June 2009. Oxiteno reported R$ 2,083 million in net sales and services, up 9% from 2009, despite the 12% stronger Real, as a result of the 8% volume growth and the recovery in the average dollar prices. Ultracargo's net sales and services totaled R$ 293 million, down 13% from 2009, due to the sale of the in-house logistics, solid bulk storage and road transportation businesses, partially offset by the growth in average storage in its liquid bulk terminals. Ultragaz's net sales and services amounted to R$ 3,661 million in 2010, up 6% over 2009, as a result of a higher sales volume, an increase in the cost of LPG used in the bulk segment from January 2010 onwards and the commercial initiatives and operational efficiency programs implemented.

Cost of Products and Services

Ultrapar's cost of products and services amounted to R$ 39,323 million in 2010, up 18% over 2009, as a consequence of the increased volume of operations in all businesses and the consolidation of Texaco from 2Q09 onwards, partially offset by the sale of the in-house logistics, solid bulk storage, and road transportation businesses of Ultracargo. Ipiranga's cost of products sold amounted to R$ 34,524 million, up 20% over 2009, as a result of a higher sales volume, an increase in the share of gasoline in the product mix, and the increased ethanol costs due to the lower availability of the product, partially offset by the decrease in the diesel ex-refinery cost in June 2009. Oxiteno's cost of products sole totaled R$ 1,655 million, up 4% over 2009, as a result of an 8% growth in sales volumes, a higher unit variable cost in dollars of raw materials, and extraordinary costs resulting from the maintenance stoppage of the Camaçari plant, effects partially offset by the 12% stronger Real. Ultracargo's cost of services provided totaled R$ 138 million, down 31% from 2009, despite the growth in average storage in its liquid bulk terminals, as a result of the sale of the in-house logistics, solid bulk storage, and road transportation businesses. Ultragaz's cost of products sold amounted to R$ 3,076 million, up 4% over 2009, as a consequence of the 6% increase in the ex-refinery cost of LPG used in the bulk segment from January 2010 onwards and the higher sales volume.

Sales, General and Administrative Expenses

Ultrapar's sales, general and administrative expenses totaled R$ 1,924 million in 2010, up 9% over 2009, mainly as a consequence of the consolidation of Texaco from 2Q09 onwards. Ipiranga's sales, general and administrative expenses totaled R$ 1,184 million, up 8% over 2009, as a result of a 17% increase in sales volumes and the consolidation of Texaco's sales, general and administrative expenses from 2Q09 onwards, partially offset by the implementation of the operational and administrative synergy plan. Oxiteno's sales, general and administrative expenses amounted to R$ 291 million, up 12% over 2009, mainly as a result of increased freight expenses resulting from higher sales volume and increased variable compensation, in line with earnings progression. Ultracargo's sales, general and administrative expenses totaled R$ 76 million in 2010, down 13% from 2009, despite the 20% increase in effective storage, due to the effect of the sale of the in-house logistics, solid bulk storage, and road transportation businesses. Ultragaz's sales, general and administrative expenses amounted to R$ 375 million, up 15% over 2009, as a result of increased expenses related to promotional and sales campaigns and higher personnel expenses derived from the effect of inflation and an increase in variable compensation, in line with earnings progression.

Earnings before interest, taxes, depreciation and amortization (EBITDA)

Ultrapar's consolidated EBITDA was R$ 1,776 million in 2010, up 24% over 2009, as a result of EBITDA growth in all businesses. Ipiranga reported an EBITDA of R$ 1,073 million in 2010, up 29% over 2009, mainly as a result of (i) increased sales volumes, (ii) synergy gains arising from the consolidation of Texaco, (iii) lower non-recurring expenses

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related to Texaco's acquisition, and (iv) an improved product mix, effects partially offset by strong fluctuation in the availability of ethanol in the market. Oxiteno reported an EBITDA of R$ 241 million, up 41% over 2009, despite the 12% stronger Real, as a result of the recovery in margins and of an 8% increase in sales volumes. In 2010, Oxiteno's unit EBITDA reached US$ 200/ton, up 49% over 2009. Ultracargo's EBITDA totaled R$ 111 million in 2010, up 7% from 2009, as a result of the growth in average storage in liquid bulk terminals, partially offset by the effects of the sale of the in-house logistics, solid bulk storage, and road transportation businesses. In 2010, Ultracargo's EBITDA margin reached 38%, higher than the 31% margin reported in 2009. Ultragaz's EBITDA totaled R$ 307 million, up 9% over 2009, as a result of the recovery in margins, to which the operational efficiency programs implemented and the performance in the bulk segment both contributed, partially offset by increased expenses with promotional and sales campaigns and by higher variable compensation, in line with earnings progression.

The EBITDA is a commonly used measure that aims to represent our capacity to generate cash from operations. Among other uses, EBITDA is used as an indicator in Ultrapar's covenants related to financings, according to note 14 of the company's financial statements. The EBITDA should not be considered separately, or as an alternative to net income, as a measure of operational performance, or as an alternative to the operational net cash flow, or even as a liquidity measure.

Depreciation and Amortization

Total depreciation and amortization costs and expenses amounted to R$ 531 million in 2009, stable in comparison with 2009, with the increased depreciation resulting from the consolidation of Texaco from 2Q09 onwards and from the investments made offset by a revision in the economic useful life of assets in accordance with Technical Standard ICPC 10 (from the Brazilian Accounting Pronouncements Committee), in effect from January 1st, 2010 onwards.

Income from sale of assets

In 2010, Ultrapar recorded an income from sale of assets in the total amount of R$ 79 million, up R$ 60 million over 2009, mainly from the sale of fixed assets and of the in-house logistics, solid bulk storage, and road transportation businesses of Ultracargo, and the receipt related to MaxFácil, on the back of the increase in Ipiranga's distribution network in the last years.

Financial result

Ultrapar reported R$ 264 million of net financial expenses in 2010, down R$ 27 million from 2009, mainly as a result of the lower cost of debt. Ultrapar's net debt to EBITDA ratio decreased from 1.5 times EBITDA at the end of 2009 to 1.2 times EBITDA at the end of 2010.

Net Earnings

Ultrapar's consolidated net earnings reached R$ 765 million in 2010, up 74% over 2009, as a result of the 24% growth in Ultrapar's EBITDA, lower financial expenses and the income from sale of assets.

Indebtedness

Ultrapar ended the fiscal year 2010 with a gross debt of R$ 5,396 million, resulting in a net debt of R$ 2,176 million, practically stable in comparison with 2009.

OUTLOOK

Ultrapar enters into the new decade well-positioned to capture the benefits from the economic growth and the larger scale of operations derived from the investments made, which strengthened its leading position in its markets and significantly expanded its exposure to the Brazilian domestic consumption. At Ipiranga, the perspectives of the continued growth in the light vehicle fleet derived from the increase in total wages and the credit availability, combined with the higher level of economic activity, will continue to boost sales volume growth. In addition, Ipiranga will continue to focus on the expansion plan of its service stations network in the Midwest, Northeast and North regions. Concurrently, Ipiranga will continue to benefit from its differentiation and innovation strategy, expanding and diversifying its products and services portfolio. At Oxiteno, with an important investment cycle to be concluded in 2011, the expansion of specialty chemicals production capacity focused on segments with a strong growth potential and the expansion of its ethylene oxide capacity to meet the growing demand for its products, will allow for the continuity of volume growth, with lower share of commodities in the sales mix and higher operating leverage. Ultracargo, now focused on liquid bulk storage, will benefit from the expansions underway at its terminals, with significant growth in its storage capacity, from the increased specialization of services provided, and from the growing demand for logistics infrastructure in Brazil. Ultragaz, which had a significant growth in its results in 2010, will continue to reap the benefits from the good prospects for the bulk segment, in which it is a prominent leader, and from its strategy of expanding in niche markets.

With higher investments expected for 2011 and potential acquisitions, Ultrapar enters into the new decade taking important steps to grow, with a constant focus on value creation and working adhered to the company’s strategy, alignment of interests and financial prudence. In addition to those basic pillars, the new decade is being planned based on a strategy with increasingly strong presence of innovation and sustainability, which are key elements in the pioneering initiatives that Ultrapar adopts in its business segments.

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

Ultrapar Participações S.A. and
Subsidiaries

Financial statements
December 31, 2010 and 2009

Ultrapar Participações S.A. and Subsidiaries

Financial statements

as of December 31, 2010 and 2009

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To
The Board of Directors and Shareholders
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 comprises the statement of financial position as at December 31, 2010 and the related statements of income, other comprehensive income, changes in shareholders equity and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these individual financial statements in accordance with the accounting practices adopted in Brazil and of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and in accordance with accounting practices adopted in Brazil, as well for the internal control determined by management to be necessary to enable the preparation of these financial statements free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit, conducted in accordance with Brazilian and International Standards on Auditing. Those standards require the compliance with ethical requirements by the auditors and that the audit is planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures selected to obtain evidence about the amounts and disclosures presented in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Company's 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 presentation of the financial statements taken as a whole.

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 aforementioned individual financial statements present fairly, in all material respects, the individual financial position of Ultrapar Participações S.A. as at December 31, 2010, and its financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of Ultrapar Participações S.A. as of December 31, 2010, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the accounting practices adopted in Brazil.

Emphasis of matter paragraph

As mentioned in note 2, the individual financial statements were prepared in accordance with the accounting practices adopted in Brazil. In the case of Ultrapar Participações S.A. these practices differ from the IFRS, applicable to the separate financial statements, only with respect to the measurements of investments in subsidiaries, associated companies and jointly controlled entities measured by the equity method, while for IFRS purposes these investments would be measured at cost or fair value.

Other matters

Statements of value added

We also examined the individual and consolidated statement of value added (DVA), for the year ended on December 31, 2010, for which the disclosure is required by Brazilian corporation laws applicable to publicly-held companies and is an additional information for the IFRS which not requires this disclosure. These statements were submitted to the same audit procedures previously described and, in our opinion, are fairly presented in all its material respects, in relation to the financial statements taken as whole.

São Paulo, February 23, 2011

KPMG Auditores Independentes
CRC 2SP014428/O-6

Anselmo Neves Macedo
Accountant CRC 1SP160482/O-6

Ultrapar Participações S.A. and Subsidiaries

Balance sheets

as of December 31, 2010, December 31, 2009 and January 1, 2009

(In thousands of Reais)

		Parent			Consolidated		
Assets							
	Note	12/31/2010	12/31/2009	1/1/2009	12/31/2010	12/31/2009	1/1/2009
Current assets							
Cash and cash equivalents	4	407,704	58,926	778,991	2,642,418	1,887,499	1,275,053
Financial investments	4	12,758	-	-	558,209	440,257	865,601
Trade accounts receivable	5	-	-	-	1,715,709	1,618,283	1,449,055
Inventories	6	-	-	-	1,133,537	942,181	1,033,756
Recoverable taxes	7	69,897	38,245	28,780	354,317	320,161	311,869
Dividends receivable		72,787	119,020	98,279	-	-	-
Other receivables		806	9	869	18,149	35,336	103,605
Prepaid expenses	10	-	-	-	35,148	26,005	21,033
Total current assets		563,952	216,200	906,919	6,457,487	5,269,722	5,059,972
Non-current assets							
Financial investments	4	-	-	-	19,750	7,193	7,193
Trade accounts receivable	5	-	-	-	96,668	86,377	71,899
Related companies	8.a)	780,869	774,082	77,034	10,144	7,606	5,640
Deferred income and social contribution taxes	9.a)	185	231	243	564,397	697,910	552,579
Recoverable taxes	7	9,013	17,161	-	54,770	53,176	42,959
Escrow deposits		232	217	193	380,749	308,538	204,176
Other receivables		-	-	-	694	1,504	491
Prepaid expenses	10	-	-	-	40,611	47,661	32,875
		790,299	791,691	77,470	1,167,783	1,209,965	917,812
Investments							
Subsidiaries	11.a)	4,939,167	4,870,345	4,713,682	-	-	-
Affiliates	11.b)	-	-	-	12,465	12,461	12,981
Others		-	-	-	2,793	2,285	2,382
Property, plant and equipment	12 and 14.h)	-	-	-	4,003,704	3,784,500	3,123,201
Intangible assets	13	246,163	246,163	246,163	1,345,611	1,203,693	769,987
		5,185,330	5,116,508	4,959,845	5,364,573	5,002,939	3,908,551

Total non-current assets	5,975,629	5,908,199	5,037,315	6,532,356	6,212,904	4,826,363
Total assets	6,539,581	6,124,399	5,944,234	12,989,843	11,482,626	9,886,335

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

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Ultrapar Participações S.A. and Subsidiaries

Balance sheets

as of December 31, 2010, December 31, 2009 and January 1, 2009

(In thousands of Reais)

		Parent			Consolidated		
Liabilities	Note	12/31/2010	12/31/2009	1/1/2009	12/31/2010	12/31/2009	1/1/2009
Current liabilities							
Loans and financing	14	-	-	1,203,823	813,516	1,132,106	1,707,864
Debentures	14.g)	2,711	1,381	-	2,711	1,381	-
Finance leases	14.h)	-	-	-	4,257	10,728	12,581
Trade payables	15	110	10,026	426	941,177	891,869	614,201
Salaries and related charges		110	100	90	228,215	176,490	164,620
Taxes payable		7	1,422	113	157,922	121,496	85,773
Dividends payable	18.h)	186,432	104,019	67,550	192,493	113,868	74,630
Income tax and social contribution payable		5	-	-	76,781	18,975	17,418
Post-employment benefits	22.b)	-	-	-	11,339	11,960	8,768
Provision for assets retirement obligation	16	-	-	-	5,636	3,813	2,611
Provision for contingencies	21.a)	-	-	-	39,626	23,024	32,521
Other payables		214	847	1,372	29,684	48,712	21,830
Deferred revenue	17	-	-	-	14,572	11,821	1,624
Total current liabilities		189,589	117,795	1,273,374	2,517,929	2,566,243	2,744,441
Non-current liabilities							
Financing	14	-	-	-	3,380,856	2,131,388	2,000,941
Debentures	14.g)	1,193,405	1,186,485	-	1,193,405	1,186,485	-
Finance leases	14.h)	-	-	-	1,288	4,637	12,866
Related companies	8.a)	-	-	1,825	4,021	4,071	4,422
Deferred income and social contribution taxes	9.a)	-	-	-	26,712	13,496	32,939
Provision for contingencies	21.a)	3,257	3,507	4,918	470,505	540,231	258,843
Post-employment benefits	22.b)	-	-	-	93,162	90,080	77,722
Provision for assets retirement obligation	16	-	-	-	58,255	60,765	39,148
Other payables	17	-	-	-	62,215	34,669	18,499
Deferred revenue		-	-	-	5,912	5,310	4,508
Total non-current liabilities		1,196,662	1,189,992	6,743	5,296,331	4,071,132	2,449,888

Shareholders' equity							
Share capital	18.a)	3,696,773	3,696,773	3,696,773	3,696,773	3,696,773	3,696,773
Capital reserve	18.c)	7,688	4,482	2,906	7,688	4,482	2,906
Revaluation reserve	18.d)	7,590	8,156	10,280	7,590	8,156	10,280
Profit reserves	18.e)	1,513,920	1,183,442	1,078,914	1,513,920	1,176,962	1,078,914
Treasury shares	18.b)	(119,964)	(123,720)	(127,332)	(119,964)	(123,720)	(127,332)
Retained earnings		-	-	(51,876)	-	-	(62,174)
Additional dividends to the minimum mandatory dividends	18.h)	68,323	56,856	52,391	68,323	56,856	52,391
Valuation adjustment	2.3.c) and 18.f)	(2,403)	(4,075)	(6,248)	(2,403)	(4,075)	(6,248)
Cumulative translation adjustments	2.3.n) and 18.g)	(18,597)	(5,302)	8,309	(18,597)	(5,302)	8,309
Shareholders' equity attributable to owners of the parent		5,153,330	4,816,612	4,664,117	5,153,330	4,810,132	4,653,819
Non-controlling interest		-	-	-	22,253	35,119	38,187
Total shareholders' equity	28 and 29	5,153,330	4,816,612	4,664,117	5,175,583	4,845,251	4,692,006
Total liabilities and shareholders' equity		6,539,581	6,124,399	5,944,234	12,989,843	11,482,626	9,886,335

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

Ultrapar Participações S.A. and Subsidiaries

Income statements

Years ended December 31, 2010 and 2009

(In thousands of Reais)

		Parent		Consolidated	
		2010	2009	2010	2009
Net revenue from sales and services	23	-	-	42,481,712	36,097,064
Cost of products and services sold	2.3.a) e 24	-	-	(39,322,888)	(33,443,570)
Gross income		-	-	3,158,824	2,653,494
Operating revenues (expenses)					
Selling and marketing	24	-	-	(1,164,422)	(1,020,295)
General and administrative	24	(788)	(671)	(759,679)	(751,422)
Income on disposal of assets	25	-	-	78,969	18,932
Other net operating income		1,669	11	10,790	19,331
Operating income		881	(660)	1,324,482	920,040
Financial income	26	146,846	108,341	266,965	176,203
Financial expenses	26	(133,638)	(177,034)	(531,051)	(467,712)
Equity in income of subsidiaries and affiliates	11.a) and 11.b)	749,130	504,488	4	230
Income before social contribution and income taxes		763,219	435,135	1,060,400	628,761
Social contribution and income taxes					
Current	9.b)	(4,350)	(1,806)	(191,218)	(182,222)
Deferred charges	9.b)	(46)	(12)	(134,724)	(26,373)
Tax incentives	9.b) and 9.c)	-	-	30,728	20,575
		(4,396)	(1,818)	(295,214)	(188,020)
Net income for the year		758,823	433,317	765,186	440,741
Income attributable to:					
Shareholders' of the Company		758,823	433,317	765,303	437,135
Non-controlling interests in subsidiaries		-	-	(117)	3,606
Earnings per share – common and preferred share (based on annual weighted average of shares outstanding) – R$	27 and 29	1.42	0.81	1.43	0.82

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

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Ultrapar Participações S.A. and Subsidiaries

Other comprehensive income

Years ended December 31, 2010 and 2009

(In thousands of Reais)

	Note	Parent		Consolidated	
		2010	2009	2010	2009
Net income attributable to shareholders of the Company		758,823	433,317	765,303	437,135
Net income attributable to non-controlling interest in subsidiaries		-	-	(117)	3,606
Net income		758,823	433,317	765,186	440,741
Valuation adjustment	18.f)	1,672	2,173	1,672	2,173
Cumulative translation adjustments	18.g)	(13,295)	(13,611)	(13,295)	(13,611)
Total comprehensive income		747,200	421,879	753,563	429,303
Total comprehensive income attributable to shareholders of the Company		747,200	421,879	753,680	425,697
Total comprehensive income attributable to non-controlling interest in subsidiaries		-	-	(117)	3,606

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

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Ultrapar Participações S.A. and Subsidiaries

Statements of changes in shareholders' equity in the parent company

Years ended December 31, 2010 and 2009

(In thousands of Reais)

					Profit reserves					
	Note	Share capital	Capital reserve	Revaluation reserve in subsidiaries	Legal reserve	Retention of profits	Valuation adjustment	Cumulative translation adjustments	Retained earnings	Treasury shares
Balance at January, 1, 2009 - previous accounting practices		3,696,773	2,906	10,280	119,575	959,339	(6,248)	8,309	-	(127,332
Initial implementation of New BRGAAP	2.1	-	-	-	-	-	-	-	(51,876)	-
Balance at January, 1, 2009		3,696,773	2,906	10,280	119,575	959,339	(6,248)	8,309	(51,876)	(127,332
Sale of treasury shares, net	18.b)	-	1,576	-	-	-	-	-	-	3,612
Realization of revaluation reserve	18.d)	-	-	(2,124)	-	-	-	-	2,124	-
Income and social contribution taxes on realization of revaluation reserve of subsidiaries	18.d)	-	-	-	-	-	-	-	(373)	-
Transfer to retained earnings		-	-	-	-	1,750	-	-	(1,750)	-
Net income for the year		-	-	-	-	-	-	-	433,317	-
Reversal of additional dividends of prior year		-	-	-	-	-	-	-	-	-
Appropriation of net income:										
Legal reserve		-	-	-	23,337	-	-	-	(23,337)	-
Interim dividends (R$ 0.22 per share)	29	-	-	-	-	-	-	-	(119,161)	-
Proposed dividends payable (R$ 0.30 per share), net of additional dividends	29	-	-	-	-	-	-	-	(159,401)	-
Retention of profits		-	-	-	-	164,849	-	-	(164,849)	-

Other comprehensive income:											
Valuation adjustments for financial instruments	2.3.c)	-	-	-	-	-	2,173	-	-	-	
Currency translation of foreign subsidiaries	2.3.o)	-	-	-	-	-	-	(13,611)	-	-	
Appropriation of New BRGAAP implementation		-	-	-	-	(85,408)	-	-	85,306	-	
Balance at December 31, 2009		3,696,773	4,482	8,156	142,912	1,040,530	(4,075)	(5,302)		-	(123,720)

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Ultrapar Participações S.A. and Subsidiaries

Statements of changes in shareholders' equity in the parent company

Years ended December 31, 2010 and 2009

(In thousands of Reais)

					Profit reserves						
	Note	Share capital	Capital reserve	Revaluation reserve in subsidiaries	Legal reserve	Retention of profits	Valuation adjustments	Cumulative translation adjustments	Retained earnings	Treasury shares	Ac d
Balance at December 31, 2009		3,696,773	4,482	8,156	142,912	1,040,530	(4,075)	(5,302)	-	(123,720)	
Sale of treasury shares , net	18.b)	-	3,206	-	-	-	-	-	-	3,756	
Realization of revaluation reserve	18.d)	-	-	(566)	-	-	-		566	-	
Income and social contribution taxes on realization of revaluation reserve of subsidiaries	18.d)	-	-	-	-	-	-	-	(147)	-	
Transfer to retained earnings		-	-	-	-	419	-	-	(419)	-	
Net income for the year		-	-	-	-	-	-	-	758,823	-	
Reversal of additional dividends of prior year		-	-	-	-	-	-	-	-	-	
Appropriation of net income:											
Legal reserve		-	-	-	37,942	-	-	-	(37,942)	-	
Interim dividends (R$ 0.33 per share)	18.h) and 29	-	-	-	-	-	-	-	(176,815)	-	
Proposed dividends payable (R$ 0.47 per share), net of additional dividends	18.h) and 29	-	-	-	-	-	-	-	(251,949)	-	
Retention of profits	18.h)	-	-	-	-	292,117	-	-	(292,117)	-	
Other comprehensive income:											
Valuation adjustments for	2.3.c)	-	-	-	-	-	1,672	-	-	-	

financial instruments										
Currency translation of foreign subsidiaries	2.3.o)	-	-	-	-	-	-	(13,295)	-	-
Balance at December 31, 2010		3,696,773	7,688	7,590	180,854	1,333,066	(2,403)	(18,597)	-	(119,964)

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

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Ultrapar Participações S.A. and Subsidiaries

Statements of changes in shareholders' equity in the consolidated

Years ended December 31, 2010 and 2009

(In thousands of Reais)

					Profit reserves					
	Note	Share capital	Capital reserve	Revaluation reserve in subsidiaries	Legal reserve	Retention of profits	Valuation adjustments	Cumulative translation adjustments	Retained earnings	Treasury shares
Balance at January 1, 2009 - previous accounting practices		3,696,773	855	10,280	119,575	959,339	(6,248)	8,309	-	(138,807)
Initial implementation of IFRS	2.1	-	2,051	-	-	-	-	-	(62,174)	11,475
Balance at January 1, 2009		3,696,773	2,906	10,280	119,575	959,339	(6,248)	8,309	(62,174)	(127,332)
Sale of treasury shares , net	18.b)	-	1,576	-	-	-	-	-	-	3,612
Realization of revaluation reserve	18.d)	-	-	(2,124)	-	-	-	-	2,124	-
Income and social contribution taxes on realization of revaluation reserve of subsidiaries	18.d)	-	-	-	-		-	-	(373)	-
Transfer to retained earnings		-	-	-	-	1,750	-	-	(1,750)	-
Net income for the year		-	-	-	-	-	-	-	437,135	-
Reversal of additional dividends of prior year		-	-	-	-	-	-	-	-	-
Others		-	-	-	-	-	-	-	-	-
Appropriation of net income:										
Legal reserve		-	-	-	23,337	-	-	-	(23,337)	-
Interim dividends (R$ 0.22 per share)	29	-	-	-	-	-	-	-	(119,161)	-
Proposed dividends payable (R$ 0.30 per share), net of additional dividends	29	-	-	-	-	-	-	-	(159,401)	-
Retention of profits		-	-	-	-	164,849	-	-	(164,849)	-

Other comprehensive income:										
Valuation adjustments for financial instruments	2.3.c)	-	-	-	-	-	2,173	-	-	-
Currency translation of foreign Subsidiaries	2.3.o)	-	-	-	-	-	-	(13,611)	-	-
Appropriation of IFRS implementation		-	-	-	-	(91,888)	-	-	91,786	-
Balance at December 31, 2009		3,696,773	4,482	8,156	142,912	1,034,050	(4,075)	(5,302)	-	(123,720)

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Ultrapar Participações S.A. and Subsidiaries

Statements of changes in shareholders' equity in the consolidated

Years ended December 31, 2010 and 2009

(In thousands of Reais)

	Note	Share capital	Capital reserve	Revaluation reserve in subsidiaries	Profit reserves: Legal reserve	Profit reserves: Retention of profits	Valuation adjustment	Cumulative translation adjustments	Retained earnings	Treasury shares	Ac d
Balance at December 31, 2009		3,696,773	4,482	8,156	142,912	1,034,050	(4,075)	(5,302)	-	(123,720)	
Sale of treasury shares, net	18.b)	-	3,206	-	-	-	-	-	-	3,756	
Net income for the year		-	-	-	-	-	-	-	765,303	-	
Realization of revaluation reserve	18.d)	-	-	(566)	-	-	-	-	566	-	
Income and social contribution taxes on realization of revaluation reserve of subsidiaries	18.d)	-	-	-	-	-	-	-	(147)	-	
Transfer to retained earnings		-	-	-	-	419	-	-	(419)	-	
Reversal of additional dividends of prior year		-	-	-	-	-	-	-	-	-	
Capital reduction from Utingás Armazenadora Ltda.		-	-	-	-	-	-	-	-	-	
Others		-	-	-	-	-	-	-			
Appropriation of net income:											
Legal reserve		-	-	-	37,942	-	-	-	(37,942)	-	
Interim dividends (R$ 0.33 per share)	18.h) and 29	-	-	-	-	-	-	-	(176,815)	-	
Proposed dividends payable (R$ 0.47 per share), net of additional dividends	18.h) and 29	-	-	-	-	-	-	-	(251,949)	-	
Retention of profits	18.h)	-	-	-	-	298,597	-	-	(298,597)	-	

Other comprehensive income:										
Valuation adjustments for financial instruments	2.3.c)	-	-	-	-	-	1,672	-	-	-
Currency translation of foreign subsidiaries	2.3.o)	-	-	-	-	-	-	(13,295)	-	-
Balance at December 31, 2010		3,696,773	7,688	7,590	180,854	1,333,066	(2,403)	(18,597)	-	(119,964)

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, 2010 and 2009

(In thousands of Reais)

		Parent		Consolidated	
	Note	2010	2009	2010	2009
Cash flows from operating activities					
Net income for the year		758,823	433,317	765,186	440,741
Adjustments to concile net income to cash provided by operating activities					
Equity in income of subsidiaries and affiliates	11	(749,130)	(504,488)	(4)	(230)
Depreciation and amortization		-	-	530,829	529,320
PIS and COFINS credits on depreciation		-	-	9,582	10,226
Expense with tanks removed	16	-	-	(5,828)	(3,278)
Interest, monetary and exchange rate changes		37,289	93,036	414,595	110,724
Deferred income and social contribution taxes	9.b)	46	12	134,724	26,373
Income on sale of property, plant and equipment		-	-	(78,969)	(18,932)
Others		-	-	957	1,588
Dividends received from subsidiaries		464,803	257,289	-	-
(Increase) decrease in current assets					
Trade accounts receivable	5	-	-	(94,685)	91,990
Inventories	6	-	-	(131,300)	380,856
Recoverable taxes	7	(31,651)	(9,465)	(34,282)	51,956
Other receivables		(795)	860	16,929	69,741
Prepaid expenses	10	-	-	(8,322)	8,441
Increase (decrease) in current liabilities					
Trade payables		(9,916)	9,600	21,140	47,408
Wages and employee benefits		10	10	54,411	(2,688)
Taxes payable		(1,414)	1,309	36,542	19,555
Income and social contribution taxes		5	-	34,291	1,351
Other payables		(633)	(525)	(1,066)	(3,413)
(Increase) decrease in long-term assets					
Trade accounts receivable	5	-	-	(11,215)	(23,375)
Recoverable taxes	7	8,147	(17,161)	(1,036)	(8,535)
Amounts in escrow		(15)	(24)	(72,267)	(44,240)
Other receivables		-	-	825	1,762
Prepaid expenses	10	-	-	6,699	(10,877)

Increase (decrease) in long-term liabilities				
Provision for contingencies	(250)	(1,411)	(107,292)	60,717
Other payables	-	-	27,753	4,942
Net cash provided by operating activities	475,319	262,359	1,508,197	1,742,123

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Ultrapar Participações S.A. and Subsidiaries

Statements of cash flows - Indirect method

Years ended December 31, 2010 and 2009

(In thousands of Reais)

	Note	Parent 2010	Parent 2009	Consolidated 2010	Consolidated 2009
Cash flows from investing activities					
Financial investments, net of redemptions		(12,758)	-	(130,507)	320,870
Disposal (acquisition) of investments, net	11	-	(4,980)	32,827	(1,355,509)
Capital contributions to subsidiaries	11	250,000	-	-	-
Cash of acquired subsidiaries		-	-	(99)	29,442
Merger and corporate reorganization		-	62,862	-	-
Acquisition of property, plan and equipment	12	-	-	(670,745)	(484,156)
Acquisition of intangible assets	13	-	-	(237,707)	(163,979)
Proceed on sale of property, plant and equipment		-	-	67,656	44,315
Cash received in relation to Maxfacil				35,000	-
Net cash provided by (used in) investing activities		237,242	57,882	(903,575)	(1,609,017)
Cash flows from financing activities					
Financing and debentures					
Fund raising	14	-	1,174,458	2,475,155	2,889,821
Amortization	14	(118,889)	(1,344,360)	(1,957,115)	(2,146,287)
Payment of financial lease	14	-	-	(11,176)	(13,853)
Dividends paid		(334,884)	(237,628)	(339,310)	(242,886)
Reduction of minority interest		-	-	(11,369)	-
Related entities	8.a)	83,028	(637,964)	(2,587)	(2,317)
Sale of treasury shares to subsidiaries		6,962	5,188	-	-
Net cash provided by (used in) financing activities		(363,783)	(1,040,306)	153,598	484,478
Effect of changes in exchange rates on cash and cash equivalents in foreign currency		-	-	(3,301)	(5,138)
		348,778	(720,065)	754,919	612,446

Increase (decrease) in cash and cash equivalents					
Cash and cash equivalents at the beginning of year	4	58,926	778,991	1,887,499	1,275,053
Cash and cash equivalents at the end of year	4	407,704	58,926	2,642,418	1,887,499
Additional information					
Interest paid on financing		118,889	150,107	233,120	243,906
Income tax and social contribution paid for the year		-	-	60,521	41,301
Items not affecting cash for the year					
Finance lease	14.h)	-	-	-	1,424

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

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Ultrapar Participações S.A. and Subsidiaries

Statements of value added

Years ended December 31, 2009 and 2008

(In thousands of Reais, except percentages)

		Parent				Consolidated			
	Note	2010	%	2009	%	2010	%	2009	%
Revenues									
Gross revenue from sales and services, except rents and royalties	23	-		-		44,151,568		37,801,499	
Rebates, discounts and returns	23	-		-		(178,130)		(253,244)	
Allowance for doubtful accounts - Release (creation)		-		-		(3,650)		(997)	
Income on disposal of assets		-		-		78,969		18,932	
		-		-		44,048,757		37,566,190	
Materials purchased from third parties									
Raw materials used		-		-		(2,058,875)		(1,630,964)	
Cost of goods, products and services sold	2.3.a)	-		-		(37,308,551)		(31,957,529)	
Third-party materials, energy, services and others		(7,400)		(5,537)		(1,223,649)		(1,127,338)	
Recovery (loss) of asset value		11,912		8,735		8,512		5,067	
		4,512		3,198		(40,582,563)		(34,710,764)	
Gross value added		4,512		3,198		3,466,194		2,855,426	
Deductions									
Depreciation and amortization		-		-		(540,411)		(539,546)	
Net value added by the company		4,512		3,198		2,925,783		2,315,880	

Value added received in transfer									
Equity in income of subsidiaries and affiliates	11.a) and 11.b)	749,130		504,488		4		230	
Dividends and interest on equity at cost		33		30		-		-	
Rents and royalties	23	-		-		44,923		38,825	
Financial revenues	26	146,846		108,341		266,965		176,203	
		896,009		612,859		311,892		215,258	
Total value added available for distribution		900,521		616,057		3,237,675		2,531,138	
Distribution of value added									
Labor and benefits		3,010	-	3,198	1	912,547	28	848,519	34
Taxes, fees and contributions		5,108	1	9,902	2	1,021,530	32	756,588	30
Financial expenses and rents		133,580	15	169,640	27	538,412	17	485,290	19
Dividends and interest on equity		428,764	47	278,562	45	429,556	13	283,746	11
Retained earnings		330,059	37	154,755	25	335,630	10	156,995	6
Value added distributed		900,521	100	616,057	100	3,237,675	100	2,531,138	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 Reais, unless otherwise stated)

1 Operations

Ultrapar Participações S.A. ("Company"), is a Company with headquarters at the Brigadeiro Luis Antônio Avenue, 1343 in São Paulo – SP, Brazil.

It engages in the investment of its own capital in commercial and industrial activities, provision of services, and related businesses, including the subscription or acquisition of shares of other companies.Through its subsidiaries, it operates in the segments of liquefied petroleum gas - LPG distribution ("Ultragaz"), light fuel & lubricant distribution, and related business ("Ipiranga"), production and marketing of chemicals ("Oxiteno"), and provision of storage services for liquid bulk ("Ultracargo"). The Company also operates a petroleum refining business through its investment in Refinaria de Petróleo Riograndense S.A. ("RPR").

2 Basis of preparation of financial statements

2.1 Basis of transition to adoption of the new accounting pronouncements issued by the Accounting Pronouncements Committee ("CPC") and the International Financial Reporting Standards ("IFRS")

Aiming at the convergence of the Brazilian accounting to the IFRS, during the years 2009 and 2010 the Brazilian Securities and Exchange Commission ("CVM") issued several resolutions approving the CPC pronouncements and established new accounting standards applicable to Brazil, effective in 2010 ("New BR GAAP"). These statements are in accordance with the international accounting standards issued by the International Accounting Standards Board ("IASB").

The transition date elected by the Company for the application of the New BR GAAP was January 1, 2009, date on which the Company and its subsidiaries prepared their opening balance sheet in accordance with the pronouncements of the New BR GAAP and IFRS.

The Company's individual financial statements as of December 31, 2010 are stated according to the New BR GAAP, as well as 2009 information included therein. IFRS does not require the equity method of accounting for the individual financial statements of the parent company. Besides equity accounting, the parent company's financial statements in New BR GAAP contain a second difference to IFRS, as expressly permitted by CPC 43, relating to the deferred charges written off as of December 31, 2010, when such difference was eliminated (see Notes 2.2.c) and 28).

The Company's consolidated financial statements as of December 31, 2010 are stated according to the IFRS, issued by IASB, as well as 2009 information included therein.

With the purpose of preparing the financial statements under New BR GAAP equivalent to financial statements under IFRS, CPC 43 defines as the first step for the adoption of the new pronouncements the adoption of CPC 37 (First-Time Adoption of International Accounting Standards) – equivalent to IFRS 1 (First-Time Adoption of IFRS) – which provide exceptions to and optional exemptions for the complete retrospective addoption of the accounting standards, as summarized below.

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Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

a. Exemption related to business combination occurred before the transition date

The Company and its subsidiaries opted for the exemption related to business combinations; accordingly, business combinations that occurred before January 1, 2009 were not restated. Main business combinations performed by the Company before the transition date were the acquisitions of Ipiranga in 2007 and União Terminais in 2008.

The Company and its subsidiaries extended this exemption to acquisitions of interests in subsidiaries and joint ventures, which were not restated in the opening balance sheet as well. The main acquisition of joint venture realized before the transition date was the acquisition of RPR in 2007.

b. Exemption related to changes in existing decommissioning, restoration and similar liabilities included in the cost of property, plant and equipment

The Company and its subsidiaries identified the need to include in property, plant and equipment the estimated cost to remove, to decommission or to restore, Ipiranga's underground fuel tanks located at Ipiranga-branded gas stations.

Using the exemption permitted by the standard, Ipiranga did not calculate the removal cost of tanks existing on January 1, 2009 based on the costs at the acquisition date of the respective tanks for recognition in property, plant and equipment. The amount registered as the acquisition cost of the tanks in property, plant and equipment was obtained based on the estimated removal cost as of January 1, 2009, which was discounted to the date of acquisition of each tank and then depreciated up to the transition date.

c. Exemption relating to deemed cost

The Company and its subsidiaries elected not to review historical costs of property, plant and equipment and not to use the deemed cost standard. The Company's election not to use deemed cost is primarily a result of the following factors: (i) election to maintain the existing revaluation balances, which are now included in the cost value of its assets, (ii) recognition of the 1996 and 1997 inflation adjustment, (iii) a significant amount of investments in property, plant and equipment in the last three years, and (iv) fair value accounting for property, plant and equipment in acquisitions carried out since January 1, 2009.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

2.2 Conciliation between previous GAAP and IFRS (Consolidated)

Opening balance sheet as of January 1, 2009

	Balance 1/1/2009 – previous accounting practices	Adjustments	Note 2.2	Reclassifications	Note 2.2	Balance 1/1/2009 - IFRS
Assets						
Current assets						
Cash and cash equivalents	1,275,053	-		-		1,275,053
Financial investments	851,374	5,120	f	9,107	k	865,601
Trade accounts receivable	1,429,311	1,503	k	18,241	k	1,449,055
Inventories	1,033,756	-		-		1,033,756
Recoverable taxes	311,869	-		-		311,869
Deferred income and social contribution taxes	111,842	-		(111,842)	k	-
Other receivables	103,605	-		-		103,605
Prepaid expenses	19,000	2,033	g	-		21,033
Total current assets	5,135,810	8,656		(84,494)		5,059,972
Non-current assets						
Financial investments	7,193	-		-		7,193
Trade accounts receivable	210,057	(17,263)	k	(120,895)	k	71,899
Related companies	5,640	-		-		5,640
Deferred income and social contribution taxes	408,708	32,029	h	111,842	k	552,579
Recoverable taxes	42,959	-		-		42,959
Escrow deposits	56,053	-		148,123	k	204,176
Other receivables	491	-		-		491
Prepaid expenses	24,581	8,294	g	-		32,875
Investments in affiliates	12,981	-		-		12,981
Investments in other	21,000	(18,618)	c	-		2,382
Property, plant and equipment	3,131,496	(8,295)	a/b	-		3,123,201
Intangible assets	594,595	19,515	k	155,877	k	769,987
Deffered charges	15,604	(15,604)	c	-		-
Total non-current assets	4,531,358	58		294,947		4,826,363
Total assets	9,667,168	8,714		210,453		9,886,335

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

Liabilities	Balance 1/1/2009 – previous accounting practices	Adjustments	Note 2.2	Reclassifications	Note 2.2	Balance 1/1/2009 - IFRS
Current liabilities						
Financing	1,645,534	-		62,330	k	1,707,864
Finance leases	12,581	-		-		12,581
Trade payables	614,201	-		-		614,201
Salaries and related charges	164,620	-		-		164,620
Taxes payable	88,972	(3,199)	g	-		85,773
Dividends payable	127,021	(52,391)	i	-		74,630
Income tax and social contribution payable	17,418	-		-		17,418
Deferred income and social contribution taxes	14,706	-		(14,706)	k	-
Post-employment benefits	8,768	-		-		8,768
Provision for assets retirement obligation	-	2,611	a	-		2,611
Provision for contingencies	32,521	-		-		32,521
Other payables	21,378	452	g	-		21,830
Deferred revenue	-	1,624	g	-		1,624
Total current liabilities	2,747,720	(50,903)		47,624		2,744,441
Non-current liabilities						
Financing	2,000,941	-		-		2,000,941
Finance leases	12,866	-		-		12,866
Related companies	4,422	-		-		4,422
Deferred income and social contribution taxes	18,233	-		14,706	k	32,939
Provision for contingencies	103,530	7,190	g	148,123	k	258,843
Post-employment benefits	77,722	-		-		77,722
Provision for assets retirement obligation	-	39,148	a	-		39,148
Other payables	13,471	5,028	g	-		18,499
Deferred revenue	-	4,508	g	-		4,508
Total non-current liabilities	2,231,185	55,874		162,829		2,449,888
Minority interest	38,187	(38,187)	j	-		-
Shareholders' equity						

Share capital	3,696,773	-		-	3,696,773
Capital reserve	855	2,051	g	-	2,906
Revaluation reserve	10,280	-		-	10,280
Profit reserves	1,078,914	-		-	1,078,914
Treasury shares	(138,807)	11,475	g	-	(127,332)
Retained earnings and additional dividends	-	(9,783)		-	(9,783)
Valuation adjustment	(6,248)	-		-	(6,248)
Cumulative translation adjustments	8,309	-		-	8,309
Shareholders’ equity attributable to owners of the parent	4,650,076	3,743		-	4,653,819
Non-controlling interest	-	38,187	j	-	38,187
Total shareholders’ equity	4,650,076	41,930		-	4,692,006
Total liabilities and shareholders’ equity	9,667,168	8,714		210,453	9,886,335

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Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

Balance sheet as of December 31, 2009

	Balance 12/31/2009 – previous accounting practices	Adjustments	Note 2.2	Reclassifications	Note 2.2	Balance 12/31/2009 - IFRS
Assets						
Current assets						
Cash and cash equivalents	1,887,499	-		-		1,887,499
Financial investments	388,505	-		51,752	k	440,257
Trade accounts receivable	1,612,501	8,295	k	(2,513)	k	1,618,283
Inventories	942,181	-		-		942,181
Recoverable taxes	320,161	-		-		320,161
Deferred income and social contribution taxes	168,774	-		(168,774)	k	-
Other receivables	35,336	-		-		35,336
Prepaid expenses	26,005	-		-		26,005
Total current assets	5,380,962	8,295		(119,535)		5,269,722
Non-current assets						
Financial investments	7,193	-		-		7,193
Trade accounts receivable	338,200	(19,924)	k	(231,899)	k	86,377
Related companies	7,606	-		-		7,606
Deferred income and social contribution taxes	472,741	56,395	h	168,774	k	697,910
Recoverable taxes	53,176	-		-		53,176
Escrow deposits	104,255	-		204,283	k	308,538
Other receivables	1,504	-		-		1,504
Prepaid expenses	51,639	(3,978)	g	-		47,661
Investments in affiliates	12,461	-		-		12,461
Investments in other	10,794	(8,509)	c	-		2,285
Property, plant and equipment	3,791,274	(6,774)	a,b,d.1)	-		3,784,500
Intangible assets	864,547	32,589	d.1)/k	306,557	k	1,203,693
Deffered charges	9,819	(9,819)	c	-		-
Total non-current assets	5,725,209	39,980		447,715		6,212,904
Total assets	11,106,171	48,275		328,180		11,482,626

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Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

Liabilities	Balance 12/31/2009 – previous accounting practices	Adjustments	Note 2.2	Reclassifications	Note 2.2	Balance 12/31/2009 - IFRS
Current liabilities						
Financing	1,008,209	-		123,897	k	1,132,106
Debentures	1,381	-		-		1,381
Finance leases	10,728	-		-		10,728
Trade payables	891,869	-		-		891,869
Salaries and related charges	176,490	-		-		176,490
Taxes payable	125,474	(3,978)	g	-		121,496
Dividends payable	170,724	(56,856)	i	-		113,868
Income tax and social contribution payable	18,975	-		-		18,975
Deferred income and social contribution taxes	916	-		(916)	k	-
Post-employment benefits	11,960	-		-		11,960
Provision for assets retirement obligation	-	3,813	a/d.1)	-		3,813
Provision for contingencies	23,024	-		-		23,024
Other payables	48,236	476	g	-		48,712
Deferred revenue	-	11,821	e/g	-		11,821
Total current liabilities	2,487,986	(44,724)		122,981		2,566,243
Non-current liabilities						
Financing	2,131,388	-		-		2,131,388
Debentures	1,186,485	-		-		1,186,485
Finance leases	4,637	-		-		4,637
Related companies	4,071	-		-		4,071
Deferred income and social contribution taxes	12,580	-		916	k	13,496
Provision for contingencies	271,711	64,237	d.1)	204,283	k	540,231
Post-employment benefits	90,080	-		-		90,080
Provision for assets retirement obligation	-	60,765	a/d.1)	-		60,765
Other payables	37,052	(2,383)	g	-		34,669
Deferred revenue	-	5,310	g	-		5,310
Total non-current liabilities	3,738,004	127,929		205,199		4,071,132
Minority interest	35,017	(35,017)	j	-		-

Shareholders’ equity				
Share capital	3,696,773	-	-	3,696,773
Capital reserve	4,482	-	-	4,482
Revaluation reserve	8,156	-	-	8,156
Profit reserves	1,268,850	(91,888)	-	1,176,962
Treasury shares	(123,720)	-	-	(123,720)
Retained earnings and additional dividends	-	(56,856)	-	56,856
Valuation adjustment	(4,075)	-	-	(4,075)
Cumulative translation adjustments	(5,302)	-	-	(5,302)
Shareholders’ equity attributable to owners of the parent	4,845,164	(35,032)	-	4,810,132
Non-controlling interest	-	35,119 j	-	35,119
Total shareholders’ equity	4,845,164	87	-	4,845,251
Total liabilities and shareholders’ equity	11,106,171	48,275	328,180	11,482,626

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

Income statement for the year ended December 31, 2009

	Income statement - previous accounting practices - 2009	Adjustments	Note 2.2	Reclassifications	Note 2.2	Income statement IFRS - 2009
Net revenue from sales and services	36,115,878	(11,026)	e, g	(7,788)	k	36,097,064
Cost of products and services sold	(33,411,973)	3,733	b, c, d.1	(35,330)	k	(33,443,570)
Gross income	2,703,905	(7,293)		(43,118)		2,653,494
Equity in income of subsidiaries and affiliates	230	-		(230)	k	-
Selling and marketing	(819,582)	1,049	c	(201,762)	k	(1,020,295)
General and administrative	(706,778)	(195)	c/d.1	(44,449)	k	(751,422)
Depreciation and amortization	(281,802)	(24,568)	b/ c/ d.1	306,370	k	-
Income on disposal of assets	-	(1,380)	a	20,312	k	18,932
Other net operating income	19,328	3	g	-		19,331
Operating income	915,301	(32,384)		37,123		920,040
Financial expenses	(479,197)	3,697	a/g	7,788	k	(467,712)
Financial income	201,032	-		(24,829)	k	176,203
Equity in income of affiliates	-	-		230	k	230
Other net operating income	20,312	-		(20,312)	k	-
Income before social contribution and income taxes	657,448	(28,687)		-		628,761
Social contribution and income taxes	(187,094)	(926)	h	-		(188,020)
Income before non-controlling interests	470,354	(29,613)		-		440,741
Non-controlling interests	(3,606)	3,606	j	-		-
Net income for the year	466,748	(26,007)		-		440,741
Income atributable to:						

Shareholders of the Company	466,748	437,135
Non-controlling interests in subsidiaries	3,606	3,606

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Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

Reconciliation of shareholders' consolidated	Note 2.2	December 31, 2010	December 31, 2009	January 1, 2009
Shareholders' equity under previous GAAP		5,212,236	4,845,164	4,650,076
Adoption of IFRS effects:				
Recognition of provision for assets retirement obligation	a)	(36,193)	(38,008)	(36,773)
Measurement of property, plant and equipment:	b)	(8,879)	(12,802)	(12,598)
Write-off of investments in progress and of deferred charges	c)	(20,985)	(31,211)	(36,602)
Business Combination –Texaco acquisition	d.1)	(78,172)	(49,810)	-
Business Combination – DNP acquisition	d.2)	(1,692)	-	-
Loyalty program	e)	(11,547)	(9,927)	-
Other effects, net	f) and g)	(5,578)	(6,525)	5,296
Deferred income and social contribution taxes	h)	35,817	56,395	32,029
Reversal of dividends payable in excess of the minimum mandatory dividends established in the Bylaws	i)	68,323	56,856	52,391
Total		(58,906)	(35,032)	3,743
Shareholders' equity, excluding non-controlling interest in subsidiaries		5,153,330	4,810,132	4,653,819
Non-controlling interest in subsidiaries' shareholders´equity	j)	22,253	35,119	38,187
Shareholders' equity under IFRS		5,175,583	4,845,251	4,692,006

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Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

Consolidated net income	Note 2.2	Period ended December 31, 2010	Period ended December 31, 2009
Net income under previous GAAP		800,744	466,748
Adoption of IFRS effects:			
Recognition of provision for assets retirement obligation	a)	1,815	(1,235)
Measurement of property, plant and equipment:	b)	3,923	(204)
Write-off of investments in progress and of deferred charges	c)	10,226	5,392
Business Combination –Texaco acquisition	d.1)	(28,362)	(24,518)
Business Combination – DNP acquisition	d.2)	(1,692)	-
Loyalty program	e)	(1,620)	(9,927)
Other effects, net	g)	846	1,805
Deferred income and social contribution taxes	h)	(20,577)	(926)
Total		(35,441)	(29,613)
Net income, attributable to shareholders of the Company		765,303	437,135
Non-controlling interest in subsidiaries' net income	j)	(117)	3,606
Net income under IFRS		765,186	440,741

a. Recognition of provision for removal of fuel tanks ("asset retirement obligation" - ARO)

Under the prior accounting standards, there was no requirement to recognize a provision for the liability to remove Ipiranga's fuel tanks located at Ipiranga-branded gas stations. The Company recognized amounts related to the removal and write-off of tanks as an expense as incurred.

For IFRS purposes, a provision must be recorded for the removal of assets when there is a legal or constructive obligation. The Company has identified that such provision is required for Ipiranga's underground fuel tanks. Therefore, a provision was recognized in the amount of the costs estimated to remove the tanks existing on January 1, 2009 (see Note 2.1.b).

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

b. Measurement of property, plant and equipment

In accordance with the prior accounting practices, subsidiaries capitalized just borrowing costs with specific destination related to the acquisition and construction of qualifying assets. After January 1, 2009, subsidiaries started to capitalize also borrowing costs without specific destination related to the acquisition and construction of qualifying assets, based on a weighted average rate of borrowing costs prevailing in each period, according to IAS 23. In addition, hyperinflationary economy accounting, according to the prior accounting practices, was applied until December 31, 1995. Under the international standards applicable to the New BR GAAP, the Brazilian economy was qualified as a hyperinflationary economy in the years 1996 and 1997.

c. Write-off of investments in progress and of deferred charges

For the prior accounting practices purposes, the Company capitalized the following items: (i) sundry expenses incurred for Texaco acquisition; (ii) expenses for the Comperj project, which is related to the future development of a joint business with other companies for the construction of a petrochemical complex; and (iii) restructuring costs related to the LPG distribution business.

For IFRS purposes, the expenses described above do not meet the conditions for capitalization and must be recognized in income when incurred. For New BR GAAP purposes, the balance relating to the LPG business restructuring project was written off as of December 31, 2010, while the remaining deferred items had already been written off as of the transition date.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

d. Business combination

d.1) Business combination – Texaco acquisition

On April 1, 2009, through its subsidiary Sociedade Brasileira de Participações Ltda., the Company acquired Chevron Brasil Ltda. and Sociedade Anônima de Óleo Galena Signal by an amount of R$ 1,355,509. This acquisition allowed an expansion of the Company's fuel and lubricant distribution business to Brazil´s central-west, northeast and north regions and an increase in operating scale, which resulted in benefits for the Company and its resellers, customers, consumers and community.

In accordance with the prior accounting practices the assets and liabilities of acquired entities were recorded at book value. Goodwill was equal to the difference between the price paid, including sundry expenses incurred, and the net book value of the assets. Goodwill was broken down into R$ 398,985 based on expected future profitability and R$ 344,418 based on the difference between the market value and the book value of the assets.

For IFRS purposes, the fair value of the assets and liabilities acquired has been determined. Acquisition cost has been allocated between the identified assets acquired and liabilities assumed, recognized at fair value. Intangible assets which had not been recognized in the books of the acquired entities were taken into account during identification of assets and liabilities. Sundry expenses incurred were recognized as incurred and were not part of acquisition cost.

The table below summarizes the estimates of fair values of the assets acquired and liabilities assumed on completion of the acquisition:

	R$
Current assets	625,000
Non-current assets	1,132,485
Goodwill	177,759
Total assets acquired and goodwill	1,935,244
Current liabilities	311,869
Non-current liabilities	267,866
Net assets	1,355,509

The fair value of intangible assets acquired in the business combination was allocated to (i) licensing, in the amount of R$ 25,466, which is amortized over 5 years and (ii) market rights of R$ 95,995, which are amortized over approximately 4 years.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

Goodwill recorded under prior accounting practices	398,985
Deferred taxes effects on goodwill	(134,658)
Goodwill recorded under prior accounting practices, net of deferred taxes effects	264,327
Goodwill difference between New BR GAAP and prior accounting practices	(86,568)
Goodwill recorded under New BR GAAP	177,759
Difference between the market value and the carrying value of the assets (treated similarly between prior accounting practices and New BR GAAP)	344,418

The following summary presents the Company's unaudited pro forma information for the period ended December 31, 2009, 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 dates, nor is it necessarily indicative of future operating results:

	2009 (unaudited)
Net revenue from sales and services	39,086,070
Operating income	891,966
Net income	416,458
Net earnings per share - whole R$ (see Note 29)	0.78

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

d.2) Business combination – Acquisition of Distribuidora Nacional de Petróleo Ltda. (“DNP”)

On November 1, 2010, the Company, through its subsidiary IPP, acquired a 100% equity interest in DNP for an amount of R$ 72,330, subject to working capital adjustment. This acquisition reinforces the strategy of expansion, initiated with the acquisition of Texaco, to the Midwest, Northeast and North of Brazil where the consumption growth has been above the national average and the market share of Ipiranga is lower than that in the South and Southeast.

The acquisition cost was allocated among the identified assets acquired and liabilities assumed, valued 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 provisionally taken into account.The provisional goodwill based on expected future earnings is R$ 46,541. The estimated value added for assets acquired, which is being determined based on a report prepared by an independent appraiser, has a provisional value of R$ 47,648 (gross of R$ 16,126 of deferred income and social contribution taxes), which reflects the difference between the market value and the book value of the assets. The report is in its preliminary stage and may be changed until its completion expected for March 2011.

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

	$R
Current assets	45,292
Non-current assets	39,942
Goodwill	46,541
Total assets acquired and goodwill	131,775
Current liabilities	21,223
Non-current liabilities	38,222
Net assets	72,330

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

The following summary presents the Company's unaudited pro forma information for the period ended December 31, 2010, 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 dates, nor is it necessarily indicative of future operating results:

	2010 (unaudited)
Net revenue from sales and services	42,904,092
Operating income	1,343,418
Net income	777,818
Net earnings per share - whole R$ (see Note 29)	1.45

e. Loyalty Program

Since March 2009, Ipiranga has a loyalty program called Km de Vantagens that rewards registered customers with points when they buy products at Ipiranga gas stations. The customer may exchange the points for discounts on products and services offered by Ipiranga's partners.

Under the prior accounting practices, charges under the program for which Ipiranga was liable (those related to Multiplus Fidelidade partner) were recognized as incurred.

For IFRS purposes, points received by Ipiranga's customers for buying products at the gas station chain that may be used in Multiplus Fidelidade are considered as 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 income when the points are redeemed, on which occasion the charges incurred are also recognized in income. Deferred revenue of unredeemed points is recognized in income when the points expire.

f. Embedded derivative

Under the previous accounting standards, a derivative embedded in a financial investment or contract was not required to be accounted for separately from the host contract.

For IFRS purposes, an embedded derivative must be bifurcated between the host contract and the derivative. As of January 1, 2009, the subsidiary Oxiteno Overseas Corp ("Oxiteno Overseas") had Linked Notes, which were linked to the notes issued by its subsidiary Companhia Ultragaz S.A. ("Cia. Ultragaz"). These Linked Notes were bifurcated for IFRS purposes (see Note 4.a) for additional details on these Linked Notes).

g. Other effects

Other effects include amounts that, whether individually or jointly, are immaterial.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

h. Deferred income and social contribution taxes

Deferred income and social contribution taxes represent the effects of the matters addressed in items (a) to (g).

i. Reversal of dividends payable in excess of the minimum mandatory dividends established in the Bylaws

Under the previous accounting standards, at the end of each fiscal year, dividends and interest on equity proposed by management were recognized as liabilities, regardless of whether they had been approved by the Shareholders' Meeting.

For IFRS purposes, dividends and interest on equity in excess of the obligation established in the Bylaws must be recognized as a legal obligation in current liabilities only if approved by the Shareholders' Meeting.

j. Presentation of non-controlling interests in subsidiaries

Under the previous accounting standards, non-controlling interests in subsidiaries were presented separately from shareholders' equity and deducted from net income in the consolidated financial statements.

For IFRS purposes, non-controlling interests in subsidiaries are presented as part of consolidated shareholders' equity and net income.

k. Reclassifications

For compatibility with IFRS and a better presentation of the financial statements, certain reclassifications between accounts were made in the previously published balance sheet, income statement and cash flow statement.

The main reclassifications were:

- Depreciation and amortization costs, which were previously recorded in the income statement under depreciation and amortization, are now allocated according to their function, i.e. in costs of goods sold, selling expenses or administrative expenses.
- Escrow deposits are now disclosed separately from provisions for contingencies.
- Bonuses for clients, which were previously recognized in accounts receivable, are now recognized in intangible assets.
- Foreign currency advances delivered, which were previously recorded as a reduction of accounts receivable, are now recorded under loans and financing.
- Deferred income and social contribution taxes are now recorded as long-term.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

2.3 Summary of significant accounting policies

The accounting policies described below were applied by the Company and its subsidiaries in a consistent manner for all the periods presented in these Company and consolidated financial statements and in the preparation of the opening balance sheet as of January 1, 2009 for transition to the New BR GAAP and the IFRS standards. For information about the basis for the transition to New BR GAAP and IFRS, as well as the differences between both accounting standards see Notes 2.1, 2.2.c) and 28.

a. Recognition of income

Revenue from sales and costs 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 sold and services provided include goods (mainly fuels/lubricants and LPG), raw materials (chemicals and petrochemicals) and production, distribution, storage and filling costs.

b. Cash equivalents

Include 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 detail on cash equivalents of the Company and its subsidiaries.

c. Financial instruments

In accordance with IAS 39 (CPC 38, 39 and 40), the financial instruments of the Company and its subsidiaries were classified into the following categories:

- Measured at fair value through income: financial assets held for trading, that is, purchased or created primarily for the purpose of sale or repurchase in the short term, and derivatives. Changes in fair value are recorded as income, and the balances are stated at fair value.

- Held to maturity: non-derivative financial assets with fixed payments or determinable payments, with fixed maturities for which the entity has the positive intent and ability to hold to maturity. The interest earned is recorded as income, and balances are stated at acquisition cost plus the interest earned.

- Available for sale: non-derivative financial assets that are designated as available for sale or that were not classified into other categories. The interest earned is recorded as income, and the balances are stated at fair value. Differences between fair value and acquisition cost plus the interest earned are recorded in a specific account of the shareholders' equity. Gains and losses recorded in the shareholders' equity are included in income, in case of prepayment.

- Loans and receivables: non-derivative financial instruments with fixed or determinable payments or receipts, not quoted in active markets, except: (i) those which the entity

intends to sell immediately or in the short term and which the entity classified as measured at fair value through income; (ii) those classified as available for sale; or (iii) those the holder of which cannot substantially recover its initial investment for reasons other than credit deterioration. The interest earned is recorded as income, and balances are stated at acquisition cost plus the interest earned.

The Company and its subsidiaries designate certain derivative financial instruments used to hedge against changes in interest rates and variations in the exchange rate as cash flow hedge. In the case of derivatives designed to hedge cash flows against changes caused by the variation in interest rates, the difference between the fair value of the financial instrument and its updated cost is recognized as a valuation adjustment in the shareholders' equity, not affecting the income statement of the Company and its subsidiaries. In the case of foreign exchange derivatives designated by subsidiary RPR for hedge of future cash flows, the effect of variation in the derivative is posted to the valuation adjustment in shareholders' equity until the time when the hedged item affects the income statement. The difference between the fair value of the derivative and updated cost is recognized directly in income of the subsidiary.

The Company and its subsidiaries designate derivative financial instruments used to compensate variations due to changes in interest rates in the market value of contracted debt in Reais as fair value hedge. Such variations, as well as the difference between the derivative financial instrument fair value and its updated cost, are recognized in the income.

For further detail on financial instruments of the Company and its subsidiaries, see Notes 4, 14, and 20.

d. Current and non-current assets

The trade accounts receivable are recorded at the amount billed, adjusted to the present value if applicable, including all direct taxes of the Company and its subsidiaries.

Allowance for doubtful accounts is calculated based on estimated losses and is set at an amount deemed by management to be sufficient to cover any loss on realization of accounts receivable.

Inventories are stated at the lower of average acquisition or production cost, and replacement cost ornet realizable value .

The other assets are stated at the lower of cost and realizable value, including, if applicable, the 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 2.3.r).

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

e. Investments

Investments in subsidiaries are valued by the equity method of accounting.

Investments in companies 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 common control are also accounted for the equity method of accounting (see Note 11).

The other investments are stated at acquisition cost less provision for loss, unless the loss is considered temporary.

f. Property, plant and equipment

Recorded at acquisition or construction cost, including financial charges incurred on property, plant and equipment under construction, as well as significant maintenance costs resulting from scheduled plant outages. Property, plant and equipment acquired before December 31,1997 are adjusted for inflation as of that date, as mentioned in Note 2.2.b).

Depreciation is calculated using the straight-line method, for the periods mentioned in Note 12, taking into account the economic life of the assets, which are periodically revised and applied as from January 1, 2010. The methodology applied by the independent appraiser took into account the economic or technical life estimated by the manufacturer, based on ideal project conditions, adjusted by determinant reduction factors of service and maintenance conditions inherent to the analyzed groups of property, plant and equipment. The following groups of property, plant and equipment were subject to revision:

	Weighted average term of depreciation (years) - previous	Weighted average term of depreciation (years) - revised
Buildings	25	26
Leasehold improvements	14	12
Machinery and equipment	10	11
Light fuel/lubricant distribution equipment and facilities	10	14
LPG tanks and bottles	10	13
Vehicles	5	6

Furniture and utensils	10	7
IT equipment	5	5

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

g. Financial leases

• Finance leases

Certain financial 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 stated at fair value or, if lower, present value of the minimum payments under the relevant contracts. The items recognized as assets are depreciated at the depreciation rates applicable to each group of assets in accordance with Note 12. Financial charges under the finance lease contracts are allocated to income over the contract term, based on the amortized cost and actual interest rate method (see Note 14.h).

• Operating leases

Are lease transactions where the risks and benefits associated with the ownership of the asset are not transferred and where 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 expenses in the income statement on a straight-line basis over the term of the lease contract, in accordance with Note 21.d).

h. Intangible assets

Intangible assets include assets acquired by the Company and its subsidiaries from third parties, according to the main 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 as from 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 assets and liabilities of the acquired entity, and tested annually to verify the existence of probable losses (impairment). In accordance with IFRS 3(R), goodwill is allocated to the respective cash generating units for impairment testing purposes.

• Bonus expenses as provided in Ipiranga's agreements with reseller gas stations and major consumers are recorded when incurred and amortized 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 less accumulated amortization expenses.

The Company and its subsidiaries have not recorded intangible assets that were created internally or that have an indefinite useful life, except goodwill.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

i. Current and non-current liabilities

Current and noncurrent liabilities are stated at known or calculable amounts plus, if applicable, related charges, monetary changes and changes in exchange rates incurred until the date of the financial statements. When applicable the current and noncurrent liabilities are recorded in present value based on interest rates that reflect the term, currency and risk of each transaction. Transaction costs incurred and directly attributable to the activities necessary only to accomplish the transactions in order to raise funds through contracting debt or loans or by issuing debt bonds, as well as premiums in the issuance of debentures and other debt or equity instruments, are appropriated to their instrument and amortized to income over their term.

j. Income and social contribution taxes on profit

Current and deferred income tax (IRPJ) and social contribution (CSLL) are calculated based on the current rates of income tax and social contribution on profit, including the value of tax incentives, as stated in Note 9.b).

k. Assets retirement obligation – fuel tanks

This provision corresponds to the legal obligation to remove Ipiranga's underground fuel tanks located at Ipiranga-branded gas stations after a certain period. The estimated amount of the obligation to remove this fuel tank is recorded as a liability when tanks are installed. The amount is recorded in property, plant and equipment and depreciated over the respective useful life of the tanks. The amounts recognized as a liability are adjusted until the respective tank is removed. The estimated removal cost is revised periodically.

l. Provision for contingencies

The provision for contingencies is created for contingent risks with a probable chance of loss (more-likely-than-not) in the opinion of management and internal and external legal counsel, and the amounts are recorded based on evaluation of the outcomes of the legal proceedings (see Note 21.a).

m. Actuarial obligation for post-employment benefits

Reserves for actuarial liabilities for 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, as described in Note 22.b).

n. Transactions in foreign currency

Transactions in foreign currency carried out by the Company or its subsidiaries are translated into their functional currency at the exchange rate prevailing on the date of each transaction. Outstanding monetary assets and liabilities of the Company and its subsidiaries are translated at the exchange rate prevailing on the balance sheet date. The effect of the difference between those exchange rates is recognized in income until their realization.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

o. Basis for translation of financial statements of foreign-based subsidiaries

Assets and liabilities of the subsidiaries Oxiteno México S.A. de C.V. and its subsidiaries, located in Mexico (functional currency: Mexican Peso), and Oxiteno Andina, C.A., located in Venezuela (functional currency: Bolivares Fortes), denominated in currencies other than that of the Company (functional currency: Real), are translated at the exchange rate in effect on the date of the financial statements. 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 as income if these investments are disposed of. The recorded balance in other comprehensive income and presented in the shareholders' equity as cumulative translation adjustments as of December 31, 2010 was R$ 18,597 of exchange rate loss (R$ 5,302 loss as of December 31, 2009).

For IFRS purposes, based on IAS 29, from 2010, Venezuela is regarded as a hyperinflationary economy. As a result, the financial statements of Oxiteno Andina C.A. were adjusted by the Venezuelan Consumer Price Index (CPI).

Assets and liabilities of the other foreign subsidiaries, which do not have autonomy, are considered activities of their investor and are translated at the exchange rate in effect by the end of the respective period. Gains and losses resulting from changes in these foreign investments are directly recognized as financial income. The loss recognized as income as of December 31, 2010 amounted to R$ 1,726 (R$ 10,794 loss as of December 31, 2009).

p. Use of judgment

The financial statements require the use of judgment and estimates for the accounting of certain assets, liabilities and results. In these estimates, the Company and subsidiaries's 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 related mainly to determining the fair value of financial instruments (Notes 4 and 20), the determination of provisions for income taxes (Note 9), the useful life of property, plants and equipments (Note 12), recovery value of long-lived assets (Note 13), provisions for tax, civil and labor liabilities (Note 21) and estimates for the preparation of actuarial reports (Note 22). The actual result of the transactions and information may differ from estimates.

q. Impairment of assets

The Company reviews, at least annually, the carrying value of assets for their possible impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use or disposal. In cases where future expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of these assets. The factors considered by the Company in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors. No impairment was recorded in the abovementioned periods.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

r. Adjustment to present value

The subsidiaries booked the adjustment to present value of ICMS credit balances on property, plant and equipment (CIAP – see Note 7). The Company and its subsidiaries reviewed all items classified as long-term and, where relevant, short-term assets and liabilities and did not identify the need to adjust other balances to present value.

s. Statements of value added

The Company and its subsidiaries prepare the statements of value added, individual and consolidated, according to CPC 09 - Statement of Value Added, as an integral part of the New BR GAAP financial statements as applicable to public companies, while for IFRS purposes they represent additional financial information.

t. New pronouncements not yet adopted

Some standards, amendments and interpretations to IFRS issued by IASB have not yet taken effect for the year ended December 31, 2010:

- Limited exemption from Comparative IFRS 7 Disclosures for First-time Adopters.
- Improvements to IFRS 2010.
- IFRS 9 Financial Instruments
- Prepayment of a minimum fund requirement (Amendment to IFRIC 14)
- Amendments to IAS 32 Classification of rights issues

CPC has not yet issued statements equivalent to the above IFRS pronouncement, but is expected to do so before the date they become effective. The early adoption of IFRS pronouncements is subject to prior approval of the CVM.

The Company and its subsidiaries have not estimated the impact of these new standards on their financial statements.

On February 23, 2011 the Company’s Board of Directors authorized the conclusion of these financial statements.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

3 Principles of consolidation and investments in affiliates

The consolidated financial statements were prepared following the basic principles of consolidation established by New BR GAAP and IFRS. Investments of one company in the other, balances of asset and liability accounts and revenues and expenses were eliminated, as well as the effects of transactions conducted between the companies. The non-controlling interest in subsidiaries is indicated in the financial statements.

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

		% interest in the share capital					
		12/31/2010		12/31/2009		1/1/2009	
		Control		Control		Control	
	Location	Direct control	Indirect control	Direct control	Indirect control	Direct control	Indirect control
Ultracargo - Operações Logísticas e Participações Ltda.	Brazil	100		100		100	-
Terminal Químico de Aratu S.A. – Tequimar	Brazil	-	99	-	99	-	99
Transultra - Armazenamento e Transporte Especializado Ltda. (**)	Brazil	-	-	-	100	-	100
Petrolog Serviços e Armazéns Gerais Ltda.	Brazil	-	-	-	100	-	100
AGT – Armazéns Gerais e Transportes Ltda.	Brazil	-	-	-	100	-	100
União Vopak Armazéns Gerais Ltda. (*)	Brazil	-	50	-	50	-	50
Ultracargo Argentina S.A.	Argentina	-	100	-	100	-	-
Melamina Ultra S.A. Indústria Química	Brazil	-	99	-	99	-	99
Oxiteno S.A. Indústria e Comércio	Brazil	100	-	100	-	100	-
Oxiteno Nordeste S.A. Indústria e Comércio	Brazil	-	99	-	99	-	99
Oxiteno Argentina Sociedad de Responsabilidad Ltda.	Argentina	-	100	-	100	-	100
Oleoquímica Indústria e Comércio de Produtos Químicos Ltda.	Brazil	-	100	-	100	-	100
Barrington S.L.	Spain	-	100	-	100	-	100
Oxiteno México S.A. de C.V.	Mexico	-	100	-	100	-	100
Oxiteno Servicios Corporativos S.A. de C.V.	Mexico	-	100	-	100	-	100
	Mexico	-	100	-	100	-	100

Oxiteno Servicios Industriales S.A. de C.V.							
Oxiteno USA LLC	United States	-	100	-	100	-	100
Global Petroleum Products Trading Corp. (**)	Virgin Islands	-	100	-	100	-	100
Oxiteno Overseas Corp.	Virgin Islands	-	100	-	100	-	100
Oxiteno Andina, C.A.	Venezuela	-	100	-	100	-	100
Oxiteno Europe SPRL	Belgium	-	100	-	100	-	100
U.A.T.S.P.E. Empreendimentos e Participações Ltda. (**)	Brazil	-	-	-	100	-	100
Empresa Carioca de Produtos Químicos S.A.	Brazil	-	100	-	100	-	100
Ipiranga Produtos de Petróleo S.A.	Brazil	100		100	-	100	-
Distribuidora Nacional de Petróleo Ltda.	Brazil	-	100	-	-	-	-
am/pm Comestíveis Ltda.	Brazil	-	100	-	100	-	100
Centro de Conveniências Millennium Ltda.	Brazil	-	100	-	100	-	100
Conveniência Ipiranga Norte Ltda.	Brazil	-	100	-	100	-	100
Ipiranga Trading Limited	Virgin Islands	-	100	-	100	-	100
Tropical Transportes Ipiranga Ltda.	Brazil	-	100	-	100	-	100
Ipiranga Imobiliária Ltda.	Brazil	-	100	-	100	-	100
Ipiranga Logística Ltda.	Brazil	-	100	-	100	-	100
Maxfácil Participações S.A. (*)	Brazil	-	50	-	50	-	50
Isa-Sul Administração e Participações Ltda.	Brazil	-	100	-	100	-	100
Comercial Farroupilha Ltda. (**)	Brazil	-	-	-	100	-	100
Companhia Ultragaz S.A.	Brazil	-	99	-	99	-	99
Bahiana Distribuidora de Gás Ltda.	Brazil	-	100	-	100	-	100
Utingás Armazenadora S.A.	Brazil	-	56	-	56	-	56
LPG International Inc.	Cayman Islands	-	100	-	100	-	100
Imaven Imóveis Ltda.	Brazil	-	100	-	100	-	100
Sociedade Anônima de Óleo Galena-Signal (**)	Brazil	-	-	-	100	-	-
Oil Trading Importadora e Exportadora Ltda.	Brazil	-	100	-	100	-	-
SERMA - Ass. dos usuários equip. proc. de dados	Brazil	-	100	-	100	-	100
Refinaria de Petróleo Riograndense S.A. (*)	Brazil	33	-	33	-	100	-
Sociedade Brasileira de Participações Ltda. (**)	Brazil	-	-	-	-	100	-

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

(*) The Company maintains a shared equity interest in these companies, whose articles of organization establish a joint control. These joint ventures are recognized by the Company using proportionate consolidation, as allowed by IAS 31.

RPR is primarily engaged in oil refining, Maxfácil Participações S.A. is primarily engaged in the management of Ipiranga-branded credit cards, and União Vopak Armazéns Gerais Ltda. is primarily engaged in liquid bulk storage in the port of Paranaguá.

(**) As shown in the table above, during 2009 and 2010, the Company made several mergers between companies in order to simplify the corporate structure and to reduce expenses.

In 2010, the sale of Ultracargo - Operações Logísticas e Participações Ltda. in-house logistics, solid bulk storage and road transportation businesses was concluded with the transfer of the shares of AGT – Armazéns Gerais e Transporte Ltda. ("AGT") and Petrolog Serviços e Armazéns Gerais Ltda. ("Petrolog") to Aqces Logística Internacional Ltda. and the net receipt of R$ 80 million by Ultracargo.

On November, 1 2010, the Company, through its subsidiary IPP, acquired 100% of DNP's equity interest (see Note 2.2.d.2).

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

4 Financial assets

Financial assets, excluding cash and banks, are substantially represented by money invested: (i) in Brazil, in debentures, certificates of deposit of first-rate financial institutions linked to the Interbank Certificate of Deposit ("CDI") and in Federal government bonds; (ii) abroad, in certificates of deposits of first-rate financial institutions and in short-term investment funds with a portfolio composed of bonds issued by the U.S. Government; and (iii) currency and interest rate hedging instruments.

- Cash and cash equivalents

Cash and cash equivalents are considered: (i) the balances of cash and banks, and (ii) short-term investments, highly liquid, readily convertibles to a known amount of cash and which are subject to an insignificant risk of value change.

	Parent			Consolidated		
	12/31/2010	12/31/2009	1/1/2009	12/31/2010	12/31/2009	1/1/2009
Cash and banks						
In local currency	23	23	533	59,980	102,888	154,682
In foreign currency	-	-	-	12,813	25,452	9,669
Financial investments						
In local currency						
Fixed-income securities and funds	407,681	58,903	778,458	2,569,625	1,759,159	1,052,801
In foreign currency						
Fixed-income securities and funds	-	-	-	-	-	57,901
Total cash and cash equivalents	407,704	58,926	778,991	2,642,418	1,887,499	1,275,053

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

- Financial Investments

Financial assets that are not considered cash and cash equivalents are considered as financial investments.

	Parent			Consolidated		
	12/31/2010	12/31/2009	1/1/2009	12/31/2010	12/31/2009	1/1/2009
Financial investments						
In local currency						
Fixed-income securities and funds	12,758	-	-	360,032	228,556	313,221
In foreign currency						
Linked notes (a)	-	-	-	-	-	145,779
Fixed-income securities and funds	-	-	-	198,149	206,171	366,774
Income from currency and interest rate hedging instruments (b)	-	-	-	19,778	12,723	47,020
Total of financial investments	12,758	-	-	577,959	447,450	872,794
Current	12,758	-	-	558,209	440,257	865,601
Non-current	-	-	-	19,750	7,193	7,193

(a) Represents US$ 60 million in linked notes (the “Linked Notes”), which were linked to the notes issued by subsidiary Cia. Ultragaz in foreign markets in 1997 (the “Original Notes”). In April 2006, subsidiary Oxiteno Overseas, then the owner of the Original Notes, sold those notes to a financial institution abroad. Simultaneously, the subsidiary purchased the Linked Notes from the same financial institution. This transaction resulted in a financial gain to the subsidiary corresponding to the difference between the interest rate paid on the Linked Notes and the Original Notes, as explained in Note 14.c). This financial instrument was classified as loans and receivables for measurement purposes (see Note 2.3.c). The Linked Notes have an embedded derivative, which was bifurcated (see Notes 2.2.f) and 20). On December 23, 2009, subsidiary Oxiteno Overseas sold the Linked Notes to the financial institution and repurchased the Original Notes, thus settling the investment.

(b) Accumulated gains, net of income tax (see Note 20).

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

The financial assets of the Company and its subsidiaries, except cash and banks, were classified, according to their characteristics and the Company’s intention, into: (i) measured at fair value through income; (ii) held to maturity; and (iii) available for sale, as shown on the table below.

		Consolidated	
	12/31/2010	12/31/2009	1/1/2009
Measured at fair value through			